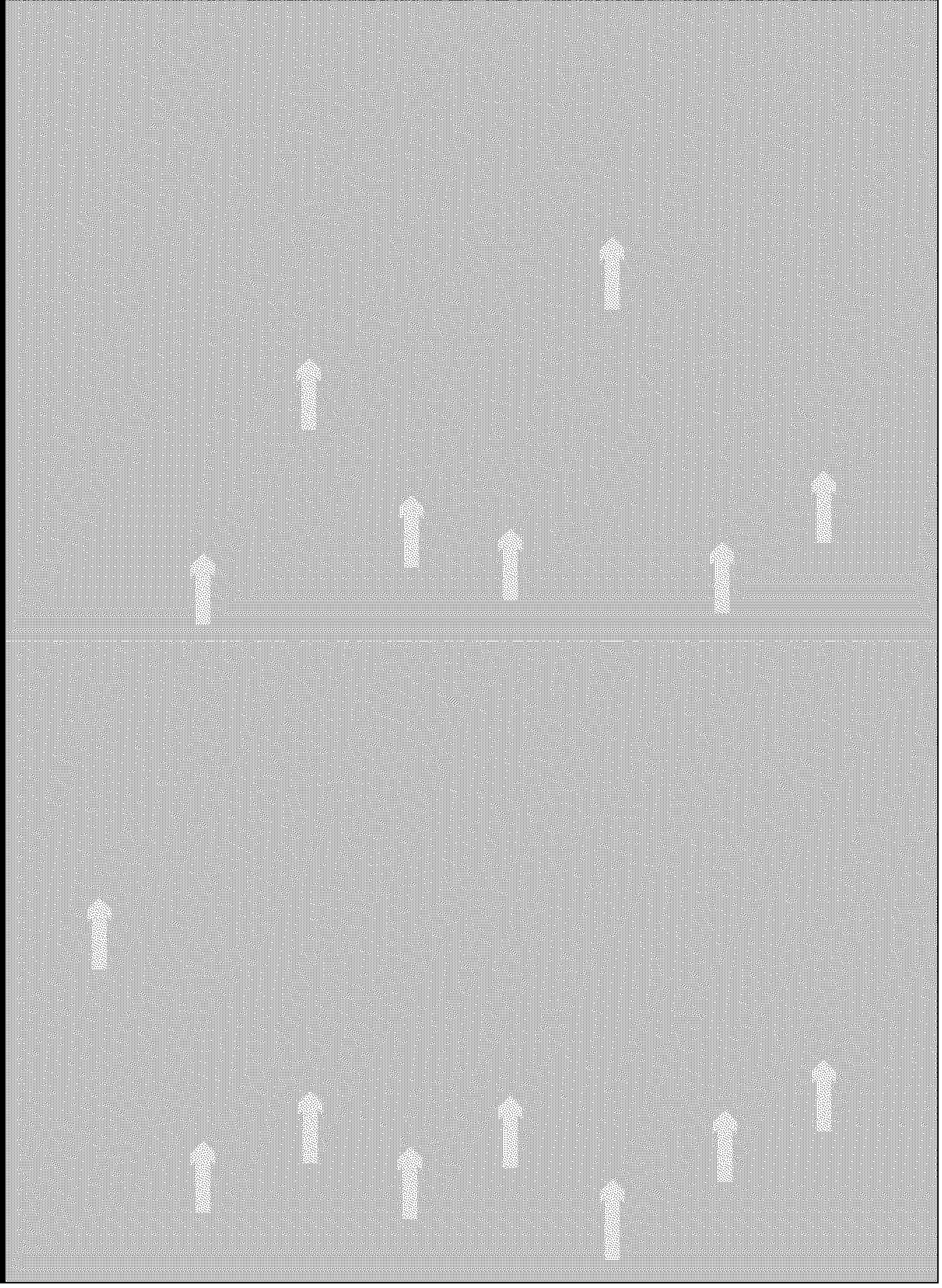
McGUIGAN
SIMEON
WINES LIMITED

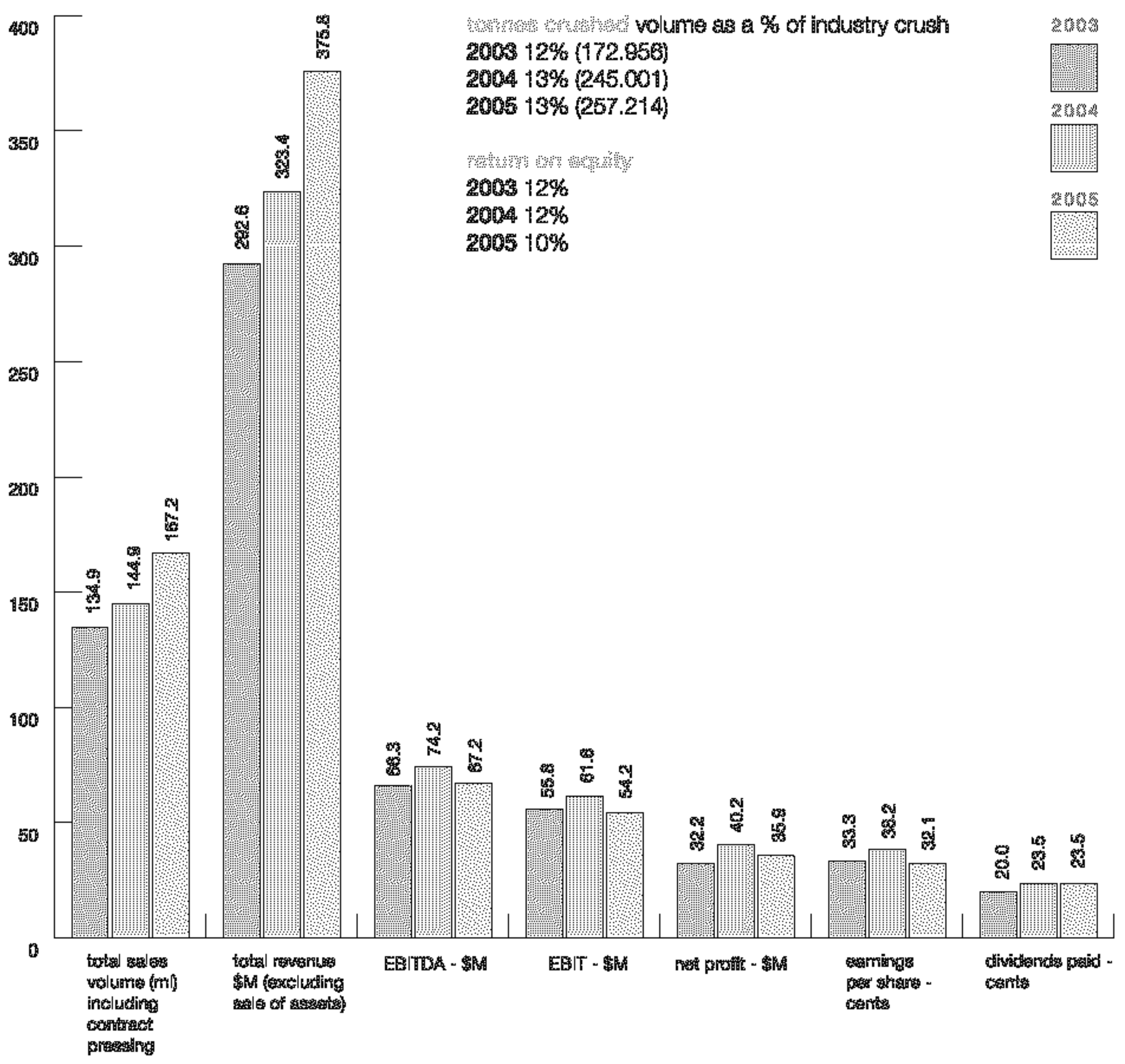
McGuigan Simeon Wines Limited Annual Report '05

"Getting better with age"

McGuigan Simeon Wines Limited Annual Report 2005



what we do 1 produce wine and package it under buyers own brands in australia 2 produce aroma for mswl and others in australia 3 manage mswl vineyards 4 produce wine for mswl's branded export markets 5 produce grape concentrate for mswl and others in australia 6 produce wine for mswl's branded domestic market 7 produce bulk wine for the bulk australian market 8 produce wine for the bulk international market 9 produce wine and package it for buyers own brands around the world 10 manage investor vineyards 11 produce wine for other australian winemakers 12 process grapes for other australian winemakers.



"like a good red"

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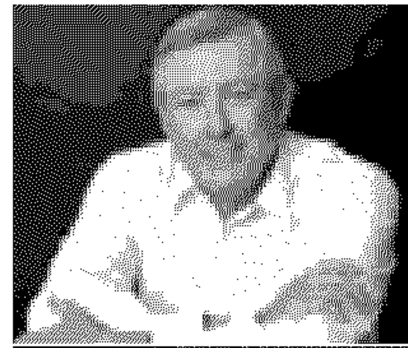
ph: 08 8584 7236

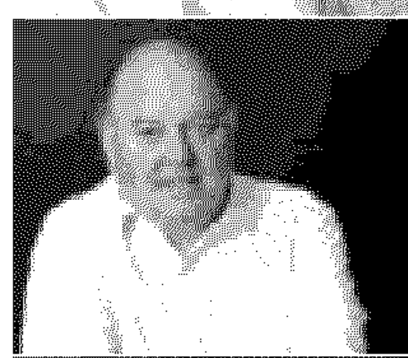
buronga hill winery
Silver City Highway
Buronga NSW 2739
ph: 03 5022 5100

merbein winery
Wentworth Road
Merbein VIC 3505

“security through diversity in both production and income streams”








David S Clarke AO BEc (Hons), Hon DscEcon (Syd), MBA (Harv) – Age 63

Executive Chairman of Macquarie Bank Limited. Chairman of Macquarie CountryWide Management Limited, Macquarie Goodman Group, Macquarie Office Management Limited, Macquarie ProLogis Management Limited, the Wine Committee of the Royal Agricultural Society of NSW, the Sydney Advisory Board of the Salvation Army, the Opera Australia Capital Fund and the Sydney University Football Club Foundation. Member of the Investment Advisory Committee of the Australian Olympic Foundation, the Council of the Royal Agricultural Society of NSW, the Harvard Business School Asia Advisory Committee, the Seoul International Business Advisory Council and an honorary life member of the Financial Markets Foundation for Children. Governor of the Australian Ireland Fund, Vice President of the Sydney University Cricket Club and a Director of The Clayton Utz Foundation.

Brian J McGuigan AM - Managing Director – Age 63

Over 45 years experience in the wine industry. Formerly Managing Director of Wyndham Estate Wines Limited from 1970 to 1991. He is currently the Chairman of Newcastle Mater Misericordiae Hospital, Hunter Wine Country Private Irrigation District and Broke Fordwich Private Irrigation District. He is also a Director of Tower Estate Pty Limited and The National Stroke Foundation.

Ian D Ferrier AM – Age 65

Fellow of The Institute of Chartered Accountants in Australia and a Founding Partner of Ferrier Hodgson, one of Australia's leading firms of insolvency administrators and reconstruction accountants. In this capacity, he has gained extensive experience in the management and administration of both private and public companies at all levels. He is presently Chairman of Port Douglas Reef Resorts Limited, Invocare Limited and a Director of Macquarie Goodman Group, Reckon Limited and Energy One Pty Ltd.

Nicholas F Greiner AC BEc (Hons) (Syd), MBA (Harv) – Age 58

Former Premier and Treasurer of New South Wales 1988-92. Currently Chairman of Bilfinger Berger Australia and Bradken Limited, Deputy Chairman of Stockland Group and a Director of QBE Insurance Group Limited and a number of other private companies.

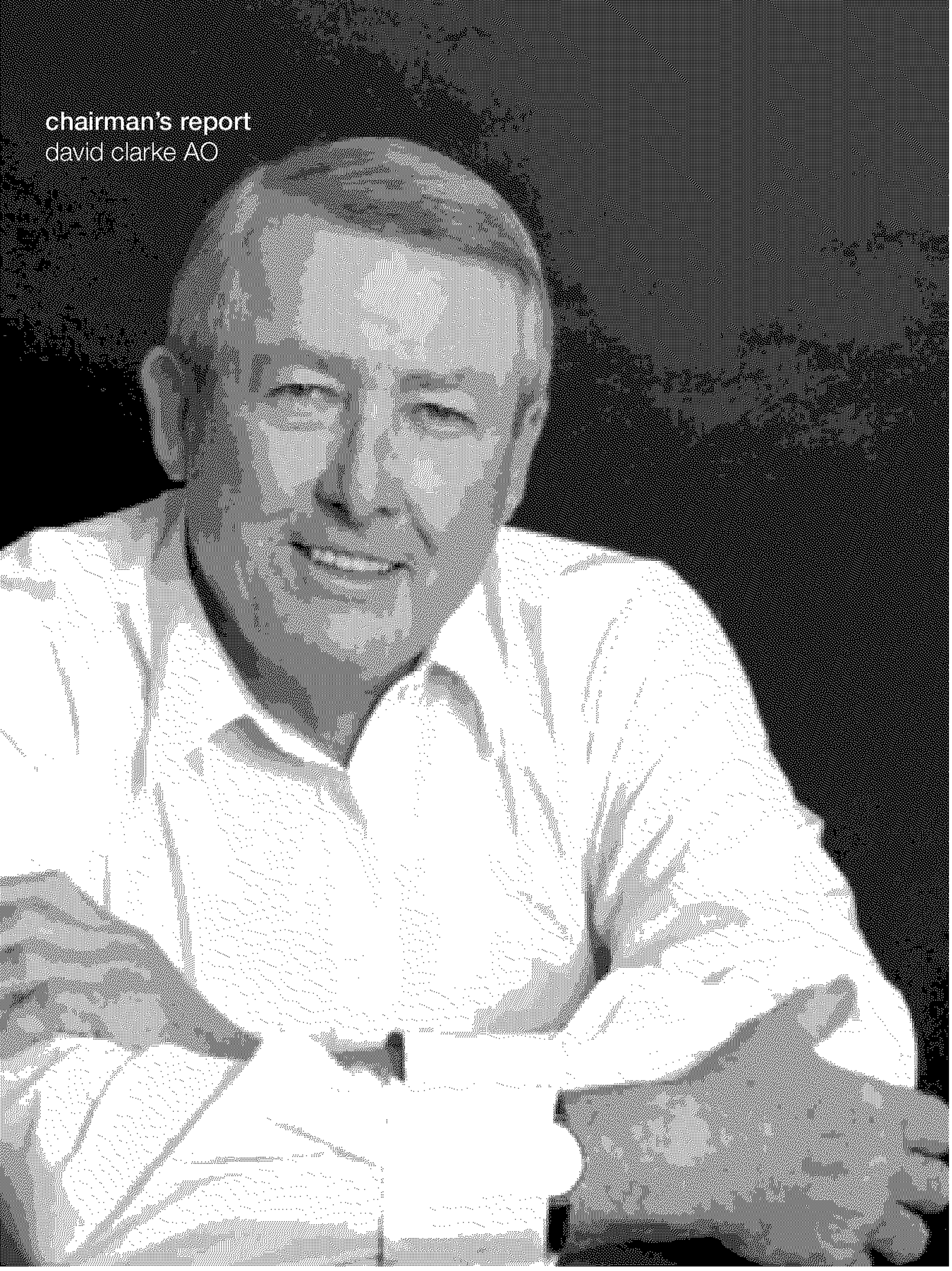
Perry R Gunner BAg, Sc, Grad Dip. Bus Admin – Age 58

Over 30 years experience in the Wine Industry. Formerly Chairman and Chief Executive Officer of Orlando Wyndham Group Pty Ltd and Director of So Natural Foods Ltd, Australian Orthopeadic Innovations Pty Ltd and ABB Grain Ltd.

