Preliminary Final Report of Evans and Tate Limited for the Financial Year Ended 30 June 2005

(ACN 064 830 408)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:	Financial Year ending 30 June 2005
Previous Corresponding Period:	Financial Year ending 30 June 2004

Evans & Tate Limited and its Controlled Entities
For the year ended 30 June 2005

Results for Announcement To The Market

Revenue and Net Profit

	Up/Down	Percentage Change %	Amount $'000
Revenue from ordinary activities	Up	2.4	104,123
Loss from ordinary activities after tax attributable to members	Down	-751	(49,783)
Net loss attributable to members	Down	-751	(49,783)

Dividends

	Amount per share	Franked amount per share
Final (paid 15 October 2004)	2.0	2.0
Interim dividend (paid 15 April 2005)	2.25	2.25
WInES Interim dividend (ETWPB) (paid 28 February 2005)	1.57	1.57
WInES Interim dividend (ETWPC) (paid 28 February 2005)	4.08	4.08

Brief Explanation of Revenue, Net Profit and Dividends

Detailed Financial Performance

Evans & Tate Limited's (E & T) statutory results for the year ended 30 June 2005 are shown below.

	Year ended 30 June 2005 $m	2004 $m
Operating Revenue	86.1	73.0
Total Revenue	104.1	101.6
One-off Charges	(45.2)	-
Year end adjustments	(11.4)	-
EBIT	(40.8)	14.0
Net (Loss)/Profit	(49.8)	7.6
Profit/(Loss) per Share (cents)	(55)	9

The Directors of E & T today announced operating revenue for the year was $86.1 million, up 18% on the prior year.

The Group recorded a net loss of $49.8 million for the year ended 30 June 2005. This net loss includes one-off charges of $45.2 million and year-end adjustments of $11.4 million.

Evans & Tate has grown its business in recent years through market penetration, brand development and acquisitions. Buoyant production conditions for the last two vintages, particularly in 2005, together with difficult wine market conditions have led to a significant inventory build up.

The Board commissioned an independent valuation of its wine inventory and has been working closely with consultants 333 Performance Management to review the carrying value of its assets.

On this basis, the Board has decided that total one-off charges of $45.2 million and year-end adjustments of $11.4 million are required for the year ended 30 June 2005 made up as follows:

		$m
One-Off Charges		
	Inventory write-down	30.6
	Intangible write-downs	7.3
	Provisions	6.8
	One-Off Adjustments	0.5
		45.2
Year end adjustments	Inventory	9.1
	Other	2.3
		11.4
Total		56.6

The inventory adjustment write-down for the year ended 30 June 2005 is made up as follows:

		$m
Inventory		
One off	Write-down of inventory	30.6
Year end adjustment	Net Change in accounting methodology	9.1
		39.7

Following an independent review of the carrying value of the inventory, the Board has decided that the inventory write-downs are required primarily due to the deterioration in bulk wine prices for certain categories across the industry.

The Board has also considered the Company's accounting methodology in respect of the allocation of corporate overheads and interest to inventory. The Board has concluded that in the current cycle of the wine industry, the allocation of these costs to inventory is not appropriate.

As a result, the Company's cost allocation methodology has been changed from 1 July 2004 such that interest and corporate overheads are expensed rather than capitalised as inventory cost, with winery overheads now allocated to both contract processing and contract supply production.

The Company remains committed to its inventory reduction program and will reduce its 2006 vintage intake. The Company has also instigated an orderly tender process for the sale of its unallocated wine inventory that is expected to be completed by the end of October 2005.

The write-downs to the carrying values of Evans & Tate's intangibles are as follows:

		$m
Intangibles		
	Oakridge Vineyards goodwill	4.1
	Salisbury brand name	0.2
	Barramundi brand name	2.4
	Orchestra brand name	0.3
	Deferred Acquisition Costs	0.3
		7.3

Write-downs to the carrying value of intangibles are primarily due to the underperformance of certain brands within the Group for the financial year ended 30 June 2005. This underperformance was primarily driven by the difficult wine market and deterioration in performance.

The following provisions have also been recorded for the year ended 30 June 2005:

		$m
Provisions		
	Net Restructuring costs	0.4
	Onerous grape supply contracts	6.4
		6.8

The Board has decided to classify certain grape supply contracts as onerous because they commit E & T to acquire grapes in excess of forecast sales in the current financial year. The Board has also provided for certain restructuring costs in the current year.

A number of other one-off and year-end adjustments amounting to $2.8 million were also identified. These include a $0.5 million write-down in the carrying value of other assets, recognition of $0.9 million in additional liabilities, a $0.5 million adjustment to reverse an earlier released inter-company profit and a $0.9 million adjustment to correct foreign exchange transactions.