Christopher L Harris BEc, FCPA, FAICD – Age 58

Formerly CEO and Group Managing Director of FH Faulding & Co. Ltd. Chairman of Argo Investments Limited and EvoGenix Limited and a Director of Adelaide Brighton Limited, United Water International Limited, J.M. Financial Group Ltd and the SA Motor Accident Commission.

chairman's report
david clarke AO



2005 was a very challenging year for the company, and indeed for the entire wine industry in Australia. For 12 years McGuigan Simeon has delivered year on year profit and dividend growth. This year, in one of the toughest periods for the Australian wine industry in recent history, we were disappointed to report our first downturn.

In a year when a number of winemakers reported losses, McGuigan Simeon's $35.9 million profit (11% below last year) was a creditable result in a difficult environment.

And while we believe that we will continue to face tough conditions over the next two years, we are confident about the long term future for the company. In this context, our geographic and product diversity provides a strong platform to help the company cope with cyclical downturns.

Our confidence is reflected in the decision to maintain the total dividend for 2005 at 23.5 cents per share.

In the past year we have had to cope with both a cyclical downturn and structural change in the Australian wine industry:

- **A record crush of 1.9 million tonnes in 2005 added to the oversupply of grapes. This record harvest came on top of last year's record harvest and further reduced the value of grapes and wine in Australia;**
- **Worldwide there is an oversupply of grapes;**
- **The value of the Australian dollar, which appreciated by 12% during 2004/2005, impacted on the competitiveness of our exports;**
- **The worldwide consolidation and globalisation of production and distribution of liquor has impacted on all winemakers.**

The Australian wine industry faced downward pressure on prices, with little relief on costs. Many participants in the industry have struggled to meet these pressures.

Last year I commented in my report to you that, during adversity, the strong get stronger and the weak get weaker. Your company's result in the 2005 year compared to the industry demonstrates this.

McGuigan Simeon remains a marketing driven company. This year Brian and his team drove double digit sales growth in virtually all our markets. In export markets like Europe, North America and New Zealand sales were up by an average of 40 per cent.

Overall sales were up by 16 per cent to $377 million. This was well above the growth rates for the industry overall.

We are among the world's lowest cost producers of quality wines and continually work at productivity improvements in every facet of our business.

Given the intense competition, oversupply of grapes and the currency, it is now essential (more than ever) for a wine company to be positioned so that it can not only perform at this stage of the cycle but also position itself for growth.

We cannot change the reality of the global market and the industry cycle. What we can do is ensure we are in the strongest possible position to deal with the current conditions, take advantage of opportunities in the market and be ready for the upturn in the cycle.

Our strategy has been to work toward that position with the merger with Simeon, the acquisition of Miranda Wines and the purchase of the warehousing and bottling facilities at Merbein.

Your company is now:

- **A strong player with scale and diversity in production and income streams**
- **Financially strong**
- **Acknowledged as the most efficient winemaker with an ongoing focus on productivity**
- **Market driven with strong customer relationships and brand expertise**
- **Focused on creating real long term value for our shareholders**

Finally I would like to acknowledge the hard work of the Management Team and everyone in the Company. The Board joins me in thanking them most sincerely for their continued effort and performance in these difficult conditions.

David Clarke AO
Chairman

Dear Shareholder

The financial year 2005 has been one of the most turbulent periods for the Australian wine industry during my 45 years within it.

A disadvantageous Australian dollar; over production of grapes in Australia; build up of wine stocks as a result of consecutive crop increases in 2002, 2004 and 2005; a very competitive sales environment in Australia and abroad; have all combined to place Australian Wine companies under pressures that have not been seen for some time. However, these circumstances are cyclic; after all we are an agriculturally based company and circumstances are bound to change and improve the environment in which we operate.

managing director's report

brian mcguigan AM

- **Domestic Sales are up by 15%, three times the national increase**
- **Export Sales (bulk) are up by 49%**
- **Export Sales (bottled) are up 49%**
- **Bulk Sales within Australia also showed good growth of 4% in an extremely tough environment**

I am pleased with and proud of these performances even though these sales levels have been achieved at a lower than expected or needed gross profit rate to reach our budgeted profit aspiration. However, this level of sales performance has satisfactorily reduced our stock holdings so that meagre stock write-downs have taken place. Our Board wisely instructed me to clear stock excesses earlier rather than later, of course we do not know at this stage what the 2006 vintage holds for us, but it is our firm intention not to process any fruit that may add to our excess volumes and hence create for us an environment of over production. Undoubtedly in 2005 the industry experienced gross overproduction, we hope that vintage 2006 will be much smaller than 2005 so that the present over production circumstances will not prevail past 2006 vintage; in any case, our intake will be in balance with our projected sales demand.

Domestic sales have reached a record level for the Company of $167 million which was a very satisfactory result. Relationships with supermarkets and the independent traders has been a focus for the Icon Management and Sales team: Innovative sales and marketing initiatives have been implemented and good results have emerged. However, as a consequence of the aggressive competition Icon Management has needed to balance volume of sales with gross profit rate to ensure that on one hand our volumes of product are sold but on the other hand at an adequate profit margin.

As prefaced above the issue confronting our Export Team has been the Australian dollar exchange rate. There is no doubt that the consumers in the Northern Hemisphere have a growing respect and want for Australian wine; this is the case particularly in the UK, Ireland, Europe generally and North America.

During the year we further developed our management, sales and marketing capacity in the UK and US: Essential expansion for us to share in the ever developing Export markets. Over the last 20 years the driver of the Australian wine industry has been Export sales and it is clear to the Directors and Management of our Company that Export expansion must be a priority for the Company's sales development.

As competition is tough it is essential that to produce the best possible profit result we must continue to address the efficiency of our technical operations to ensure that we are Australia's lowest cost wine producer.

To enhance efficiency our company purchased competitively the production, packaging and storage facility at Mildura from Fosters Wine Estates. This facility is geographically close to our main production units at Buronga and Loxton and has the capacity to package all our present Export and Domestic packaging needs for the first time in our history, in house. This acquisition will serve the company well in terms of centralisation of all production controls, administration and dispatch and I'm sure this rationalisation will be a milestone of which the Company will be proud of in years to come.

As a consequence of this streamlining of production operations an agreement has been struck, subsequent to fiscal year close, to sell the winemaking and packaging plant at Griffith (formerly the headquarters of Miranda Wines). This move further enhances our efficiencies and use of capital.

The company has enjoyed special growth and since its inception in 1992 shareholders have benefited by escalating dividends and share value. Presently profit growth has stalled and I'm confident that this will be momentary as we have the assets, efficiencies and most importantly, the committed, capable and loyal staff to deliver the growth when the industry returns to a satisfactory supply/sales balance.

I am confident about the future of Australia in the world of wine and I am sure that our Company has a key role in that future.

Brian McGuigan AM
Managing Director

marketing report

lisa mcguigan
general manager icon brands

Icon Brands has further consolidated its position in the market in 2005, recording strong domestic sales that represent an overall annual increase of 17%. Against a relatively flat market growth of 3%, all three major brands – Tempus Two, McGuigan and Miranda – have flourished.

The positive trend can be primarily attributed to the successful integration of all areas of sales and marketing following the acquisition of Miranda in 2004. This has forced us to create a new structure in both personnel and product, and the positive results of the new discipline have been immediate.

I was appointed to the position of Sales and Marketing Director in February 2005, with the major short term objective the integration of the Miranda Sales and Marketing Team.

In February, the Miranda and Icon Brands sales teams were merged to increase efficiencies across the business. The fusing of two dynamic teams has ensured a single targeted message is sent to our trading partners, and enhanced our ability to present a range of branded products to our customers – trade and consumer – across all wine categories. A rigorous training program was undertaken, making our current Sales Team the sharpest to date.

The merge of these resources created a new Management Team and structure for which I am responsible. With the new structure in place, the focus switched to the product portfolio in the second half of the year. All MSWL products were reviewed and rationalised, providing a brand architecture poised to drive business growth. During this process, a number of products were deleted, and several new market opportunities were identified. One new product to emerge in 2005 was Mini Pash – a sparkling piccolo product designed to capitalise on the growth of the "ready to drink" market.

We have also made a major commitment to the rosé market, which as a wine category is experiencing the highest exponential growth at present. Two new McGuigan products have been released at different price points: Personal Reserve Rosé and Vin Rosé.

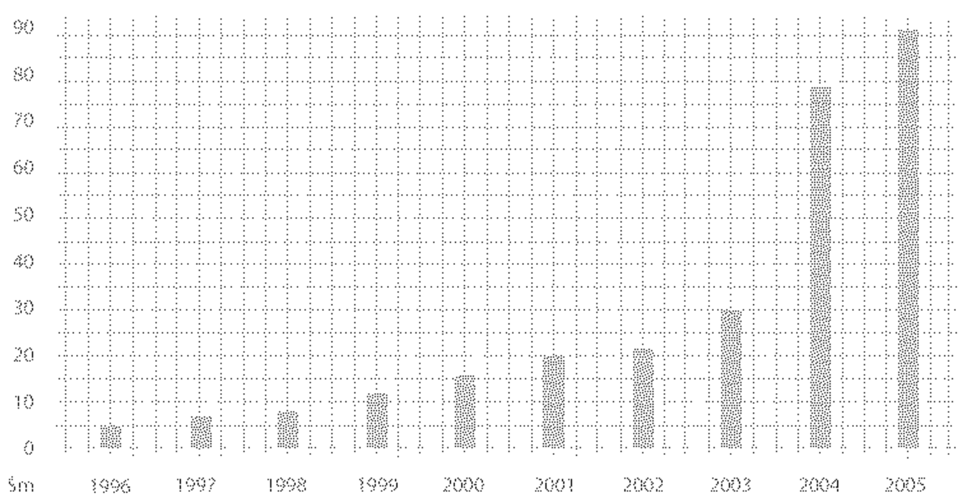
Building within the Tempus Two, McGuigan and Miranda portfolios has been a constant priority, with targeted marketing strategies implemented over the course of the year.

McGuigan continues to enjoy strong brand awareness and market penetration in the NSW market through an ongoing radio campaign on 2UE, and outdoor billboard promotions. Tempus Two has built on is critical mass through successful below-the-line strategies with media, focusing on innovative wine styles, unique brand position and the personalities behind the brand. The success of this strategy is reflected by the significant sales growth the brand has posted.

Consumer relevance remains the key to our success, and our Marketing Team has created a program of tastings designed to gauge current consumer palates and acceptance to certain wine styles. These tastings are also a lynchpin of our promotional mix by way of introducing consumers to our unique new products. We have also maintained strong presence at industry-based events such as the Good Food and Wine Shows in Melbourne and Sydney.

The newly integrated Sales Team has delivered strong results through a program of promotions with Woolworths, Liquorland, all independent banner groups and our growing on-premise market. A major in-store tasting schedule has been run as part of these promotions, complementing the activities of the marketing department.

Growing sales levels since 1996



Looking forward, Icon is set to build on the positive trend of our Domestic Sales over 2005 with a streamlined product portfolio that answers what consumes want, and a dedicated, educated and innovative team bringing it to the market.

Lisa McGuigan
General Manager Icon Brands

The merger three years ago of Brian McGuigan Wines and Simeon Wines brought together two extremely complementary companies within the Australian wine industry. Since that merger, the Company acquired Miranda Wines Pty Limited and the Merbein Winery and packaging facility. McGuigan Simeon Wines Limited is now the largest listed pure wine company in Australia. The Company is a fully integrated wine company with interests in vineyards, wine production, marketing and distribution.

The following key activities create for the Company a strong and diversified earnings base:

- Domestic Sales – branded
- Domestic Sales – bulk wine and contract processing
- Export Sales – branded
- Export Sales – bulk in bottled and bulk wine
- Vineyard income – owned and leased vineyards
- Vineyard income – development and management

Domestic Sales – branded

The formation of Icon Brands in 2001, a wholly owned distribution company, created the necessary platform to boost sales penetration into all sectors. Icon employs a skilled and motivated Sales Team with the appropriate distribution and administrative staff, providing excellent market coverage and customer support. With the acquisition of Miranda Wines, the Company has now a full range of Domestic wine products.

From its relatively small share in market percentage, the necessary infrastructure is in place in terms of product range, sales coverage and distribution support to permit Icon to increase its market penetration in the years to come. Icon's strategy is to cater for and take advantage of consolidation of retailers.

Domestic Sales – bulk wine and contract processing

The Company is the largest seller of bulk wine in Australia. The business is based on long term supply contracts to some major Australian wine companies, providing an element of security of income for this business.

Export Sales – branded

The Company focuses its branded export sales business on the major export markets of the United Kingdom, Continental Europe, North America and New Zealand. In order to control the sale of own brands, most overseas offices are managed by owned companies and/or own staff, rather than agents.

Export Sales – contract winemaking (bulk in bottled and bulk wine)

This division is one of Australia's largest exporters of wine in volume terms. The product is destined for retail price points below the Australian equivalent of $10 a bottle. Most sales in the UK are for supermarket buyers' own brands, mainly bottled in the target market in order to reduce packaging costs and exchange rate risk. Sales into the USA, this year were mainly for a major wine company, by means of sale of fully packaged product. These types of product exposure and customer relationship allow company owned brands to be developed in a complementary manner.

Vineyard Income – owned and leased vineyards

The Company leases large tracts of vineyard from third parties and owns 862 hectares of vineyards, with all of the vineyards being managed by the Company. This allows a greater supply security for wine sales and greater stability in grape costs.

Vineyard Income – development and management

Over the past decade the Company has built a geographic spread of managed vineyards designed to deliver high quality grapes at low unit prices, with ownership usually vested in a third party in order to prioritise capital towards brand marketing and inventory.

During the year the Company continued developing the Del Rios Vineyard (708ha) and will commence developing the Grand Junction Vineyard (405ha) within the next 12 months.

Income is derived as manager and/or developer, usually on a cost plus basis, and provides a steady income stream. This area of the business allows management control to be exercised over a proportion of our own winemaking.

The Company is committed to being at the leading edge of vineyard and winery technology. From this base of excellence it is our commitment to continue world best practice, ensuring we deliver a service to all customers in excess of their expectations.

Wineries

The Company's wineries fall into two distinct categories – the large production based wineries and the brand-linked boutique wineries.

Production Wineries

Buronga Hill

The Buronga Hill winery near Mildura, Victoria crushed 129,000 tonnes of grapes in 2005, up from 119,000 tonnes in 2004. Most of the grapes are purchased from contracted third party growers. This modern and efficient winery uses the latest winemaking technology and has one of the lowest unit costs of production in the world. Due to its large scale batch processing configuration, most of Buronga Hill's output is sold to contract winemaking customers, both domestically and overseas.

Loxton Winery

The Loxton winery is located in the heart of South Australia's Murray Valley. In vintage 2005 the winery crushed 88,000 tonnes of grapes; in line with 2004. A large proportion of the throughput comes from Company owned or managed vineyards. As such, and due to smaller tank configurations, the Loxton winery plays an important role in preparing and blending wines for own brand bottled sales.

Brand Linked Wineries

McGuigan Cellars

Located in the Hunter Valley, NSW, this winery has a capacity of 5,000 tonnes, and is used primarily for local Hunter fruit crushing, winemaking, maturation and bottling of super premium branded products.

Yaldara Winery

The Yaldara winery is situated in the Barossa Valley. At 15,000 tonnes capacity this winery processes small batch local fruit, the resultant wine being used in higher priced bottled product.

During the year the winery plant and equipment located at the Rovalley winery, also located in the Barossa Valley, was transferred to the Yaldara winery. This increased the Yaldara capacity and provided for greater efficiency.

Tempus Two Winery

Recently built, this winery focuses solely on super premium winemaking for the Pewter label, as well as providing the home and infrastructure for the whole range of Tempus Two wines, its imagery and its focus.

Griffith Winery

Part of the Miranda Wines acquisition, this winery has a capacity of 15,000 tonnes, and is used primarily for cask products and Miranda bottled products. Located at this winery is a packaging facility capable of packaging up to two million cases per annum.

As part of a long term strategy, a contract for the sale of this winery was signed in late September 2005.

Due to their efficiency and low costs of production, the Company will continue to focus on Production Wineries for its planned winemaking over the next few years.

Vineyards

The Company owns 862 hectares of vineyards, located in the Riverland, Cowra and Barossa Valley regions. The Company also leases large areas of vineyards.

Additionally, the Company is currently developing or in the process of developing 1113 hectares of vineyards located near Swan Hill (Victoria) and Wentworth (Victoria). Both these vineyards are being financed by a third party.

Austflavour

Located at the Loxton winery, Austflavour is primarily a grape concentrating business. De-alcoholisation of wine and the production of wine aromas are also functions of this division.

Merbein

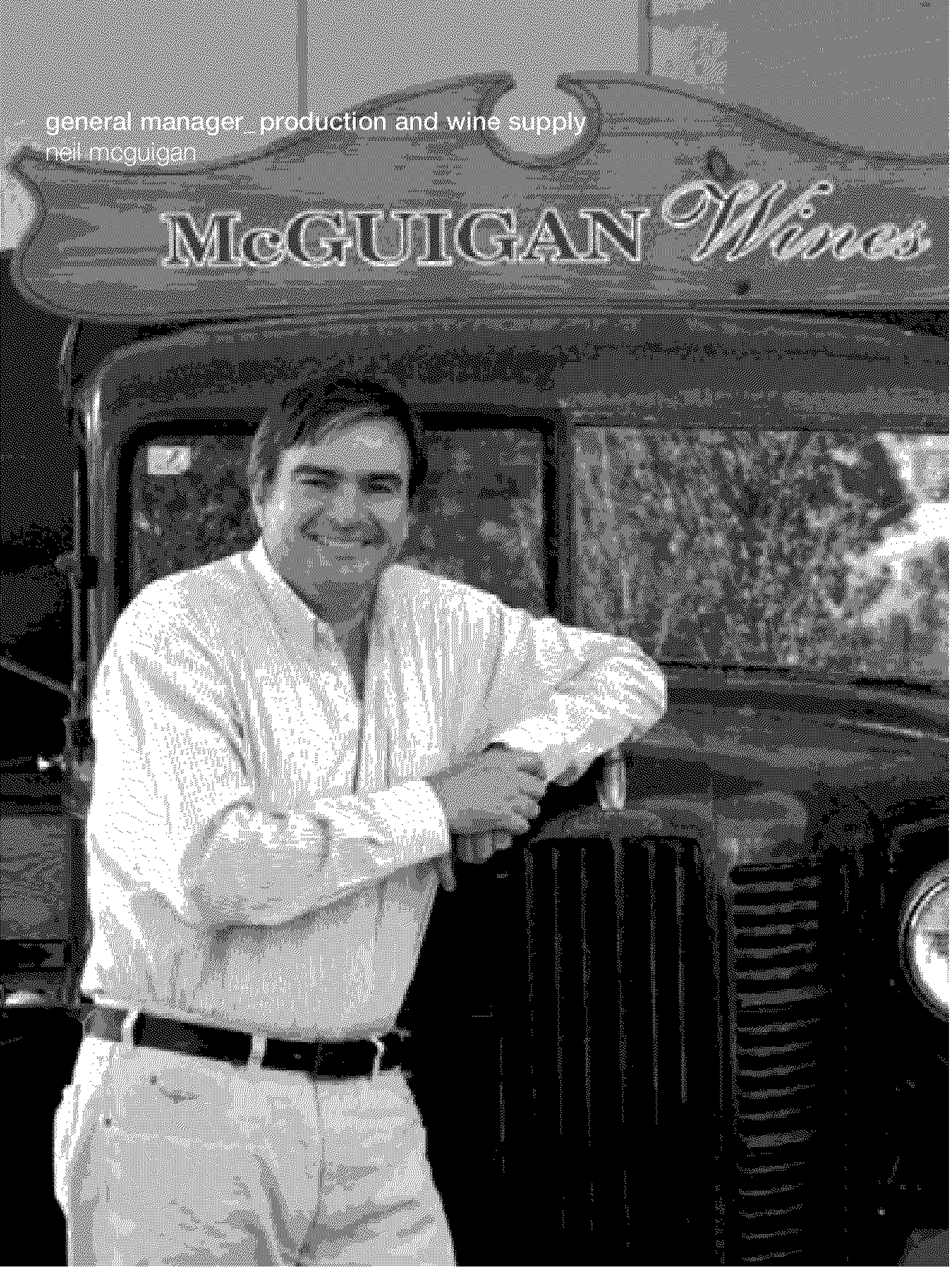
During the year the Company acquired a bottling and warehousing operation at Merbein near Mildura in Victoria. Included is a winery with 17 million litres bulk wine storage and 15,000 tonnes annual crush capability. The bottling operation has a capacity in excess of 4.5 million cases per annum. This facility is strategically located near the Buronga Hill winery.

Cellar Door sales

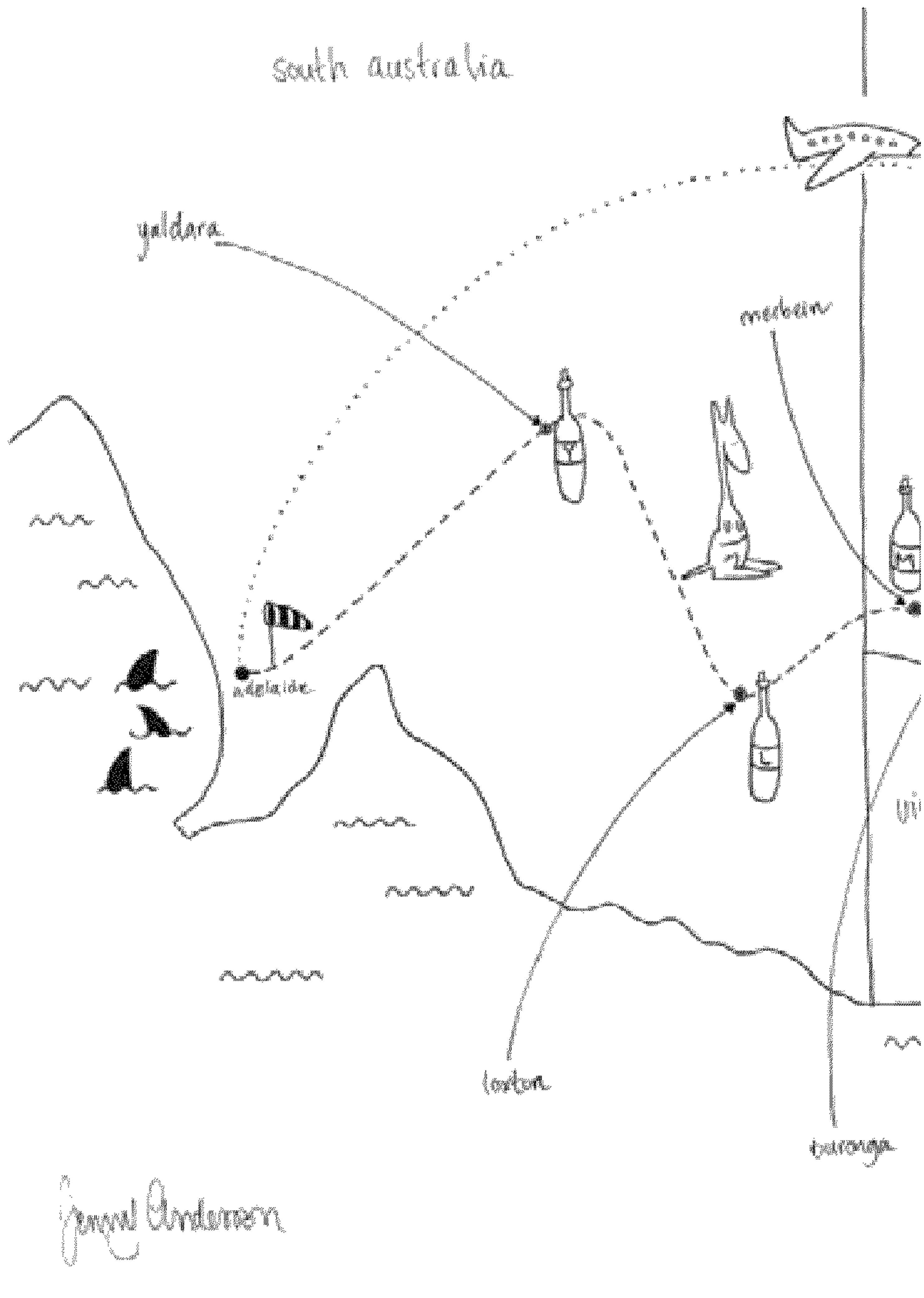
Cellar Door sales continue to play a vital aspect for brand exposure. The Company's well established McGuigan Cellars in the Hunter Valley is one of the most visited cellar door facilities in the world. The recently refurbished Yaldara Barossa facility and the Tempus Two Winery in the Hunter will provide further brand exposure for our products.

general manager_ production and wine supply

neil mcguigan



For the production part of a wine company it is always about controlling costs, increasing quality and ensuring a safe workplace. Our unique relationship with our international and domestic bulk wine customers ensures that we produce wines that are appropriate to their market. All the markets are slightly different and the wine styles need to be recognised, planned for, and executed during vintage to ensure customer satisfaction.



south australia
yaldara
adelaide


new south wales
mcguigan
tempus two
cessnock airport
sydney
goulburn
canberra
ctoria
melbourne
australia
the apple isle

hun

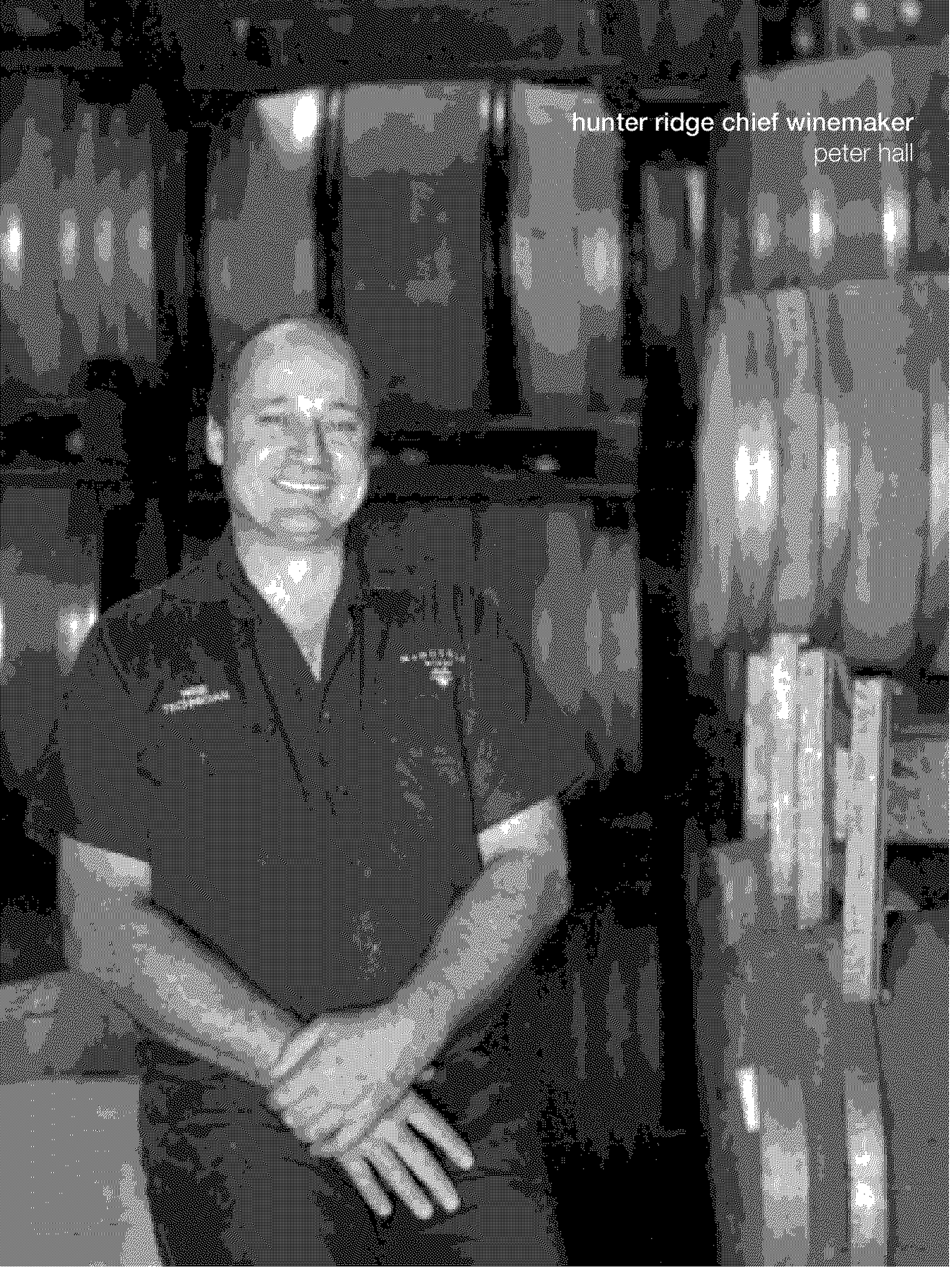
Built in 1989, this winemaking, blending and
and equipped to handle premium grapes and j
the wines produced here are our premium proc
With a capacity to produce up to 50,000 case
2,000 oak barrels (French and American oak) a

ter ridge

maturation facility was specially constructed
uice in a focused and special way. Accordingly,
ducts, such as Personal Reserve and Genus 4.
s of top quality wine, the winery has more than
nd 50 special maturation and blending tanks.

"our goal is to produce wines that are as good if not better than the iconic wines from around the world at an affordable price"

One learns quickly that there are no actual rights and wrongs in winemaking and that the various permutations and combinations that are available will merely result in different styles of wine. Numerous years of unfettered experimentation at a production level with top fruit from all regions of Australia allows me to know what a wine will look like before the grapes are picked. The enormous depth and spread of vineyards from where we source our fruit throughout Australia gives my team the basis to make some exceptional wines.