As a result of the above the net loss for the year is $49.8 million and the loss per share is 54.5 cents.

The Board has declared an interest payment of 4.125% per Evans & Tate Convertible Note (ASX: ETWG) payable on 31 October 2005 to Convertible Noteholders on the register on 17 October 2005. The interest payment is unfranked.

The Board has not declared a final dividend on Evans & Tate's preference shares (ASX: ETWPB) or ordinary shares (ASX: ETW).

Financial Position

As at 30 June 2005, E & T had cash and short-term deposits totalling $4.5 million. Interest bearing debt, including convertible notes (ASX: ETWG), was $116.5 million at 30 June, with net debt of $112.0 million.

E & T is committed to restructuring its balance sheet and has announced initiatives designed to reduce its debt, including its inventory reduction program and the proposed sale and leaseback of the Griffith Winery.

ANZ Bank continues to support E & T and has approved an extension of the Company's existing bank facilities until December 2006.

Total equity as at 30 June was $51.9 million.

Operational Performance

Evans & Tate Limited (Australasia)

Sales in Australasia remained strong throughout the year, largely as a result of increased sales of its own and agency product through the Company's distribution entity, Wine Source. Revenue increased 42% to $45 million driven by promotional activity. Evans & Tate Margaret River Classic enjoyed significant growth, with an increase in case sales by 23% and revenue of 22%.

The quality of Evans & Tate's wines continues to be recognised with the Margaret River Classic, 2001 Redbrook Chardonnay and 2002 Redbrook Chardonnay all being awarded a Gold medal at the 2005 Perth Royal Show and a further seven Silver medals and 11 Bronze medals were also awarded.

Evans & Tate Wine Group (Europe)

Case sales increased 47% to 962,000 with revenue increasing 7% to $24.7 million. Margin pressures continue to challenge this business unit.

North America

While shipments to the North American market have remained strong over the last quarter and into this financial year, Scott Street Portfolio, E & T's US import business, reported case sales of 52,000 compared to 55,000 for the same period last year and gross margins increased to 40%.

Services

Selwyn Viticultural Services (SVS) reported a 5% decrease in revenue to $5.4m compared to the same period last year. This fall in revenue was largely due to the timing effects of vineyard development work. SVS remains focused on increasing its services on the east coast.

Board and Senior Management

During the year, Evans & Tate made a number of key Board and Management appointments.

Craig Watkins joined the Board of Evans & Tate as a non-executive director in December 2004. In July 2005, Terry Power joined the Company as Chief Financial Officer and Rob Scott joined the Board as a non-executive director.

Franklin Tate has stepped down as Executive Chairman to demonstrate maximum support for the turnaround of the business. Mr Tate will remain on the Board as a non-executive director.

The Board has appointed John Hopkins as Chairman.

Philip Osborne, the Company's Chief Operating Officer, has left the Company's employ.

The Company is currently recruiting a new CEO and the recruitment process is progressing well. In the interim, the Board led by its Chairman, is taking an active role in the management of the Company assisted by a strong management team.

In that regard, General Manager - Production, Matt Christie has accepted the position of Interim Executive General Manager and will oversee sales and marketing and vineyard functions as well as the wine production function until a General Manager, Sales & Marketing is appointed.

The Company has also been working with consultants 333 Performance Management on business planning and efficiency issues and as a result it has implemented new procedures to improve operational performance.

AASB 1047 - International Financial Reporting Standards

Effective 1 July 2005, all Australian reporting entities are required to report under the Australian equivalent of International Financial Reporting Standards (A-IFRS). As at the 30 June 2005 balance date the Consolidated Entity has reported under Australian Generally Accepted Accounting Principles (AGAAP).

The Consolidated Group has made a detailed disclosure regarding the impact of A-FRIS in the Appendix 4E at Notes 1(b) and 16 ("4E") lodged on 13 September 2005, a copy of which is attached. Please refer to the 4E for further detail.

Outlook

The Board is committed to restructuring Evans & Tate's balance sheet and returning the Company to profitability as soon as possible.

The Board believes that the matters addressed in this update together with the continued support of the ANZ Bank, employees and other stakeholders will ensure the Company's future.

The Board further looks forward to continued strong sales in the Australasia market, continued penetration of the US and Canada and a trading improvement in the UK business forming a strong basis for the Company's turnaround.

Evans & Tate Limited and its Controlled Entities
For the year ended 30 June 2005

Statement of Financial Performance

	CONSOLIDATED 2005 $000's	2004 $000's
Revenue from sales of goods	86,094	72,960
Revenue from rendering of services	5,359	5,615
Other revenue from ordinary activities	12,670	23,068
Total revenue	104,123	101,643
Other expenses from ordinary activities	(136,837)	(81,874)
(Loss)/Earnings before borrowing costs, tax, depreciation and amortisation	(32,714)	19,769
Depreciation and amortisation expenses	(8,054)	(5,780)
(Loss)/Earnings before borrowing costs and tax	(40,768)	13,989
Borrowing costs	(9,015)	(6,513)
(Loss)/Profit from ordinary activities before related income tax	(49,783)	7,476
Income tax benefit relating to ordinary activities	-	305
(Loss)/Profit from ordinary activities after related income tax	(49,783)	7,781
Net profit attributable to outside equity interests	-	(157)
Net (loss)/profit attributable to members of the parent entity	(49,783)	7,624
(Decrease)/increase in foreign currency translation reserve relating to self-sustaining foreign operations	(272)	58
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity	(272)	58
Total changes in equity from non-owner related transactions attributable to the members of the parent entity	(50,055)	7,682

Statement of Financial Position
As at 30 June 2005

	CONSOLIDATED 2005 $000's	2004 $000's
Current assets		
Cash assets	4,486	716
Receivables	24,549	20,637
Inventories	46,655	61,467
Other assets	12,051	802
Total current assets	87,741	83,622
Non-current assets		
Inventories	19,276	21,081
SGARA – Grape Vines	2,800	2,800
Property, plant and equipment	45,275	52,784
Intangible assets	59,370	54,627
Other assets	1,339	494
Total non-current assets	128,060	131,786
Total assets	215,801	215,408
Current liabilities		
Payables	32,983	28,042
Interest-bearing liabilities	19,987	23,846
Current tax liabilities	-	73
Provisions	10,294	1,828
Total current liabilities	63,264	53,789
Non-current liabilities		
Interest-bearing liabilities	96,464	80,898
Deferred tax liabilities	2,067	3,720
Provisions	2,120	474
Total non-current liabilities	100,651	85,092
Total liabilities	163,915	138,881
Net assets	51,886	76,527
Equity		
Contributed equity	91,342	60,950
Reserves	1,009	2,132
(Accumulated Losses)/Retained profits	(40,465)	13,445
Total equity	51,886	76,527

Statement of Cash Flows

	CONSOLIDATED	
	2005 $000's	2004 $000's
Cash flows from operating activities		
Cash receipts in the course of operations	103,053	86,336
Cash payments in the course of operations	(108,540)	(92,731)
Interest received	96	24
Borrowing costs paid	(8,167)	(6,418)
Income taxes paid	-	(58)
Net cash used in operating activities	(13,558)	(12,847)
Cash flows from investing activities		
Proceeds on disposal of non-current assets	568	12,116
Payments for controlled entities (net of cash acquired)	(12,229)	(949)
Payments for deferred acquisition cost	-	(494)
Payments for property, plant and equipment	(4,724)	(2,676)
Payments for acquisition of intangibles	-	(78)
Net cash from/(used in) investing activities	(16,385)	7,919
Cash flows from financing activities		
Proceeds from issue of shares	150	20,011
Payments for share issue / WInES costs	(2,659)	(1,490)
Proceeds from borrowings	19,850	-
Repayments of borrowings	-	(4,700)
Finance lease and hire purchase payments	(1,989)	(3,808)
Non-cumulative converting preference share interest paid	(646)	(646)
WInES raised	23,000	-
Dividends paid to minority interest	-	(141)
Dividends paid	(3,968)	(2,697)
Net cash from financing activities	33,738	6,529
Net increase in cash held	3,795	1,601
Cash at the beginning of the financial year	716	(927)
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(25)	42
Cash at the end of the financial year	4,486	716

1. Accounting Policies

a) Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2004 annual financial report except for the revision explained in note 2(d).

Details of changes in accounting policies:

None

b) Going Concern

As at 30 June 2005, the following matters are considered pertinent when considering the ability of the Consolidated Group to continue as a going concern.

The Consolidated Group incurred an operating loss after income tax $49.8 million for the year ended 30 June 2005. The ability of the Consolidated Group to continue as a going concern including the ability of the Consolidated Group to pay its debts as and when they fall due is dependent upon the continued support of its financiers.

The Directors believe that, with the current funding arrangements, the Consolidated Group's business will generate sufficient operating income in order to justify the adoption of the going concern basis. At the date of this report, bank finance facilities have been extended to December 2006.