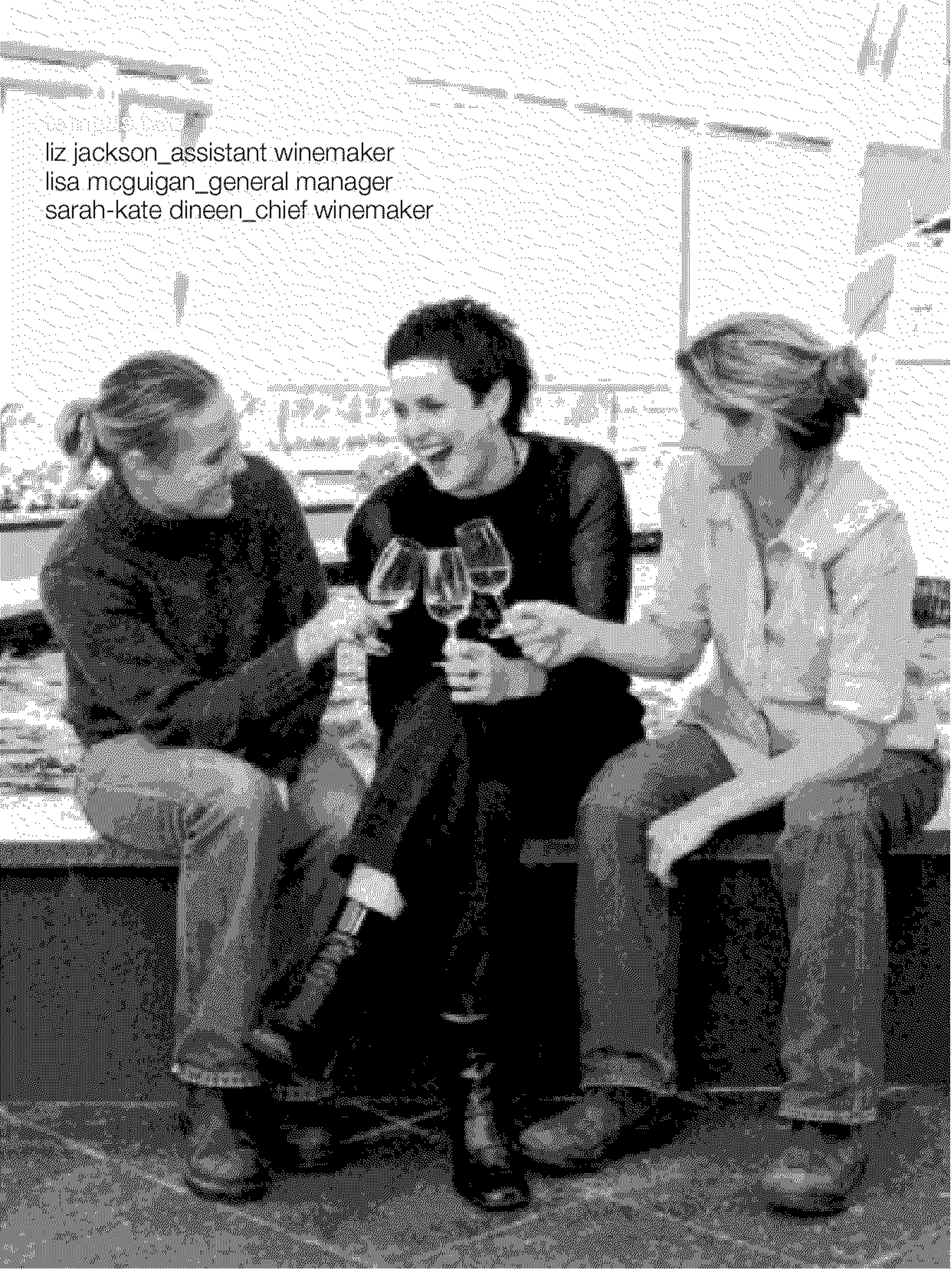

hunter ridge chief winemaker
peter hall

tem

Tempus Two now produces in excess of 200,
South Australia, Victoria and New South Wale
detail will always be the hallmark of Tempus Tw
hand plunging of reds, open vat fermentatio
made Tempus Two a unique and proven player.

npus two

000 cases of wine from premium vineyards in
es. Despite this enormous growth attention to
wo. Exclusive imported bottles, pewter labels,
n, and lesser-known grape varieties have all



liz jackson_assistant winemaker
lisa mcguigan_general manager
sarah-kate dineen_chief winemaker

In 2003 Tempus Two's growth continued with the opening of the Tempus Two Cellar Door in Broke Road, Pokolbin. The complex, designed by Suter's Architects and Pike Withers, comprises a boutique winery, cellar door, Oishii Japanese restaurant and an amphitheatre with a program of concerts throughout the year.

For us, it's all about the detail. We are fanatical about the finesse of our winemaking and ensuring we deliver modern styles of wine for today's wine consumer. Likewise, we pursue a unique design aesthetic with our packaging, because we appreciate that even the best wines in the world taste that little bit better in a beautiful glass. Unique packaging combined with innovative winemaking techniques and fruit sourced from Australia's iconic regions has always been our vision at Tempus Two and this philosophy filters through all facets of our business.

unique packaging combined with innovative winemaking techniques

Steeped in history, the acquisition of Yalda
expansion of the McGuigan winemaking facili
facilities in the Barossa Valley and responsible
Most significantly, the facility allows small ba
popular wines (Genus 4). Barrel fermentation
and quality has increased. Winemaker Thom
and maturation with strict guidance and exp

yaldara

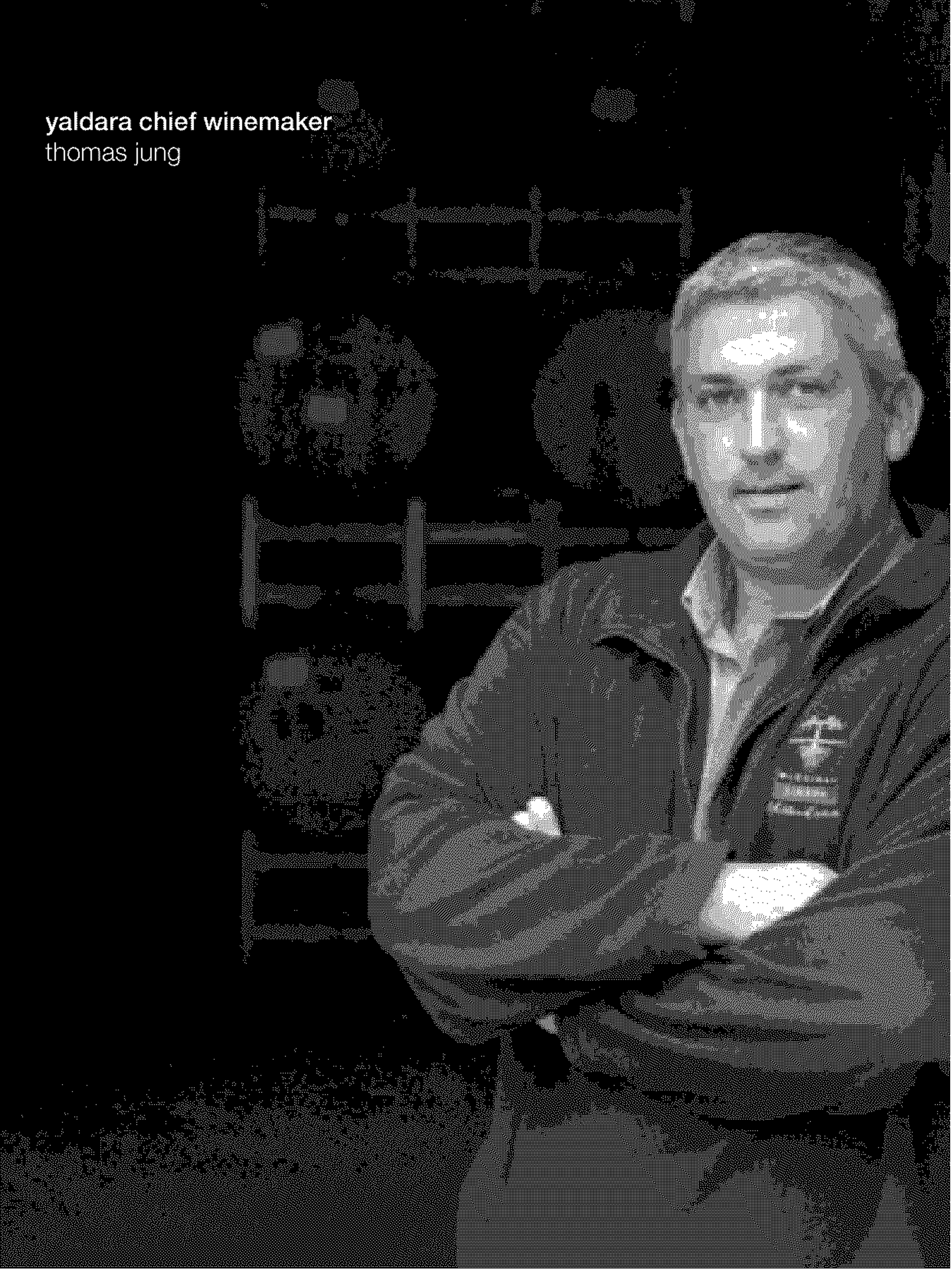
ara winery in 2001 allowed a considerable
ties. Built in 1947, Yaldara is one of the biggest
for McGuigan's South Australian production.
tch processing of some of McGuigan's most
n is now spread across more of the portfolio
nas Jung manages the winemaking, bottling
ert care.

our mission is to reduce costs and improve fruit quality

My role is to secure and produce economically a supply of premium quality fruit, to satisfy the high standards required for both domestic and international wine markets. My team is constantly looking at ways of reducing costs, and improving fruit quality, by using the latest available viticultural technology in the world. This is an ongoing process and we cannot become complacent - what's good for today is not necessarily appropriate for tomorrow.

national vineyard manager
richard byllaardt

yaldara chief winemaker
thomas jung



The Yaldara winery now crushes around 15,000 tonnes annually and the aim is to produce the best wines using small batch processing. Our wine is used for our Bin 2000 Shiraz, Bin 4000 Cabernet, the Earth's Portrait Range, Genus 4 Barossa Valley Range, our export customers and to strengthen our commercial wines at Loxton and Buronga. We currently control 24 million litres of storage capacity in the Barossa Valley.

> **“at yaldara we focus on lots of small batch processing using open tank fermenters and basket pressing for our super premium wines”**

Yaldara chief winemaker

café y_head chef
kas martin

quality innovation go for it !

And so the journey to develop a world class wine tourist destination, revolving around food and wine, began. Sitting in the shadow of the magnificent Chateau, Café Y was totally refurbished, literally from the floor up, becoming a bright, airy and contemporary space that still retains a unique rustic charm. The menu, which reflects regional and seasonal influences is specifically designed to augment the splendid wines produced by MSWL. Adjacent to the café is the Larder and Cheese Room where our visitors also have the opportunity to taste and purchase local and house made products. Yaldara Estate's epicurean centre and splendid cellar door has evolved into a very special wine tourism experience that we proudly offer to both local and international visitors.

The Loxton winery has been a fixture in Au
the years technologies have been introduc
90,000 tonnes every year. However, while te
on small batch processing for premium w
supply processed at Loxton is sourced fror

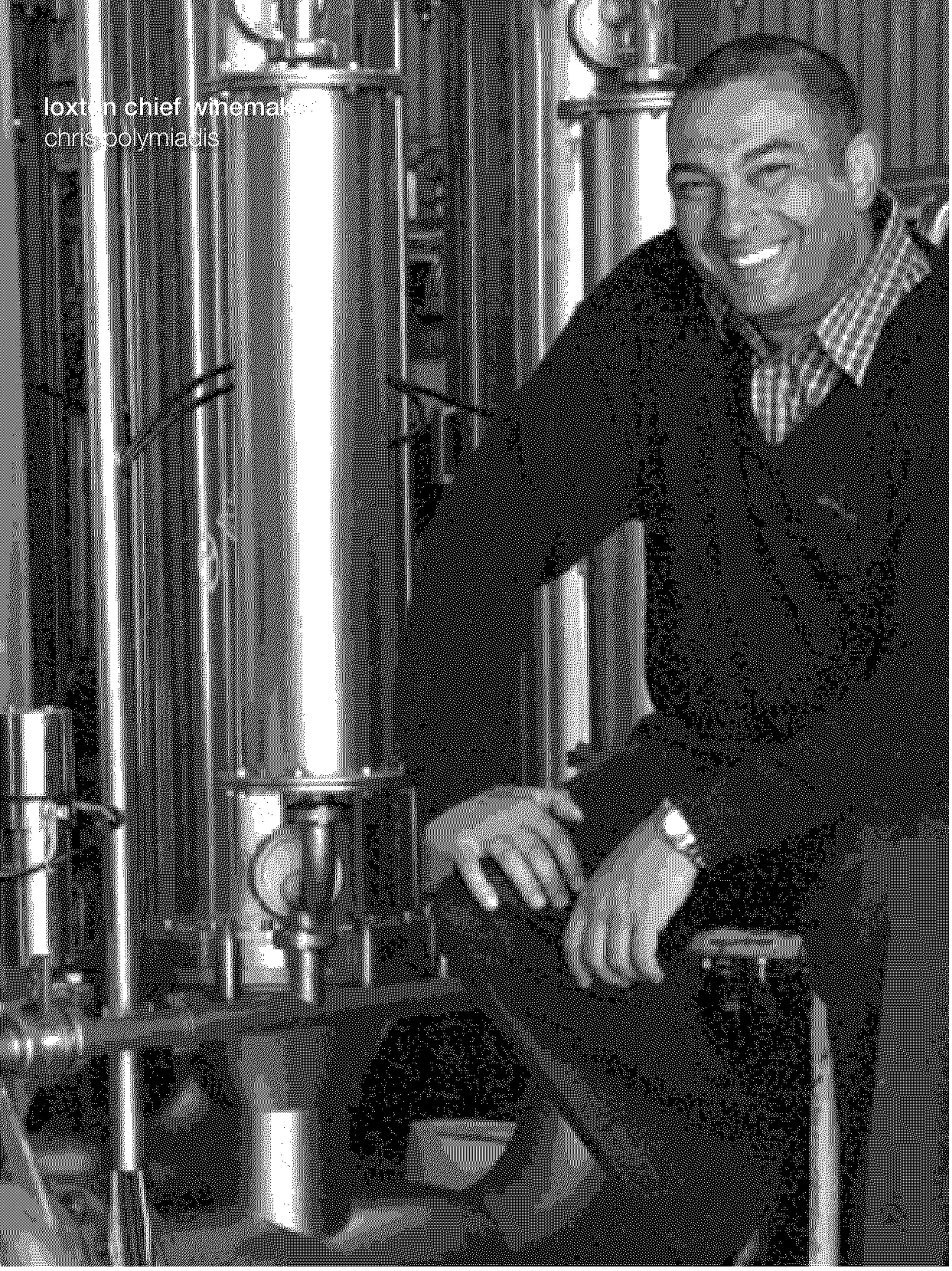
loxton

stralia's historic Riverland since 1948. Over
ed to make the winery capable of crushing
echnology allows this growth, a strong focus
ines remains. More than half of the grape
m company vineyards.

team results are more important than individual glory

I have spent the last forty years in the Riverland and am a recipient of an OAM for my services to the community and the wine industry in this area. I have represented grape growing, winemaking and educational interests and the community at a Regional level, always striving to improve quality and the image of the region to all sectors. Our Loxton facilities are regarded as one of the most innovative and technically advanced in the industry. This site is staffed by very competent and committed staff from grape growing/grower liaison through laboratory and winemaking personnel. The team results are always considered more important than those of the individual.


loxton general manager
kevin pfeiffer



loxton chief winemaker
chris polymiadis

My role as chief winemaker is to manage all aspects of production and provide support and direction to all winemakers, our cellar manager and our production administrator. I plan and direct the way our wines are made from grape receival through to finished products and I like to believe that I am an innovative winemaker always looking to out-perform the opposition. Our winery is one of the best in the world with its ability to crush and store over 90,000 tonnes and our dedication to adopting current technology from around the world. Machinery like the Thermoflash and Electrodialysis are the only ones in Australia and it is their use, and careful planning, that allows us to consistently maintain quality in an efficient manner.

we are industry leaders in adopting current technology

The Buronga Hill winery is one of the larg
Sunraysia district, it is designed for large-scal
are introduced each year to the winery, w
of fruit annually. Grapes are sourced from
vineyards, and are “streamed” to ensure the
excellence, production efficiency and outsta
Buronga Hill, the largest winemaking site in

buronga

est in Australia. Established in 1984 in the
e, high quality winemaking. New technologies
hich crushes in excess of 100,000 tonnes
ocal contract growers as well as company
best possible quality final product. Technical
anding customer service are key features of
the MSWL group.

buronga general manager production
rodney morrish

The Buronga Hill winery is the largest production winery within the MSWL group, and is the second largest winery in Australia. Seven percent of the total 2005 Australian wine grape crush was processed at the Buronga Hill winery. A small, dedicated group of winemakers and support staff use leading edge equipment and technologies to produce popular premium wines destined for Australian and international markets. Individual wines are produced to comply with a wide range of customer and brand specifications.