In addition, and as referred to in Note 16, the Consolidated Group has identified that its ability to continue as a going concern may be impacted by:

1) any write down of Intangible Assets effected as a result of impairment testing review required under the Australian equivalent of International Financial Reporting Standards (A-IRFS).
2) The likely requirement under A-IFRS to account for WInEs as a compound financial instrument, leading to significant portion of WInES being classified as interest bearing liability.

The Consolidated Group will negotiate with its financiers and note holders in an endeavour to change the covenants so that they are in a more appropriate format given the implementation of IFRS. To date the Consolidated Group has negotiated a specific exemption from the ANZ Bank in relation to the accounting treatment of WInES under IFRS and the Consolidated Group will seek to negotiate a similar outcome with the Convertible Note Holders.

2. Profit from Ordinary Activities

	Consolidated 2005 $000's	2004 $000's
Revenue from ordinary activities		
Sale of goods revenue from operating activities	86,094	72,960
Viticultural management services	5,359	5,615
	91,453	78,575
Other revenues:		
From operating activities		
Net market value of grapes picked	4,543	4,681
Processing revenue:		
Other parties	4,930	4,950
Rental income	369	398
Interest Income	96	24
Storage Income	596	155
Rebates	389	117
Other	1,179	627
From outside operating activities		
Gross proceeds from sale of non-current assets	568	12,116
Total other revenues	12,670	23,068
Total revenue from ordinary activities	104,123	101,643

	Consolidated 2005 $000's	2004 $000's
Expenses and other gains/losses		
(a) Other expenses from ordinary activities		
Cost of goods sold	49,275	42,194
Storage and distribution expenses	4,079	4,383
Advertising and promotional expenses	3,941	2,899
Selling, general and administration expenses	75,013	27,756
Vineyard expenses	4,529	4,642
	136,837	81,874

Selling, general and administration expenses include certain once off write downs and adjustments as described in note (c).

	2005	2004
(b) Other expenses from ordinary activities are arrived at after taking into account:		
Depreciation of:		
- Plant and equipment	3,917	3,308
- Buildings	454	519
Net movement in capitalised depreciation expense	(183)	(757)
	4,188	3,070
Amortisation of:		
- Leased plant and equipment	430	503
- Vineyard development costs	16	69
Net movement in capitalised amortisation expense	62	(522)
	508	50

2. Profit from Ordinary Activities (cont.)

- Brandnames	311	295
- Goodwill	3,035	2,359
- Trade marks and other intangibles	12	6
	3,866	2,710
Total depreciation and amortisation	8,054	5,780
Net profit/(loss) from disposal of property, plant and equipment	(171)	80
Borrowing costs:		
- Other parties	5,748	4,316
- Convertible notes	1,650	1,650
- Finance charges relating to finance leases	202	453
- Converting preference shares classified as liabilities	323	646
Net movement in capitalised borrowing costs	1,092	(552)
	9,015	6,513
Operating lease rental expense:		
- Minimum lease payments	1,460	1,017
Movement in provisions for:		
- Doubtful debts	726	(416)
- Employee entitlements	129	(15)

	Consolidated 2005 $000's	2004 $000's
(c) Individually significant revenue/expenses included in profit from ordinary activities before income tax expense		
Goodwill written down to recoverable amount	2,469	-
Brandnames written down to recoverable amount	4,487	-
Inventory written down to recoverable amount	30,157	-
Inventory accounting estimate change	9,092	-
Restructuring provision raised	650	-
Onerous contracts raised	6,400	-

(d) Revision of accounting estimate

Inventory
At the beginning of the financial year the Company revisited the methodology of applying costs to inventory in order to better represent inventory values in a depressed market. Interest and corporate overheads are no longer to be included in the cost of inventory as it is considered that they do not add economic value. Remaining costs allocated to inventory will additionally be spread over all tonnes processed, not just owned tonnes. The effect of these changes are reflected in the current year. No adjustment has been made to prior years.

3. Commentary on Results

Refer also to explanation on page 1.

	Consolidated 2005 $000's	2004 $000's
a) Receivables		
Current		
Trade debtors	25,396	21,201
Less: Provision for doubtful trade debtors	(1,245)	(719)
	24,151	20,482
Other debtors	398	155
	24,549	20,637
b) Inventory		
Current		
Bulk wine, at net realisable value	15,727	-
Bulk wine, at cost	14,074	50,258
Packaged wine, at cost	15,616	9,324
Packaging materials, at cost	1,133	1,815
Sundry merchandise, at cost	105	70
	46,655	61,467
Non-current		
Bulk wine, at net realisable value	6,965	-
Bulk wine, at cost	12,311	21,081
	19,276	21,081
c) Other assets		
Current		
Prepayments	476	536
Capitalised vineyard development	774	-
Property, plant & equipment held for resale	10,304	-
Other	497	266
	12,051	802
Non-current		
Deferred acquisition costs	-	494
Capitalised vineyard development	1,339	-
	1,339	494
d) Property, Plant & Equipment		
Freehold land		
- At fair value	3,039	3,115
Buildings		
- At fair value	10,177	16,511
Less: Accumulated depreciation	(293)	(1,688)
	9,884	14,823
Vineyard development		

- At fair value	801	1,736
Less: Accumulated amortisation	-	(600)
	801	1,136
Plant and equipment, at cost	36,285	33,117
Less: Accumulated depreciation	(11,965)	(8,232)
	24,320	24,885
Leased plant and equipment	7,977	8,967
Less: Accumulated amortisation	(779)	(900)
	7,198	8,067
Capital work-in-progress	33	758
Total property, plant and equipment Net book value	45,275	52,784

3. Commentary on Results (cont.)

e) Interest bearing liabilities

	Consolidated 2005 $000's	Consolidated 2004 $000's
Current		
Cash advances (secured)	16,500	11,350
Other advances (secured)	300	300
Lease liabilities (secured)	1,360	1,510
Hire purchase liabilities (secured)	1,827	1,463
7% Non-cumulative converting preference shares (1)	-	9,223
	19,987	23,846
Non-current		
Cash advances (secured)	70,000	55,000
Other advances (secured)	300	600
Lease liabilities (secured)	3,852	2,884
Hire purchase liabilities (secured)	2,328	2,430
8.25% Convertible notes (2)	19,984	19,984
	96,464	80,898

(1) The 7% non-cumulative converting preference shares converted to ordinary shares of the Company on 20 December 2004 at a price of $1.20 per share.

(2) The 8.25% convertible notes are redeemable by the Company at their face value on 29 October 2007, if not converted by then at the option of the Noteholder.

If the Company is wound up prior to repayment, these Notes rank for repayment of principal and unpaid interest behind secured creditors but ahead of all ordinary and converting preference shareholders and equally with all other unsecured creditors of the Company.

The Notes held by the Noteholder shall be entitled to be converted in whole and not in part into ordinary shares by that Noteholder.

The number of ordinary shares into which the Notes are to be converted shall be total Principal moneys owed under the Notes divided by the calculated price. Any fractions remaining following conversion shall be disregarded and not refunded to Noteholders.

The calculated price of the ordinary shares issued as a result of the conversion of the Notes shall be:-
(a) a 10% discount to the average Market Price for ordinary shares of the company calculated over the last five (5) days on which sales of ordinary shares were recorded before the relevant Conversion Date; or
(b) the amount which is the minimum amount payable under Section 82SA(1)(d)(xi) of the Tax Act (calculated as at the date of the Prospectus);
whichever is the greater. The price under (b) above is $1.95.

f) Provisions

	Consolidated 2005 $000's	Consolidated 2004 $000's
Current		
Employee benefits	1,304	1,039
Onerous contracts	7,044	739
Deferred acquisition payment	1,296	-
Restructuring	650	50
	10,294	1,828
Non-current		
Employee benefits	76	150
Deferred acquisition payment	2,044	-
Onerous contracts	-	324
	2,120	474

4. Fundamental Errors

None

5. Extraordinary Items

None

6. Retained Profits/(Accumulated Losses)

	2005 $'000	2004 $'000
Balance at beginning of the financial year	13,445	9,233
Net (Loss)/Profit	(49,783)	7,624
Transfer from Asset Revaluation Reserve	520	-
Dividends paid	(4,647)	(3,412)
Balance at the end of the financial year	(40,465)	13,445

7. Details Relating to Dividends

	Date payable	Amount per security (cents) 2005	2004
Ordinary Dividend			
Final dividend	15 October 2004	2.00	2.0
Interim dividend	15 April 2005	2.25	2.0
Total dividend per security		4.25	4.0
WInES Dividend			
Interim dividend (ETWPB)	28 February 2005	1.57	-
Interim dividend (ETWPC)	28 February 2005	4.08	-

Other disclosure in relation to dividends

The Board have declared that no final dividend will be paid in respect of the year ended 2005 to ordinary and preference shareholders.

8. Earnings per Share

	Cents per share	
	2005	**2004**
Basic EPS	(54.5)	9.0
Diluted EPS	(54.5)	8.4

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2005 $000's	**2004 $000's**
(Loss)/Earnings	(49,783)	7,624

	2005 #'000	**2004 #'000**
Weighted average number of ordinary shares	91,400	84,475

Effect of dilutive securities

There is no impact of dilutive shares as the Group made a loss for the year, hence any dilution would reduce the loss per share.