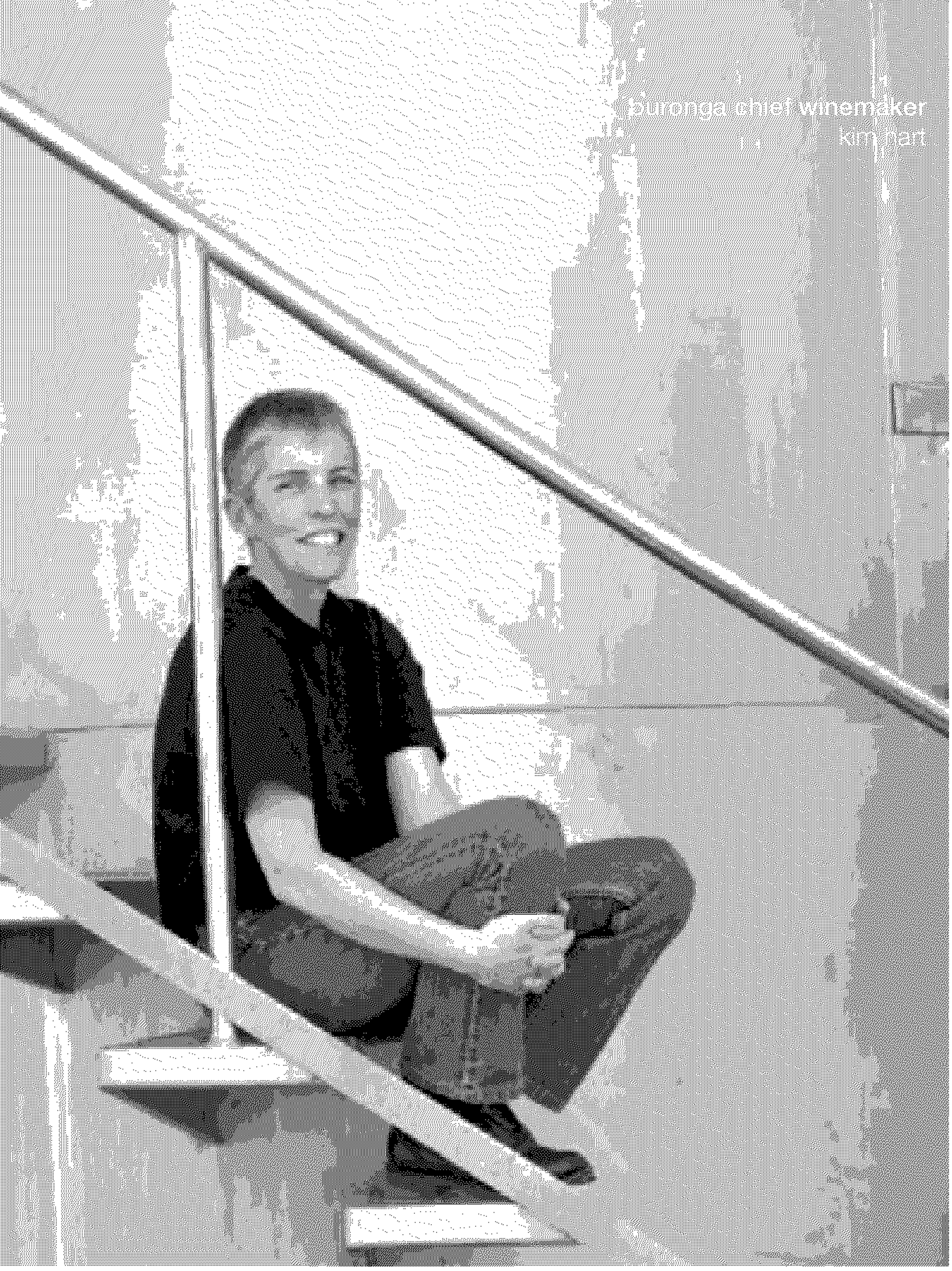
> **“buronga hill winery processes 7% of the total 2005 Australian grape crush”**

Buronga general manager

The focus at Buronga Hill, as at all group sites, is one of safety, quality and efficiency. Buronga Hill staff are committed to maintaining a safe workplace for all employees. They are focused on product quality, with technical excellence and efficient production forming key features of the site. My role as chief winemaker at the group's largest site is to ensure all these parameters are met and performed in an outstanding manner.

I have a long, professional history with the McGuigan family, commencing in 1982 at their Hunter Valley winery as a cellar hand, and returning to serve their business as Chief Winemaker at Buronga Hill in 2004 after several years in the premium and super-premium sector of the wine industry. I bring many years of senior production and business management to the organisation, as well as a Roseworthy winemaking degree and a Master of Business Administration. My contribution to the McGuigan Simeon business is a commitment to excellence, a commercial focus, and a strong dedication to the business itself.

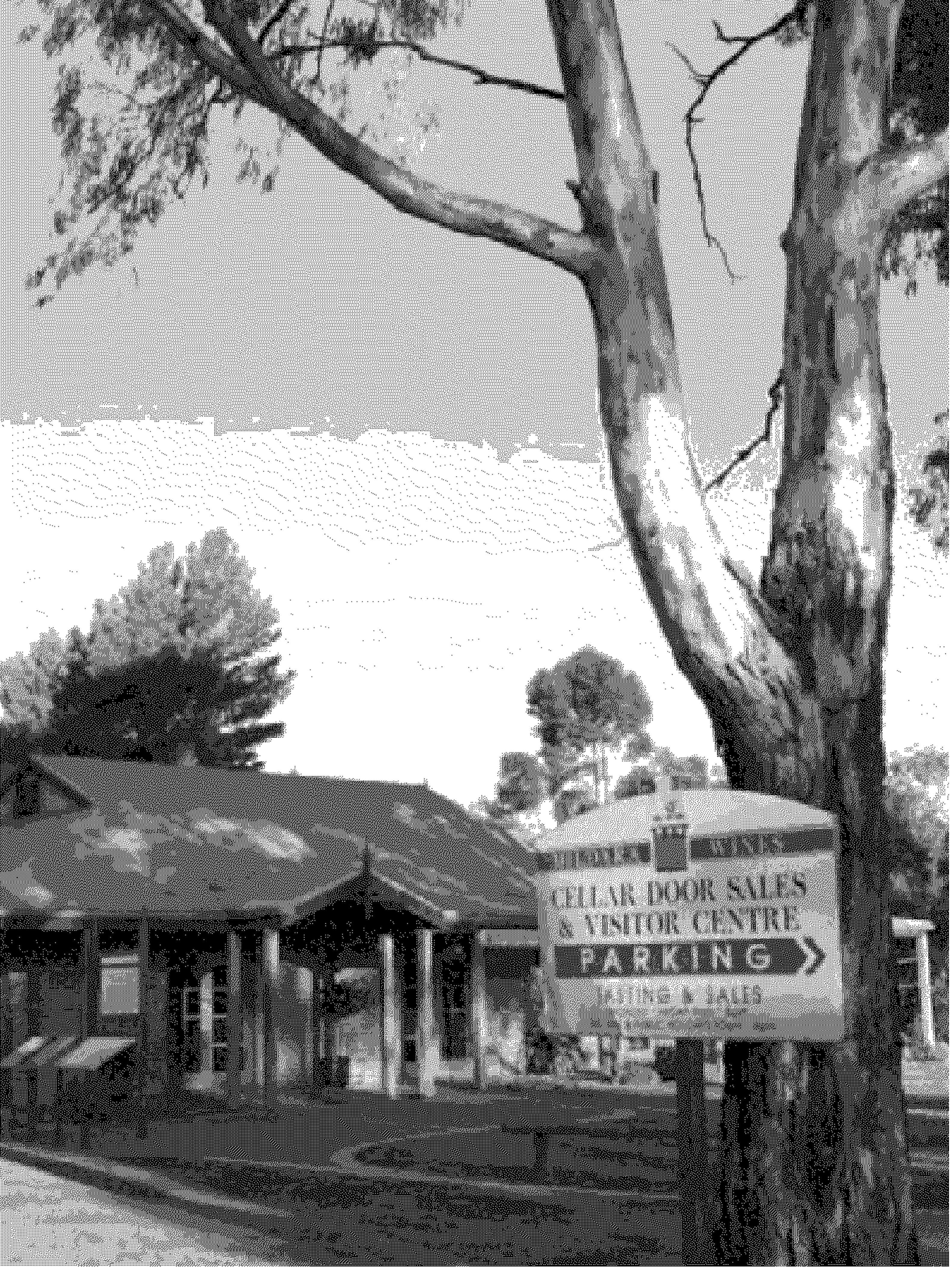
a commitment to excellence and a strong dedication to the business itself


buronga chief winemaker
kim hart

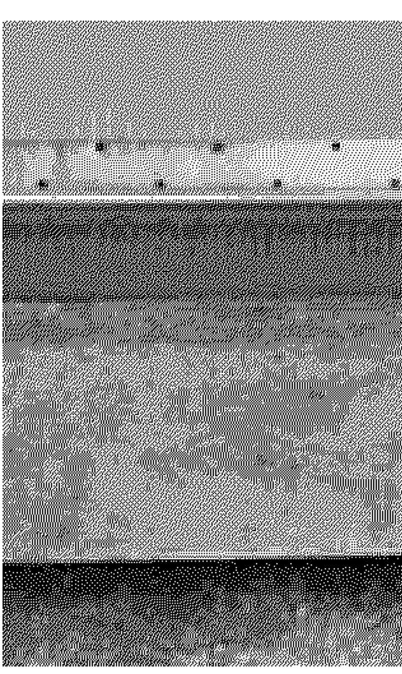
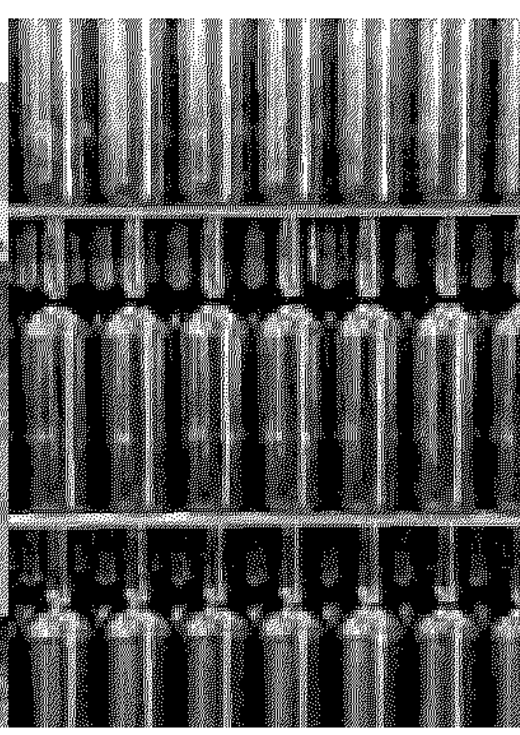
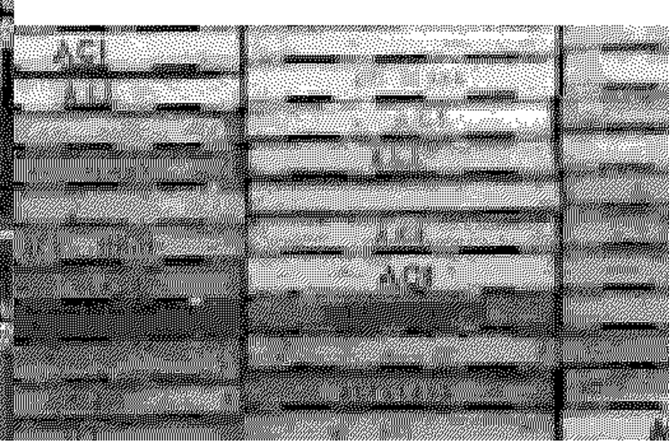
The historic Merbein winery, including its moder
the Victorian bank of the Murray river approxima
wineries at Buronga and Loxton are nearby, en
for packaging and national and international di

merbein

n bottling and packaging facilities, is situated on
ately 8 km west of Mildura. Our major supplying
abling Merbein to become our centralized hub
istribution of the company's wines.


CELLAR DOOR SALES
& VISITOR CENTRE
PARKING

“merbein will become the hub of our packaging, bottling and distribution”

chief financial officer
mike noack

“we’ll continue to work at productivity improvements and cost savings”

The Directors are responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices of the Company which the Directors, Management and Employees of the Company are required to follow.

Corporate Governance is the system or process by which a Company is directed or controlled. It is concerned with the manner in which the Directors ensure that an organisation's systems and processes are properly controlled and functioning effectively and that management is complying with the policies and directives of the Board. Corporate Governance structures provide a controlled process for risks taken by a Company to be subjected to accountability and control systems commensurate with the risks involved.

Listed companies are required to include in the Annual Report of the Company a section which details the extent to which they have complied with the "Principles of Good Corporate Governance and Best Practice Recommendations" published by the Corporate Governance Council of the Australian Stock Exchange. The Company's compliance with these guidelines and recommendations is detailed at the end of this report.

The Board has primary responsibility to the shareholders as owners of the Company. Shareholders also play a key direct role in the Company's Governance by electing the Directors of the Company at the Annual General Meeting.

Shareholders and the market generally receive information from the Company through distribution of the Annual Report, the Half Yearly Report, the Chairman's and Managing Director's addresses to the Annual General Meeting and through the release of announcements from time to time in compliance with the Company's responsibilities to make continuous disclosure under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The Company's external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Audit Report.

The Board carries out its responsibilities according to the following mandate:

- The Board should comprise at least six Directors;
- The Board should comprise a majority of non-executive Directors;
- The Chairman of the Board should be a non-executive Director;
- The criteria for Board membership is to create a balanced and informed Board to assist the Company in making decisions relating to all corporate matters. New Directors are nominated by existing Board Members and invited to become members on the basis of a majority vote of Directors. Consideration is given to Directors' experience and qualifications with a view to ensuring effectiveness and an appropriate balance of skills;
- Non-executive Directors are appointed for an indefinite time on terms and conditions voted on from time to time provided that the Constitution of the Company provides that at every general meeting of the Company one third of the Directors (except a Managing Director) shall retire from office and in any event no Director shall hold office for any longer than three years without submitting themselves for re-election. The Company complies with this rule;
- With the exception of the Chairman all non-executive Directors are appointed on the same terms and conditions;
- The Board should meet at least six times per annum, with information and materials for Board and Board Committee meetings being circulated in advance of such meetings. Presentations from senior management are made to the Board at Board meetings from time to time; and
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting.

The Primary Responsibilities of the Board include:

- The approval of the annual and half-year financial report;
- The establishment of the long term goals of the Company and strategic plans to achieve those goals;
- The review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a monthly basis; and
- Ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- Provision of strategic guidance for the Company and oversight of management of the Company; and
- Ensuring that systems are in place to facilitate the effective management of the principal risks of the Company; and
- Ensuring that the Company has adequate reporting systems and internal controls, codes of conduct and compliance systems and monitoring them; and

- Appointing and overseeing the Managing Director and ratifying the appointments of the Chief Financial Officer and the Company Secretary; and
- Ensuring that the Company's accounts comply with relevant accounting standards and present a true and fair view; and
- Establishment of proper succession plans for management of the Company.

The division of responsibilities between the Board and management is set out in the McGuigan Simeon Wines Limited Board Charter.

The management of the Company is conducted by the Managing Director. The Managing Director is accountable to the Board for all authority delegated to executive management. The roles of Chairman and Managing Director are separate.

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

The Board has established a Nomination and Remuneration Committee consisting of the following non-executive Directors:

- David S Clarke (Chairman)
- Ian D Ferrier
- Nicholas F Greiner

The procedure for establishing and reviewing remuneration for senior executives and non-executive members of the Board is undertaken by the Nomination and Remuneration Committee.

Particulars concerning Directors' and Executives' remuneration and the Company's executive and employee share option plan are set out in notes to the financial statements.

The criteria for selection of Board Members are determined by and the actual selection of Board Members is carried out by the Nomination and Remuneration Committee.

[illegible]

The Board has established an Audit Committee consisting of three independent non-executive Directors. The current members of the Audit Committee are:

- Ian D Ferrier (Chairman)
- Nicholas F Greiner
- Christopher L Harris

The nomination and review of existing audit arrangements is undertaken by the Audit Committee. The Audit Committee addresses issues surrounding the integrity of financial information presented to the Board and shareholders, including the review of audit engagements and controls.

The Audit Committee also advises the Board and makes recommendations in relation to policy and procedures and application of principles of Corporate Governance. The Committee addresses issues of proper Corporate Governance procedures and practices in order to ensure that the Company maintains the highest integrity and best practice with respect to such matters.

The Audit Committee generally invites the Chief Financial Officer and (on suitable occasions) external auditors to attend Audit Committee meetings.

[illegible]

The Board has established an occupational Health and Safety Committee ("OH&S Committee") consisting of two non-executive Directors. The current members of the OH&S Committee are:

- Perry R Gunner (Chairman)
- Christopher L Harris

The establishment and review of environmental and occupational health and safety structures, practices and procedures as well as compliance with relevant rules regulations and requirements is undertaken by the OH&S Committee.