9. Net Tangible Assets Per Security

	2005	**2004**
Net tangible assets per security	1.7 cents	2.4 cents

10. Details of Entities over Which Control Has Been Gained or Lost

Control gained over entities

The following entities were acquired during the year:

	Consolidated	
	2005 %	**2004 %**
Wine Source (NSW) Pty Ltd (acquired 2 July 2004)	100	-
Wine Source (VIC) Pty Ltd (formerly Skilton Round Pty Ltd) (acquired 2 July 2004)	100	-
Wine Source (QLD) Pty Ltd (acquired 2 July 2004)	100	-
	$000's	**$000's**
Contribution of the controlled entity (or group of entities) to profit from ordinary activities during the period, from the date of gaining control.	1,942	-

Loss of control of entities
No control over any entities was lost during the financial year ended 30 June 2005.

11. Details of Associates and Joint Venture Entities

Evans & Tate Ltd has a joint venture arrangement with Champagne Indage Limited. The joint venture entity, Cranswick Indage Wines Private Limited is 50% owned by Evans & Tate Limited. The operations of the joint venture are not material to the results of the consolidated entity.

12. Contingent Liabilities and Contingent Assets

Contingent Assets

There are no contingent assets.

Contingent Liabilities

Details of contingent liabilities where the probability of future payments is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Consolidated 2005 $000	2004 $000
Contingent liabilities considered remote		
Guarantees		
(i) Under the terms of a Deed of Cross Guarantee the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed are wound up. No deficiency in net assets exists in these companies at reporting date.		
(ii) Independent Winemakers Group Partnership	1,125	1,125
(iii) The Company has guaranteed lease facilities of certain controlled entities	-	750
(iv) Other	-	120
	1,125	1,995

13. Segment Information

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments
The primary reporting segment of the consolidated entity is its geographical segments. The consolidated entity operates in the following three significant geographical segments:

Australasia	*Distribution of bottled and bulk wine, including Evans & Tate branded products. Provision of contract processing services, viticultural management and consulting services*
America's	*Distribution of bottled and bulk wine, including Evans & Tate branded products*
Europe	*Distribution of bottled and bulk wine, including Evans & Tate branded products*

Business segments
The secondary reporting segment of the consolidated entity is its business segments. The consolidated entity operates in the following significant business segments:

Wine products & services
Manufacture and distribution of bottled wine sales, contract processing, bulk wine sales and brand management .

Viticultural management services
Provision of expert viticultural management viticultural advice and vineyard development.

13. Segment Information (continued)

Geographical Segment	Australasia (i) 2005 $000's	2004 $000's	Europe 2005 $000's	2004 $000's	America's 2005 $000's	2004 $000's	Eliminations 2005 $000's	2004 $000's	Consolidated 2005 $000's	2004 $000's
Sales to external customers	76,474	74,066	24,728	23,783	2,921	3,794	-	-	104,123	101,643
Inter segment sales	982	6,179	-	-	-	182	(982)	(6,361)	-	-
Total segment revenue	77,456	80,245	24,728	23,783	2,921	3,976	(982)	(6,361)	104,123	101,643
Unallocated revenue									-	-
Total revenue									104,123	101,643
Segment result	(43,062)	20,812	1,127	3,182	(116)	(68)	-	-	(42,051)	23,926
Unallocated revenues and expenses									(7,732)	(16,607)
Profit from ordinary activities before income tax									(49,783)	7,319
Income tax benefit/(expense)									-	305
Net profit after income tax expense									(49,783)	7,624
Depreciation and amortisation	7,932	5,728	115	45	7	7	-	-	8,054	5,780
Non cash expenses other than depreciation and amortisation	-	16	-	-	-	-	-	-	-	16
Individually significant items:										
Goodwill written down to recoverable amount	2,469	-	-	-	-	-	-	-	2,469	-
Brand names written down to recoverable amount	4,487	-	-	-	-	-	-	-	4,487	-
Inventory written down to recoverable amount	38,155	-	-	-	-	-	-	-	38,155	-
Inventory change in accounting estimate	1,094	-	-	-	-	-	-	-	1,094	-
Restructuring provision raised	650	-	-	-	-	-	-	-	650	-
Deferred acquisition costs written off	262	-	-	-	-	-	-	-	262	-
Joint venture interest written off	270	-	-	-	-	-	-	-	270	-
Onerous contracts raised	6,400	-	-	-	-	-	-	-	6,400	-

13. Segment Information (continued)

Geographical Segment	**Australasia (i)**		**Europe**		**America's**		**Eliminations**		**Consolidated**	
	2005 $000's	**2004 $000's**	**2005 $000's**	**2004 $000's**	**2005 $000's**	**2004 $000's**	**2005 $000's**	**2004 $000's**	**2005 $000's**	**2004 $000's**
Segment Assets	212,025	210,487	2,603	4,001	1,173	920	-	-	215,801	215,408
Unallocated corporate assets									-	-
Consolidated total assets									215,801	215,408
Segment Liabilities	163,483	138,052	121	572	311	257	-	-	163,915	138,881
Unallocated corporate liabilities										-
Consolidated total liabilities									163,915	138,881
Acquisition of non current assets	23,491	12,195	462	2,447	-	4	-	-	23,953	14,646

(i) Included in the Australasian geographical segment in 2004 is proceeds on the sale of vineyard assets of $10.6 million, acquired in the Cranswick Premium Wines Ltd acquisition. These assets were sold at their fair value under acquisition accounting and did not contribute to the current period's profit result.

13. Segment Information (continued)

Business Segment	Wine Products & Services		Viticultural Services		Other (i)		Eliminations		Consolidated	
	2005 $000's	2004 $000's	2005 $000's	2004 $000's	2005 $000's	2004 $000's	2005 $000's	2004 $000's	2005 $000's	2004 $000's
Segment Revenue	99,441	77,910	5,664	5,615	-	18,118	(982)	-	104,123	101,643
Segment Assets	211,371	211,941	4,430	3,467	-	-	-	-	215,801	215,408
Acquisitions of non current assets	23,538	13,547	415	1,099	-	-	-	-	23,953	14,646

(i) Included in the Other business segment in 2004 is proceeds on the sale of vineyard assets of $10.6 million, acquired in the Cranswick Premium Wines Ltd acquisition. These assets were sold at their fair value under acquisition accounting and did not contribute to the current period's profit result.

14. Discontinuing Operations

None

15. Subsequent Events

On 19 July 2005, the ANZ Bank advanced an additional $10 million of short term working capital. The existing ANZ banking facilities have been extended until December 2006.

Robert Scott was appointed a Director on 18 July 2005.

In July 2005 the Company announced that the role of Chief Executive Officer and Chairman would be separated and, following the appointment of a new Chief Executive Officer, Mr Tate will move to Non-Executive Chairman and will focus on the promotion of Evans & Tate's various brands and sales efforts. Further, on 12 September 2005, Mr Tate announced he will step down as Executive Chairman and will remain as a Non Executive Director.
Mr John Hopkins has been appointed Chairman.

Phillip Osborne, Chief Operating Officer, has left the Company's employ.

16. Other Significant Information

Effective 1 July 2005 and as referred to in Note 17, all Australian reporting entities are required to report under the Australian equivalent of International Financial Reporting Standards (A-IFRS). As at the 30 June 2005 balance date the Consolidated Entity has reported under Australian Generally Accepted Accounting Principles (AGAAP).

The Consolidated Group is currently considering what impact A-IFRS will have on future financial reports. One possible impact is that the valuation methodology in relation to the Consolidated Group's carrying value of Intangible Assets may change. In liaison with its auditors, the Consolidated Group has identified that the carrying value of Intangible Assets will be subject to an "impairment test" at each reporting date commencing 1 July 2004. The effect of this impairment test is that at each reporting date the carrying value of Intangible Assets is reviewed and if the value of the asset is impaired, a write down will be required. The Consolidated Group is currently working with its auditors in determining what, if any, impairment arises.

In addition it is likely that WInEs will be accounted for as a compound financial instrument leading to a significant proportion of WInEs being classed as an interest bearing liability. The Consolidated Group currently has finance arrangements with the ANZ Bank and Convertible Note Holders. The terms of these arrangements include covenants relating to the ratio of total assets to total liabilities.

If these covenants are breached and the breach is not rectified, this may impact on the Consolidated Group's ability to continue as a going concern. The Consolidated Group has negotiated a specific exemption from the ANZ Bank in relation to the accounting treatment of WInES under IFRS and the Consolidated Group will seek to negotiate a similar outcome with the Convertible Note Holders.

17. Impact of Adopting AASB Equivalents to IASB Standards

Evans & Tate Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (A-IFRS) which will be applicable for the financial year ending 30 June 2006. The Group has allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to A-IFRS. As a result the Group has established a project team to address each area and make necessary decisions. The outcomes of this project will form the basis of the Company's accounting for A-IFRS in the future and is required when the first fully A-IFRS compliant financial report is prepared for the half year ended 31 December 2005.