The OH&S Committee also ensures that there are in place:

- Proper management structures;
- Lines of reporting;
- Policies; and
- Operational practices and procedures:

to implement the Company's Occupational Health and Safety policies and procedures and environmental policies in order to ensure that workplace safety and the environment are being protected to the maximum extent practicable and that all relevant legislation is being complied with.

The OH&S Committee generally invites the Managing Director, Company Secretary, Group Production Manager and National Vineyard Manager to its meetings.

[illegible]

The Board identifies and discusses areas of significant business risk. The Board ensures processes are in place to manage those risks and reviews those arrangements at monthly Board meetings.

The Board ensures that an appropriate insurance programme for the Company is also in place to provide insurance cover in areas of the business assessed as appropriate for cover having regard for all of the relevant circumstances.

[illegible]

The Board and management ensure that the business processes of McGuigan Simeon Wines Limited are conducted according to sound ethical principles. The Board has established a formal code of conduct in this regard.

[illegible]

The Board has set the following Corporate Governance rules which the Company follows:

General

In accordance with the vision and values of McGuigan Simeon Wines Limited and ASX listing rules, the Company pursues best practice in Corporate Governance. The points below relate to Corporate Governance of the Company.

(i) The Directors below continue to hold office at the date of publication of this report:

David S Clarke	Chairman	Non-Executive
Brian J McGuigan	Managing Director	Executive
Ian D Ferrier		Non-Executive
Nicholas F Greiner		Non-Executive
Perry R Gunner		Non-Executive
Christopher L Harris		Non-Executive

(ii) The criteria for Board membership is to create a balanced and informed Board to assist the Company in making decisions relating to all corporate matters. New Directors are nominated by existing Board members appropriately advised by the Nomination and Remuneration Committee and invited to become members on the basis of a majority vote of Directors. Consideration is given to the Director's experience and qualifications with a view to ensuring effectiveness and an appropriate balance of skills.

(iii) Subject to the provisions in the Company's Constitution relating to rotation of Board Members (mentioned previously in this report), non-executive Directors are appointed for an indefinite time on terms and conditions voted on from time to time. With the exception of the Chairman all non-executive Directors are appointed on the same terms and conditions.

iv) Subject to the Chairman's approval, Directors of the Company may seek independent professional advice in the furtherance of their duties at the Company's expense subject to securing prior approval of the Audit Committee of the Board (which approval will not be unreasonably withheld).

(v) The procedure for establishing and reviewing remuneration for senior executives and non-executive members of the Board is undertaken by the Nomination and Remuneration Committee consisting of:

- David S Clarke (Chairman)
- Ian D Ferrier
- Nicholas F Greiner

The Nomination and Remuneration Committee has a detailed charter and Terms and Reference settled by the Board.

(vi) The nomination and review of existing audit arrangements is undertaken by the Audit Committee. The Audit Committee addresses issues surrounding the integrity of financial information presented to the Board and Shareholders, including the review of audit engagements and controls. The Audit Committee consists of:

- Ian D Ferrier (Chairman)
- Nicholas F Greiner
- Christopher L Harris

(vii) Ensuring workplace safety, environmental protection and compliance with relevant legislation is overseen by the Occupational Health and Safety Committee (incorporating Environment) which consists of:

- Perry R Gunner (Chairman)
- Christopher L Harris

(viii) The Board identifies and discusses areas of significant business risk. The Board ensures processes are in place to manage those risks and ensures that management is properly resourced to monitor and report on such matters.

(ix) The Board and Management ensure that the business processes of McGuigan Simeon Wines Limited are conducted according to sound ethical principles. A Company policy and code of conduct for ethical business behavior has been established by the Board and is available to view on the Company's website.

The Board has set the following rules relating to trading in the Company's Securities which are followed:

1. Directors and Officers will not engage in short term trading of the Company's shares.
2. Directors and Officers will neither buy nor sell at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company's shares.
3. Directors and Officers will notify the Board in advance of any material intended transactions involving the Company's shares (through the Chairman or the Secretary).
4. Directors and Officers will neither buy nor sell shares in the Company except within one month after the occurrence of one of the following events:

- release of yearly results to the ASX; or
- Release of half yearly results to the ASX; or
- The Annual General Meeting.

5. Points 1 to 4 above apply to Directors (including their nominee companies) and their associates, such as their spouses, dependent children, family trusts and family companies where the transactions are known to the Director.

The Board has set the following rules in relation to Director Related Transactions which are as follows:

1. Register

1.1 The Company must keep a register of Director Related Transactions.

1.2 It is the responsibility of each Director of the Company to advise of any Director Related Transactions and any changes to those transactions.

2. Principles

2.1 Transactions between the Company and Directors must be on a basis where either:

a) Potential conflict of interest is eliminated, for example share farming of a vineyard or;

b) The basis is consistent with similar transactions with external parties or;

c) The transactions are at an arms-length commercial basis.

3. Materiality

Transactions with any one Director are required to be subject to review and disclosure to the Chairman to ensure that they are in compliance with principles set out in 2.1 above.

4. Review

4.1 All transactions will be reported by 15 July each year. The Company Secretary and each Director should agree on the transactions involved.

4.2 The Chairman of the Audit Committee with assistance from the Company Secretary and External Auditors will be asked to verify that the transactions meet the principles in 2 above and report to the Board.

The following ten Corporate Governance principles are those established by the Guidelines. The Company's position on compliance with these Best Practice Recommendations follows each principle.

The Guidelines' recommendations are:

Formalise and disclose the functions reserved to the Board and those delegated to management.

The Company's position is:

1.1 The Company's Board Charter and general Corporate Governance Statement set out in broad terms functions and responsibilities of the Board. The principles contained within the Corporate Governance Statement of the Company are set out in further detail above.

The Guidelines' recommendations are:

2.1 A majority of the Board should be independent Directors.

2.2 The chairperson should be an independent Director.

2.3 The roles of chairperson and Managing Director should not be exercised by the same individual.

2.4 The Board should establish a Nomination Committee.

2.5 Disclose the following information in the annual report:

- The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report;
- The names of Directors considered by the Board to constitute independent Directors and the Company's materiality thresholds used in determining a Director's independence;
- A statement as to whether there is a procedure agreed by the Board for Directors to take independent professional advice at the expense of the Company;
- The term of office held by each Director as at the date of the annual report; and
- The names of the members of the Nomination Committee and their attendance at meetings of the committee.

The Company's position is:

2.1 The Board is made up of the following persons who are independent/non independent as indicated (based upon the Guidelines):

David S Clarke	Independent
Brian J McGuigan	Non Independent
Ian D Ferrier	Independent
Nicholas F Greiner	Independent
Perry R Gunner	Non Independent
Christopher L Harris	Independent

There are several tests that are applied in determining the independence of each Director. An independent Director must:

1. Not be a substantial shareholder of MSWL;
2. Not have been employed in an executive capacity for MSWL in the last three years;
3. Not have acted as a material professional adviser or consultant, or a material supplier or contractor to MSWL within the last three years.

A material financial relationship between MSWL and a large Company that a Director was associated or employed with has been based by MSWL on a 5% materiality level.

4. Not have served on the Board for a length of time that would be considered to materially affect the Director's ability to act in the best interest of the Company. The number of Directors on the MSWL Board has decreased as dictated by the merger documents prepared in association with the merger with Simeon Wines Limited (another public listed wine company) which was effective on 1 July 2002. The remaining Directors have refocused on the merged Company. It is this refocusing on MSWL, with a different profile from either of the original companies, that permits each Director's tenure to effectively begin from 1 July 2002. Current length of time on the Board is therefore not considered to materially affect a Director's capacity to act in the best interests of the Company.
5. Be free from any interest or business which could be perceived as having a material affect on the Company, or the best interests of the Company. Each non-executive Director was considered to be free of any relationship that could possibly interfere with the Director acting in the best interests of MSWL. Accordingly, a majority of the Board is considered independent.

2.2 The Chairman is independent and runs the Board in such a manner as to facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and between Board and management. The Chairman implements the following to ensure that the principles inherent in this guideline are followed:

- Follows proper meeting procedure ensuring that all persons on the Board are afforded a proper opportunity to put forward views and discuss issues in a constructive and robust environment. This ensures that effective communication and contribution can be achieved.
- Ensures that detailed Board papers are prepared and distributed to ensure that Board members are fully informed on relevant issues in a timely manner.

- Ensures that draft minutes of meetings are circulated within a reasonable period after the meeting. This ensures proper follow up and informed reporting of resolutions passed and issues discussed at Board meetings.

2.3 The roles of Chairman and Managing Director are exercised by different individuals providing for clear division of responsibility at the head of the Company. Their roles and responsibilities and the division of responsibilities between them are clearly understood and there is regular communication between them.

2.4 The Board has established a Nomination and Remuneration Committee. This Committee consists of three Directors (all of whom are "independent" according to the guidelines):

David S Clarke (Chairman)
Ian D Ferrier
Nicholas F Greiner

2.5 Information in relation to each Director's term of office and skills, experience and expertise is set out in the Director's Report. The right of each Director to seek independent legal advice at the Company's expense is detailed in the Corporate Governance Statement.

The Guidelines' recommendations are:

3.1 Establish a code of conduct to guide Directors, the Managing Director, the Chief Financial Officer and any other key Executives as to:

3.1.1 The practices necessary to maintain confidence in the Company's integrity; and

3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

3.2 Disclose the policy concerning trading in Company securities by Directors, officers and employees.

The Company's position is:

3.1 The Board has resolved a code of conduct which regulates officers of the Company in its operations.

3.2 The policy concerning trading in Company securities by Directors, officers and employees forms part of the Company's Corporate Governance Statement which is set out above.

The Guidelines' recommendations are:

4.1 Require the Managing Director and the Chief Financial Officer to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

4.2 The Board should establish an Audit Committee.

4.3 Structure the Audit Committee so that it consists of:

- Only non-executive Directors;
- A majority of independent Directors;
- An independent chairperson, who is not chairperson of the Board; and
- At least three members.

4.4 The Audit Committee should have a formal charter.

4.5 Disclose the following information in the annual report:

- Details of the names and qualifications of those appointed to the Audit Committee, or where an Audit Committee has not been formed, those who fulfill the functions of an Audit Committee; and
- The number of meetings of the Audit Committee and the names of the attendees.

The Company's position is:

4.1 The Managing Director (Brian McGuigan) and the Chief Financial Officer (Michael Noack) sign a statement to the half yearly and full year accounts to the effect that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

4.2 An Audit Committee has been established.

4.3 The structure of the Audit Committee is as follows:

Ian D Ferrier (Chairman) – non-executive independent Director.
Nicholas F Greiner – non-executive independent Director.
Christopher L Harris – non-executive independent Director.

The three members of the Audit Committee have significant financial, business, economic and accounting backgrounds, expertise and qualification. Full particulars of the Director's experience and qualifications and number of Audit Committee meetings is contained in this annual report.

4.4 The Audit Committee has a detailed charter which sets out its role and responsibilities.

4.5 Information in relation to each Audit Committee Director's skills, experience and expertise and the number of meetings conducted is set out in the Director's Report.

The shareholders' information set out below was applicable at 14 September 2005.

Distribution of Shareholders

Analysis of shareholders by size of holding:

Number of Shares	Number of Shareholders
1- 1,000	4,117
1,001 – 5,000	6,705
5,001 – 10,000	1,265
10,001 – 100,000	786
100,001 - over	63
	12,936

The percentage of the total holding of the twenty largest holders of Ordinary Shares was 55%.

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Law are:

Name	Ordinary Shares
Schroder Investment Management Australia Limited	11,280,630
Maple-Brown Abbott Limited	9,365,811
McGuigan Vineyards Pty Ltd and Brian James McGuigan	8,547,670

Voting Rights

The voting rights attached to the shares are as follows:

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other Information

Shareholders enquiries should be addressed to McGuigan Simeon Wines' Company Secretary on (02) 4998 7400 or the Company's Share Registry, Computershare Registry Services Pty Ltd on (08) 8236 2300.

Change of Address

Shareholders who have changed their address should advise the Company's Share Registry in writing.

Direct Credit of Dividends

Dividends may be paid directly to a shareholder's nominated Australian bank or building society account. A form for this purpose is available from the Company's Share Registry on request.

Removal from Annual Report Mailing List

Shareholders who do not wish to receive an Annual Report should advise the Company Secretary in writing.

Twenty Largest Shareholders

The names of the twenty largest holders of Ordinary Shares are as follows:-

Shares Held	Number of Ordinary Shares Held	Shares Listed % of
1. JP Morgan Nominees Australia Limited	13,497,157	11.86
2. RBC Global Services Australia Nominees Pty Limited	10,822,085	9.51
3. McGuigan Vineyards Pty Ltd	8,470,005	7.44
4. Westpac Custodian Nominees Limited	6,231,835	5.48
5. National Nominees Limited	2,916,760	2.56
6. E & J Gallo Winery	2,789,000	2.45
7. Citicorp Nominees Pty Limited	2,669,221	2.35
8. AMP Life Limited	2,008,577	1.77
9. Cogent Nominees Pty Limited	1,825,434	1.60
10. Queensland Investment Corporation	1,720,277	1.51
11. ANZ Nominees Limited	1,589,701	1.40
12. Dreyalan Pty Limited	1,514,700	1.33
13. Elise Nominees Pty Limited	1,444,653	1.27
14. Argo Investments Limited	1,098,906	0.97
15. Questor Financial Services Limited	1,054,447	0.93
16. James Robin Clive Smiley	734,496	0.65
17. Deutsche Asset Management (Australia) Limited	583,333	0.51
18. SAS Trustee Corporation	583,333	0.51
19. HSBC Custody Nominees (Australia) Limited	570,677	0.50
20. ANZ Nominees Limited	497,599	0.44
Total of Top 20 Shareholders	**62,622,196**	**55.03**
Total number of shares	**113,798,248**	**100.00**

The Directors of McGuigan Simeon Wines Limited submit herewith the annual financial report for the financial year ended 30 June 2005. In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

The names and particulars of the Directors of the Company during or since the end of the financial year are:

David S Clarke AO BEc (Hons), Hon DScEcon (Syd), MBA (Harv), **Age 63**
(Chairman) Director since 20 November 1991
Executive Chairman of Macquarie Bank Limited. Chairman of Macquarie CountryWide Management Limited, Macquarie Goodman Group, Macquarie Office Management Limited, Macquarie ProLogis Management Limited, the Wine Committee of the Royal Agricultural Society of NSW, the Sydney Advisory Board of the Salvation Army, the Opera Australia Capital Fund and the Sydney University Football Club Foundation. Member of the Investment Advisory Committee of the Australian Olympic Foundation, the Council of the Royal Agricultural Society of NSW, the Harvard Business School Asia Advisory Committee, the Seoul International Business Advisory Council and an honorary life member of the Financial Markets Foundation for Children. Governor of the Australian Ireland Fund, Vice President of the Sydney University Cricket Club and a Director of The Clayton Utz Foundation.

Brian J McGuigan AM, Age 63
(Managing Director) Director since 20 November 1991
Over 45 years experience in the wine industry. Formerly Managing Director of Wyndham Estate Wines Limited from 1970 to 1991. He is currently the Chairman of the Newcastle Mater Misericordiae Hospital, Hunter Wine Country Private Irrigation District and Broke Fordwich Private Irrigation District. He is also a Director of Tower Estate Pty Limited and The National Stroke Foundation.

Ian D Ferrier AM, Age 65
(Non-executive - Chairman of the Audit Committee) Director since 20 November 1991
Fellow of The Institute of Chartered Accountants in Australia and Founding Partner of Ferrier Hodgson, one of Australia's leading firms of insolvency administrators and reconstruction accountants. In this capacity, he has gained extensive experience in the management and administration of both private and public companies at all levels. He is presently Chairman of Port Douglas Reef Resorts Limited, Invocare Limited and a Director of Macquarie Goodman Group, Reckon Limited and Energy One Pty Ltd.

Nicholas F Greiner AC BEc (Hons) (Syd), MBA (Harv), **Age 58**
(Non-executive) - Director since 11 September 1992
Former Premier and Treasurer of New South Wales 1988-92. Currently Chairman of Bilfinger Berger Australia and Bradken Limited, Deputy Chairman of Stockland Group and a Director of QBE Insurance Group Limited and a number of other private companies.

Perry R Gunner BAg, Sc, Grad. Dip, Bus. Admin, **Age 58**
(Non-executive) - Director since 28 June 2002
Over 30 years experience in the Wine Industry. Formerly Chairman and Chief Executive Officer of Orlando Wyndham Group Pty Ltd. Director of So Natural Foods Ltd, Australian Orthopeadic Innovations Pty Ltd and ABB Grain Ltd.

Christopher L Harris BEc, FCPA, FAICD **Age 58**
(Non-executive) Director since 28 June 2002.
Formerly CEO and Group Managing Director of FH Faulding & Co. Ltd. Chairman of Argo Investments Limited and EvoGenix Limited, and a Director of Adelaide Brighton Limited, United Water International Limited, J.M. Financial Group Ltd and the SA Motor Accident Commission.

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
David S Clarke	Macquarie Bank Limited	Since 1985
	Macquarie Office Trust	Since 2000
	Macquare ProLogis Trust	Since 2002
	Macquarie Goodman Group	Since 2000
	Macquarie CountryWide Trust	Since 2000
Ian D Ferrier	Port Douglas Reef Resort Limited	Since 1994
	Invocare Limited	Since 2001
	Macquarie Goodman Group	Since 2003
	Reckon Limited	Since 2004
Christopher L Harris	Argo Investments Limited	Since 1994
	Adelaide Bank Limited	From 1994-2003
	Adelaide Brighton Limited	Since 1995
	EvoGenix Limited	Since 2004
Perry R Gunner	ABB Grain Limited	Since 2004
	So Natural Foods Limited	Since 2003
Nicholas F Greiner	Bradken Limited	Since 2004
	Stockland Corporation Limited	Since 1992
	QBE Insurance Group Limited	Since 1992

Company Secretary

Andrew S White

B Arts (Sydney University), B Law (Sydney University), Member of NSW Law Society. Andrew has been with McGuigan Simeon Wines Limited since 2002, currently in the role of Company Secretary and has also spent 12 months as General Manager of our Griffith operations. Andrew's previous experience was as a solicitor practicing in the areas of property, wine/liquor and the environment.

Principal activities

The consolidated entity's principal activities in the course of the financial year were wine making, wine marketing, vineyard management and development.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Environmental regulations

The consolidated entity holds licences issued by the Environmental Protection Authorities in various states which specify limits associated with the discharge of the winery operations. There have been no significant known breaches of the licence conditions.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of these operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

[illegible]

This report is to be read in conjunction with other reports issued contemporaneously.

Domestic Sales

- Bottled sales of $98.0 million, up 15% reflecting continued focus on branded products, scale and mature distribution.
- Bulk sales increased 4% to $69.7 million with volume actually increasing by 13%. Average sales in dollars per litre declined due to the tight Domestic market conditions.

Export Sales

- Total Export sales, bottled and bulk, increased 34% in dollar terms with significant increases in the UK/Europe and the United States. Actual sales volume increased by 40%.
- Exports of bulk wine (including bulk in bottles) increased by 49% to $116.3 million based on a strengthening distribution alliance with customers, particularly in the UK and the rest of Europe.
- Export of branded bottled sales increased by 8% with a significant increase achieved in the UK. Sales to the United States struggled due to the financial difficulties experienced by our agent. The company has now appointed a new agent in the US and sales should improve in the 2005/2006 financial year.

Vineyards' contribution (SGARA)

- The grape contribution from owned/leased vineyards decreased by $9.7 million to $4.7 million due to the significant decline in the market price of grapes from our owned/leased vineyards and the full year impact of vineyard leasing costs.
- With the industry in oversupply, the Company does not foresee any positive movement in grape prices for at least the next two years.

Production

The entity processed 257,214 tonnes of grapes in the 2005 vintage.

Dividends

In respect of the financial year ended 30 June 2004, as detailed in the Directors' Report for that financial year, a final dividend of 13.75 cents per share was paid to the holders of fully paid ordinary shares on 22nd November 2004. This dividend was franked to 100% at the 30% corporate income tax rate. In respect of the financial year ended 30 June 2005, an interim dividend of 10.25 cents per share was paid to the holders of fully paid ordinary shares on 29 March 2005. This dividend was franked to 100% at the 30% corporate income tax rate. In respect of the financial year ended 30 June 2005, a final dividend of 13.25 cents per share will be paid to the holders of fully paid ordinary shares on 22nd November 2005. This dividend will be franked to 100% at the 30% corporate income tax rate.

Share options

During and since the end of the financial year no share options were granted to Directors and Executives over unissued shares by the Company.

Executive and employee share option plans

During and since the end of the financial year the Company granted no share options over unissued ordinary shares to Executives and employees of the Company. 176,000 shares were issued during or since the end of the financial year as a result of the exercise of options under the Executive and Employee Share Option Plans. The amount paid for the exercise of the options is detailed in note 6 of the attached financial statements. The difference between the market price of the company's shares, at the date the options were issued, and the exercise price of the option, is not recognised in the financial statements except for the purpose of determining Directors' and Executives' remuneration in notes to the financial statements.

In accordance with the provisions of the Company's share option plans, as at the date of this report, Executives and employees are entitled to purchase an aggregate of 1,653,000 ordinary shares of McGuigan Simeon Wines Limited at an issue price of; $2.890 (175,000 shares expiring 6 October 2005); $3.487 (323,500 shares expiring 25 September 2006) and $4.072 (1,155,000 shares expiring 2 September 2008). The holders of such options do not have the right, by virtue of the options, to participate in any share issue of the Company.

Further details of the non-executive Directors' share scheme and the Executive and senior employee option scheme are disclosed in notes 5 and 6 to the financial statements.

Share options issued prior to 1 July 2003 cannot be exercised within the first three years and are subject to the Company meeting a performance hurdle. The performance hurdle is that the relevant tranche of options can only be exercised if, at the time of exercise, the Company's average annual return on average shareholders' equity for the previous two financial years is at or above the 55th percentile of the corresponding figures for all companies in the ASX All Ordinaries Index. Share options issued after 1 July 2003 cannot be exercised within the first two years.

For the purpose of the disclosure 'Executive' is defined as an individual who is responsible for strategic planning, management and performance of a division or function and reports directly to the Chief Executive Officer.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member).

During the financial year the company held 14 Board Meetings, 4 Audit Committee Meetings, 2 Occupational Health, Safety and Environment Committee meetings and 1 Remuneration Committee meeting.

	Directors' Meetings Committee	Audit Committee	OHS& Environment	Remuneration Committee
	Attended	Attended	Attended	Attended
David S Clarke	14	-	-	1
Brian J McGuigan	14	-	-	-
Ian D Ferrier	14	4	-	1
Nicholas F Greiner	12	4	-	-
Perry R Gunner	14	-	2	-
Christopher L Harris	14	4	2	-
Total Meetings Held	**14**	**4**	**2**	**1**

Directors' shareholdings

The following table sets out each Director's relevant interest in shares and options in shares of the Company as at the date of this report.

	Fully Paid	Executive
	Ordinary Shares	Share Options
David S Clarke	886,000	-
Brian J McGuigan	8,547,670	-
Ian D Ferrier	373,622	-
Christopher L Harris	91,205	-
Perry R Gunner	219,978	-
Nicholas F Greiner	336,879	-

Directors' and Executives' Remuneration

The Remuneration Committee reviews the remuneration packages of all Directors and Executive Officers on an annual basis and makes recommendations to the Board.

Directors and Executive Details

The Directors of McGuigan Simeon Wines Limited during the year were:

- David S Clarke (Chairman, Non-executive)
- Brian J McGuigan (Chief Executive Officer)
- Ian D Ferrier (Non-executive)
- Nicholas F Greiner (Non-executive)
- Perry R Gunner (Non-executive)
- Christopher L Harris (Non-executive)

The Group Executives of McGuigan Simeon Wines Limited during the year were:

- Paul Schaafsma (Export Sales Manager)
- Andrew White (Company Secretary)
- Lisa McGuigan (General Manager - Icon Brands)
- Michael Noack (Chief Financial Officer)
- Richard Byllaardt (National Vineyard Manager)

Elements of Director and Executive Remuneration

Non-executive Directors receive remuneration partly in cash with the balance payable by the issue of bonus shares in lieu of cash under the non-executive Directors' share scheme ("Scheme"). All shares issued were under the terms of the scheme and the following sets out the details.

non-executive Director	Shares subject to performance hurdle	Shares not subject to performance hurdle
David S Clarke	11,000	22,000
Ian D Ferrier	5,500	11,000
Nicholas F Greiner	5,500	11,000
Perry R Gunner	5,500	11,000
Christopher L Harris	5,500	11,000

The total value of shares included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities" as amended by AASB 1046A. This requires the following:

- The value of the options is determined at grant date, and are included in remuneration on a proportionate basis from grant date to vesting date.
- Shares not subject to the performance hurdle were issued on 1 July 2005. These shares were issued as remuneration for the year ended 30 June 2005.
- The performance hurdle requires that the relevant tranche of shares are only issued if, at the time of issue, the Company's average annual return on an average shareholders' equity for the previous two financial years is at or above the 60th percentile of the corresponding figures for all companies in the ASX All Ordinaries Index.
- The Board reviews the level of fees from time to time, and sets individual non-executive Directors fees based on the levels of fees or comparable listed companies in the appropriate parts of the world.
- All Executives are remunerated on a salary package basis including motor vehicle and superannuation. Additionally as from September 2005 (effective year ending 30 June 2006), all senior executives are entitled to a bonus of between 10-20% on the achievement of pre-determined key performance criteria.

Remuneration packages are reviewed with due regard to performance and other relevant factors. Remuneration packages contain the following key elements:

a) Primary benefits - salary/fees, bonuses and non monetary benefits including the provision of motor vehicles and health benefits;
b) Post-employment benefits - including superannuation and prescribed retirement benefits;
c) Equity - shares and share options granted under the Executive Share Option Plan as disclosed in note 6 to the financial statements; and
d) Other benefits. The Chief Financial Officer has a formal contract which links to the McGuigan Simeon Wines Limited standard conditions of employment, but has a termination provision of 12 months. The contract has no set expiry date.

The following table discloses the remuneration of the Directors of the Company and the Consolidated entity.

2005	Primary			Post Employment			Equity		Other Benefits	Total
	Salary & Fees	Bonus	Non - Monetary	Super-annuation	Prescribed Benefits	Other	Options	Shares		
	$	$	$	$	$	$	$	$	$	$
David S Clarke	1,000	-	-	14,791	-	-	-	144,870	-	160,661
Brian J McGuigan	150,000	-	40,000	13,500	-	-	-	-	78,484[1]	281,984
Ian D Ferrier	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Nicholas F Greiner	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Chris L Harris	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Perry R Gunner	1,000	-	-	7,400	-	-	-	72,435	-	80,835
	155,000	**-**	**40,000**	**57,891**	**-**	**-**	**-**	**434,610**	**78,484**	**765,985**

[1] Other benefits relate to accommodation whilst living away from home.

The following table discloses the remuneration of the 5 highest remunerated executives' of the company and the consolidated entity.

2005	Primary			Post Employment			Equity		Other Benefits	Total
	Salary & Fees	Bonus	Non - Monetary	Super-annuation	Prescribed Benefits	Other	Options	Shares		
	$	$	$	$	$	$	$	$	$	$
Paul Schaafsma	311,829	-	28,500	28,065	-	-	13,500	-	-	379,894
Andrew White	212,588	-	28,080	19,133	-	-	27,000	-	-	284,801
Lisa McGuigan[1]	216,000	-	5,000	20,929	16,539	-	13,500	-	-	271,968
Mike Noack	194,052	-	28,000	17,465	-	-	27,000	-	-	266,517
Richard Byllaardt	175,100	-	18,500	34,959	-	-	13,500	-	-	242,059
	1,109,549	**-**	**104,080**	**120,551**	**16,539**	**-**	**94,500**	**-**	**-**	**1,445,239**

[1] Prescribed benefit relates to cash payment of annual leave entitlement.

The following table discloses the value of options granted, exercised or lapsed during the year.

2005	Options granted value at grant date	Options Exercised value at exercise date	Options Lapsed value at time of lapse	Total value of options granted, exercised and lapsed(ii)	Valuation options included in remuneration for the year(iii)	Total remuneration that consists of options
	$	$	$	$	$	%
Paul Schaafsma	-	-	-	-	13,500	3.6
Andrew White	-	-	-	-	27,000	9.5
Lisa McGuigan	-	-	-	-	13,500	5.0
Mike Noack	-	-	-	-	27,000	10.1
Richard Byllaardt	-	105,000(i)	-	105,000	13,500	5.6

(i) Options exercised during the year were granted on the 25th September 2001.

(ii) The total value of options granted, exercised and lapsed is calculated based on the following:

- Fair value of the option at grant date multiplied by the number of options granted during the year; plus
- Fair value of the option at the time it is exercised multiplied by the number of options exercised during the year.
- Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.

(iii) The total value of shares included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities" as amended by AASB 1046A. This requires the following:

- The value of the options is determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date.

Non-audit services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Audit Committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporation Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7 to the financial statements. The auditors independence declaration is included on page 80.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named previously), the Company Secretary and all Executive Officers of the Company and of any related Body Corporate against a liability incurred as a Director, Secretary or Executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars.

Subsequent Events

It was announced on 13th September 2005 that the company's Griffith based winery has been sold. Operation of the winery will pass to the new owner on 1st October 2005. This transaction has not been effected in the Financial Report.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

David Stuart Clarke AO
Director 28 September 2005

Deloitte Touche Tohmatsu
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The Board of Directors
McGuigan Simeon Wines Limited
Level 2
170 Greenhill Road
PARKSIDE SA 5063

27 September 2005

Dear Board Members

McGuigan Simeon Wines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of McGuigan Simeon Wines Limited.