Various voluntary and mandatory exemptions are available to the Group on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate past business combinations, expense share-based payments granted before November 2002, and the identification of a deemed cost for property, plant and equipment. The impact on the Group of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made.

The Group is evaluating the effect of the options available on first-time adoption in order to determine the correct outcome for the Group. To date management has focussed its efforts on restructuring the Group and securing the ongoing support of its financiers, significantly reducing management time available to complete the A-IFRS project. For this reason the Company is not yet in a position to reliably estimate the impacts of transition to A-IFRS on the financial report.

17. Impact of Adopting AASB Equivalents to IASB Standards (cont.)

The directors expect the management team to complete the transition process during the second quarter of the 2005/06 financial year.

Set out below is the key areas where accounting policies are expected to change on adoption of A-IFRS. The impacts from adoption of A-IFRS may change due to:

- Ongoing work being undertaken by the A-IFRS project team;
- Potential amendments to A-IFRSs and interpretations thereof being issued by the standards-setters and IFRIC; and
- Emerging accepted practice in the interpretation and application of A-IFRS and UIG interpretations.

(i) *Goodwill*

Under AASB 3 "Business Combinations", goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the Group's current accounting policy that amortises goodwill on a straight-line basis over its useful life, but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. This change in policy may result in increased volatility in the profit and loss where impairment losses occur.

The Group is in the process of determining the impact, if any, of any impairment that may be required.

(ii) *Business Combinations*

Based on evaluation work to date, the Group does not intend to elect to apply AASB 3 retrospectively, hence prior year goodwill amortisation would not be written back as at the date of transition to A-IFRS.

(iii) Impairment of Assets

The Group's current policy is to write down non-current assets to recoverable amount when the asset's carrying amount exceeds recoverable amount. Historically, the Group has not discounted cash flows in determining the recoverable amount of its non-current assets.

Under A-IFRS, both current and non-current assets are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test requiring the identification of cash generating units and restricts the cash flows permitted where value in use is used to assess recoverable amount as well as requiring cash flows to be discounted.

Consequently, on adoption of A-IFRS, impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets. The Group has not yet determined the impact, if any, of any impairment which may be required.

(iv) Brandnames

Under AASB138 "Intangibles Assets", intangible assets with an indefinite useful life, including brandnames, will no longer be amortised but instead will be subject to annual impairment testing. This will result in a change in the Group's current accounting policy that amortises brandnames on a straight-line basis at 2.5% per annum.

The Group is in the process of determining the impact, if any, of any impairment that may be required.

17. Impact of Adopting AASB Equivalents to IASB Standards (cont.)

(v) *Property, Plant and Equipment*
On transition to A-IFRS, the Group has several options in the determination of cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report the Group has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

(vi) *Share-based Payment*
Equity settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005, would be measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments would be expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. Share-based payment expenses are not recognised under AGAAP.

Under the transitional exemptions of AASB 1 "First-time Adoption of A-IFRS" the Group intends to elect not to apply AASB 2 "Share-based Payment" to equity instruments issued prior to 7 November 2002.

Quantification of the impact on equity and in the income statement of the existing share options granted as remuneration has not been completed as at the reporting date, though the impact is not expected to be material.

(vii) *Taxation*
Under AASB 112 "Income Taxes", tax assets and liabilities are recognised using the balance sheet approach, which will result in a change in the Group's current accounting policy that uses the income statement approach. The balance sheet liability method focuses on the tax effect of transactions and other events that effect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

Under AASB 112, tax assets are recognised when recovery is "probable' rather than "virtually certain" as is the criteria under current Australian GAAP. The Group has carried forward tax losses which have not been recognised as they do not meet the "virtually certain criteria" under current Australian GAAP. It is expected that the "probable" criteria will also not be met, hence it is likely that the Group's carried forward tax losses will also not be recognised under A-IFRS.

(viii) *Financial Instruments*
Management has decided to apply the exemption provided in AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" which permits entities not to apply the requirements of AASB 132 "Financial Instruments: Presentation and Disclosures" and AASB 139 "Financial Instruments: Recognition and Measurement" for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. The A-IFRS project team is in the process of determining the impact that adopting these standards would have on the financial statements of the Group.

Based on an initial assessment of the impact of AASB 139 it is probable that the reset convertible preference shares "WInES" included in equity under AGAAP will be reclassified as debt under A-IFRS.

18. Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☐	The accounts have been subject to review.
✓	The accounts are in the process of being audited or subject to review	☐	The accounts have not yet been audited or reviewed.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

None noted

Description of dispute or qualification if the accounts have been audited or subjected to review.

None noted