As lead audit partner for the audit of the financial statements of McGuigan Simeon Wines Limited for the financial year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rod Smith
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent audit report to the members of McGuigan Simeon Wines Limited

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both McGuigan Simeon Wines Limited ("the Company") and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 83 to 121. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of McGuigan Simeon Wines Limited is in accordance with:

(a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

Rod Smith
Partner
Chartered Accountants

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving true and fair view of the financial position and performance of the consolidated entity; and

(c) The Directors' have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC class order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Director's opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC class order applies, as detailed in Note 43 to the Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

David Stuart Clarke AO
Director 28 September 2005

for the financial year ended 30 june 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Sales revenue (sales of goods)		320,422	262,025	122,408	88,704
Sales revenue (rendering of services)		47,628	43,683	28,799	18,181
Cost of sales		(276,939)	(216,777)	(117,058)	(78,985)
Gross Profit		**91,111**	**88,931**	**34,149**	**27,900**
Net market value of grapes picked during the financial year		4,732	14,475	(926)	5,895
Proceeds from disposal of assets		5,318	70,616	5,071	7,082
Written down value of assets disposed		(5,897)	(73,824)	(8,033)	(9,263)
Write down of bulk wine		(1,969)	–	–	–
Other revenue from ordinary activities	2	2,986	3,223	34,695	35,551
Net market value decrement - grape vines		–	(346)	–	(2,133)
Distribution expenses		(10,187)	(8,402)	(4,554)	(4,173)
Marketing/Selling expenses		(20,192)	(20,216)	(8,572)	(5,045)
Administration expenses		(10,617)	(11,737)	(5,415)	(6,026)
Share of net losses of associates accounted for using the equity method		–	(21)	(36)	–
Borrowing costs		(10,152)	(11,372)	(9,271)	(7,864)
Profit from ordinary activities before income tax expense		**45,112**	**51,311**	**37,144**	**41,924**
Income tax expense relating to ordinary activities	4	(9,217)	(11,063)	(1,758)	(723)
Profit from ordinary activities after related income tax expense		**35,895**	**40,248**	**35,386**	**41,201**
Total changes in equity other than those resulting from transactions with owners as owners	**38**	**35,895**	**40,248**	**35,386**	**41,201**
Earnings Per Share					
Basic (cents per share)	39	32.1	38.2		
Diluted (cents per share)	39	31.6	37.6		

Notes to the financial statements are included on pages 86-121

for the financial year ended 30 june 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Current Asset					
Cash assets		12,728	2,654	2,039	588
Receivables	8	120,698	126,534	304,542	250,607
Inventories	9	224,143	199,812	7,375	6,165
Property, plant and equipment held for sale	10	12,194	-	-	-
Financial Assets	11	1,156	-	-	-
Other	12	6,499	3,319	5,488	2,293
Total Current Assets		**377,418**	**332,319**	**319,444**	**259,653**
Non-Current Assets					
Receivables	13	8,251	8,251	-	-
Inventories	14	60,018	51,176	5,649	5,348
Investments accounted for using the equity method	15	2,150	1,865	2,306	2,000
Other investments	16	897	939	206,781	206,781
Self generating and regenerating assets	17	31,206	32,889	-	-
Property, plant and equipment	18	135,202	134,685	31,365	11,055
Intangibles	19	49,420	52,357	-	-
Deferred tax assets	20	11,706	9,218	11,706	9,218
Financial Assets	21	3,827	-	-	-
Other	22	1,376	1,307	3	-
Total Non-Current Assets		**304,053**	**292,687**	**257,810**	**234,402**
Total Assets		**681,471**	**625,006**	**577,254**	**494,055**
Current Liabilities					
Payables	25	101,157	105,529	22,017	14,654
Interest-bearing liabilities	26	1,232	6,004	557	1,130
Current tax liabilities	27	11,528	9,037	11,528	9,037
Provisions	28	6,003	7,124	580	563
Other	29	4,985	7,610	1,209	-
Total Current Liabilities		**124,905**	**135,304**	**35,891**	**25,384**
Non-Current Liabilities					
Payables	30	5,770	380	5,720	738
Interest-bearing liabilities	31	176,690	145,383	168,324	130,076
Deferred tax liabilities	32	10,451	9,219	10,451	9,219
Provisions	34	2,367	2,079	380	288
Total Non-Current Liabilities		**195,278**	**157,061**	**184,875**	**140,321**
Total Liabilities		**320,183**	**292,365**	**220,766**	**165,705**
Net Assets		**361,288**	**332,641**	**356,488**	**328,350**
Equity					
Contributed equity	37	354,258	334,834	354,258	334,834
Retained profits/(accumulated losses)	38	7,030	(2,193)	2,230	(6,484)
Total Equity		**361,288**	**332,641**	**356,488**	**328,350**

Notes to the financial statements are included on pages 86-121

for the financial year ended 30 june 2005

	Note	Consolidated		Company	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Receipts from customers		334,773	327,005	158,345	113,137
Payments to suppliers and employees		(315,251)	(305,925)	(157,836)	(105,870)
Interest and bill discounts received		425	267	327	314
Interest and other costs of finance paid		(9,341)	(8,726)	(9,486)	(7,251)
Income tax paid		(8,083)	(6,853)	(4,962)	(4,756)
Net cash provided by/(used in) operating activities	**47 (e)**	**2,523**	**5,768**	**(13,612)**	**(4,426)**
Cash flows from investing activities					
Payments for property, plant and equipment		(22,211)	(25,006)	(10,624)	(1,238)
Proceeds from sale of property, plant & equipment		5,318	64,801	1,025	1,884
Payment for investment in Miranda Wines, net of cash balances acquired	47 (b)	-	(12,509)	-	-
Payment for acquisition of non-current investment		-	(590)	-	(9,457)
Contribution to equity accounted investment		(306)	-	(306)	-
Other		44	2	-	40
Net cash provided by/(used in) investing activities		**(17,155)**	**26,698**	**(9,905)**	**(8,771)**
Cash flows from financing activities					
Proceeds from issue of equity securities		9,941	14,549	9,941	14,549
Dividends paid		(17,189)	(14,400)	(17,189)	(14,400)
Proceeds from borrowings		39,174	-	39,100	-
Repayment of borrowings		(3,560)	(34,468)	(1,748)	(1,236)
Proceeds of borrowings from controlled entities		-	-	-	9,681
Amounts advanced to related parties		-	(1,583)	(5,136)	-
Amount received from related parties		-	2,531	-	-
Other		-	(184)	-	(100)
Net cash provided by/(used in) financing activities		**28,366**	**(33,553)**	**24,968**	**8,494**
Net increase/(decrease) in cash held		13,734	(1,088)	1,451	(4,703)
Cash at the beginning of the financial year		(1,006)	82	588	5,291
Cash at the end of the financial year	**47 (a)**	**12,728**	**(1,006)**	**2,039**	**588**

Notes to the financial statements are included on pages 86-121

Financial reporting framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(c) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation:

- Buildings	50	years
- Vineyard improvements	15-20	years
- Vineyard improvements under lease	15 - 20	years
- Stainless steel tanks	25	years
- Plant and equipment	5 - 10	years
- Equipment under finance lease	5 - 10	years

(d) Derivative financial instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including fixed rate borrowings and forward foreign exchange contracts. Further details of the derivative financial instruments are disclosed in note 48.

Foreign Exchange contracts

Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods are deferred and included in the measurement of the purchase or sale.

In the event of the early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination are:

- Deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur;
- Recognised in the statement of financial performance at the date of termination, if the anticipated transaction is no longer expected to occur; or
- Recognised in the statement of financial performance, if the forward foreign exchange contract is no longer effective in its hedging of the risk intended to be covered by the hedge instrument.

note 1: summary of accounting policies (continued)

Interest rate swaps

Gains and losses in interest rate swaps are included in the determination of interest expense.

(e) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries and annual leave that are expected to settle within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(f) Foreign Currency

Foreign Currency Transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are recognised in the net profit or loss in the period in which they arise except that:

(i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and

(ii) exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

General Hedging Transactions

Any costs or gains arising at the inception of a hedge are accounted for separately from the exchange differences on the hedging transactions. The costs or gains are deferred and recognised as assets or liabilities on entering the hedging transactions and amortised as expenses or revenues in net profit or loss over the lives of the hedging transactions.

Hedging Specific Commitments

In relation to transactions intended to hedge specific purchases or sales:

(i) costs or gains arising at the time of entering into the transactions; and

(ii) exchange differences, to the extent that they arise up to the dates of purchase or sale:

are deferred and included in the measurement of the purchases or sales.

Foreign Operations

Financial statements of integrated foreign operations are translated at reporting date using the temporal method and exchange differences are taken to net profit or loss for the period.

(g) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period of 20 years. The unamortised balance of Goodwill is reviewed at the end of each reporting period and written down to recoverable amount where the carrying value exceeds recoverable amount.

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Grape vines and produce extracted from vines

Grape vines are classified as a separate asset class in accordance with Australian Accounting Standard AASB 1037 "Self Generating and Regenerating Assets".

Costs incurred in maintaining or enhancing the vines are recognised in inventory when incurred.

The net market values of the vines owned by the Company have been determined in accordance with a directors' valuation, based on reference to the current market value of similar properties recently exchanged in the open market, performed at the reporting date.

Produce extracted from vines owned or leased by the Company is measured at net market value, net of the costs of extraction. Increments/decrements in the net market values of the produce extracted from a vine is recognised in the Statement of Financial Performance through reference to the percentage of the biological and market changes that have occurred between reporting dates. The extracted produce is disclosed in operating revenue and at the same time increases inventory. The revenue from the sale of grapes prior to the end of the financial year is treated as a reduction in value of the picked grapes and disclosed as a net increment/decrement in the revenue and inventory accounts.

(j) Income tax

Tax effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.
From 1 July 2003, the directors elected that the company and all its wholly-owned Australian resident entities would join a tax consolidation group. As a result, all income tax expenses, revenues, assets and liabilities of the members of the tax - consolidated group are recognised in the financial statements of the parent entity.

Entities within the tax-consolidation group have entered into a tax-sharing agreement with the head entity (McGuigan Simeon Wines Limited) whereby the subsidiary companies of the consolidated group are liable to contribute a particular amount of tax should McGuigan Simeon Wines Limited fail to pay the consolidated tax liability.

The current and deferred tax assets and liabilities of the parent entity are not reduced by any amounts owing from or to subsidiary entities in accordance with the tax sharing agreement as these amounts are recognised as intercompany receivables and payables.

(k) Interest-bearing liabilities

Bank loans, bank overdrafts and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate portion of variable and fixed overhead, the latter being applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Produce extracted from vines included in inventory is measured at the net market value as described in Note 1(i) to these financial statements.

(m) Investments

Investments in controlled entities are recorded at cost. Investments in associates have been accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements. Other investments are recorded at cost.

note 1: summary of accounting policies (continued)

Dividends are recognised on a receivable basis. Interest and revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(n) Leased assets

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one that effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis that reflects the pattern in which economic benefits from the leased asset are consumed.

(o) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the Company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in note 43 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(p) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(q) Recoverable amount of non-current assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(r) Revenue recognition

Sale of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Rendering of vineyard development contract services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Vineyard development/management contracts

Revenue from cost plus development contracts is recognised by reference to the recoverable costs incurred during the financial year plus the percentage of fees earned. Percentage of fees earned is measured by the proportion that costs incurred to date relate to the estimated total costs of the stage of the contract. Where a loss is expected to occur it is recognised immediately. Revenue from vineyard management contracts is recognised based on a percentage of fees earned.

Contract Processing

Revenue from contact processing is recognised based on the percentage of winemaking process completed.

(s) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the directors.

Onerous Contracts

An onerous contract is considered to exist where the consolidated entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds unrecognised assets.

Restructurings

Provision for restructurings are recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has either:

(i) entered into firm contracts to carry out the restructuring; or

(ii) raised a valid expectation in those affected by the restructuring that the restructuring will occur.

Where a restructuring arises as a consequence of an acquisition, a provision is recognised when, at or before the date of acquisition, the main features of a plan for restructuring are developed, and within three months of the date of acquisition, or by the time of completion of the financial report, the consolidated entity has developed a formal detailed plan for the restructuring and has either:

(i) entered into firm contracts to carry out the restructuring; or

(ii) raised a valid expectation in those effected by the restructuring that the restructuring will occur.

Such provisions are only made in respect of the restructuring of operations within the acquired entity.

(t) Financial Instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or as distributors of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Profit from ordinary activities before income tax includes the following items of revenue and expense:				
(a) Operating revenue				
Sales revenue				
Sale of goods	320,422	262,025	122,408	88,704
Contract processing	11,451	12,295	229	4
Rendering vineyard construction and management services	30,174	25,388	28,570	18,177
Lease revenue	6,003	6,000	-	-
	368,050	**305,708**	**151,207**	**106,885**
Net market value of grapes picked during the financial year	4,732	14,475	(926)	5,895
Interest revenue	1,129	1,083	327	314
Dividends				
Wholly owned controlled entities	-	-	33,000	35,000
Other entities	69	107	69	107
	69	**107**	**33,069**	**35,107**
Other	1,788	2,033	1,298	130
	375,768	**323,406**	**184,975**	**148,331**
(b) Non-operating revenue				
Proceeds from sale of assets				
Non-Current (note 3)				
Property, plant and equipment	5,318	70,616	5,071	7,082
Total Revenue	**381,086**	**394,022**	**190,046**	**155,413**
(c) Expenses				
Cost of Sales	276,939	216,777	117,058	78,985
Borrowing Costs				
Interest - other entities	9,230	9,340	8,466	7,825
Finance lease charges	823	1,849	780	-
Hire purchase interest	99	183	25	39
	10,152	**11,372**	**9,271**	**7,864**
Net bad debt and doubtful debts	2,361	750	2,361	543
Depreciation of non-current assets property, plant and equipment	9,967	9,556	1,458	1,404
Amortisation of non-current assets				
Leased assets	137	187	-	51
Brand names	302	302	-	-
Goodwill	2,635	2,601	-	-
	3,074	**3,090**	**-**	**51**
Operating lease rental expenses - minimum lease payments	19,855	13,293	15,413	9,274
Foreign exchange losses	395	771	497	59
Write down of investment	-	164	-	-
Write down of non-current receivables	442	-	-	-
Written down value of assets sold	5,897	73,824	8,033	9,263

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Sales of assets in the ordinary course of business have given rise to the following losses				
Property, plant and equipment	579	3,208	2,962	2,181

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Operating profit from ordinary activities	45,112	51,311	37,144	41,924
Income tax expense calculated at 30% of operating profit	13,534	15,393	11,143	12,577
Permanent differences				
Non-deductible goodwill amortisation	881	871	-	-
Depreciation	(593)	(749)	-	11
Non-assessable income (dividends from wholly owned entities in tax consolidated group)	-	-	(9,900)	(10,500)
Non-deductible expenses	521	472	65	24
Adjustments resulting from prior year tax returns	(2,298)	(275)	(87)	(233)
Equity share of associates profits/losses	9	15	-	-
Capital (profit)/loss adjustment on vineyard sales	(1,207)	1,711	364	(1,236)
Initial recognition of deferred tax balances of subsidiaries on implementation of the tax consolidation system	(1,643)	(6,309)	(1,643)	(6,309)
Consideration paid or payable to subsidiaries in respect of transferred tax balances	-	-	1,643	6,309
Net income tax expenses arising under tax sharing agreements with subsidiarys' in the tax consolidated group	-	-	1,395	4,858
Current and deferred taxes relating to transactions, events and balances of wholly-owned subsidiaries in the tax consolidated group	-	-	(1,395)	(4,858)
Other	13	(66)	173	80
Income tax expense attributable to operating profit	**9,217**	**11,063**	**1,758**	**723**

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities to elect to consolidate and be treated as a single entity for income tax purposes was enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to McGuigan Simeon Wines Limited.

The directors have elected to adopt tax consolidation from 1 July 2003. The net financial benefit has been determined as $8.0 million and has been recognised over the 2003/4 ($6.3m) and 2004/5 ($1.7m) financial years as shown in the table above.

Entities within the tax-consolidation group have entered into a tax-sharing agreement with the head entity (McGuigan Simeon Wines Limited) whereby the subsidiary companies of the consolidated group are liable to contribute a particular amount of tax should McGuigan Simeon Wines Limited fail to pay the consolidated tax liability. Notification to the Australian Tax Office has occurred.

The specified directors of McGuigan Simeon Wines Limited during the year were:

David S Clarke (Chairman – non-executive)
Brian J McGuigan (Chief Executive Officer)
Ian D Ferrier (non-executive)
Perry R Gunner (non-executive)
Christopher L Harris (non-executive)
Nicholas F Greiner (non-executive)

The specified executives of McGuigan Simeon Wines Limited during the year were:

Andrew White (Company Secretary)
Michael Noack (Chief Financial Officer)
Paul Schaafsma (Export Sales Manager)
David Thompson (Group Production Manager)
Neil McGuigan (General Manager Production and Wine Supply)
Julie Thomas (Group Administration Manager)
Craig Thomas (Commercial Manager)
Richard Byllaardt (National Vineyard Manager)
Lisa McGuigan (General Manager – Icon Brands)

Specified directors' and specified executives' remuneration.

The remuneration committee reviews the remuneration packages of all specified directors and specified executives on an annual basis and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries.

Specified Directors

2005	**Primary**			**Post Employment**			**Equity**		**Other Benefits**	**Total**
	Salary & Fees	*Bonus*	*Non - Monetary*	*Super - annuation*	*Prescribed Benefits*	*Other*	*Options*	*Shares*		
	$	$	$	$	$	$	$	$	$	$
David S Clarke	1,000	-	-	14,791	-	-	-	144,870	-	160,661
Brian J McGuigan	150,000	-	40,000	13,500	-	-	-	-	78,484[1]	281,984
Ian D Ferrier	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Nicholas F Greiner	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Chris L Harris	1,000	-	-	7,400	-	-	-	72,435	-	80,835
Perry R Gunner	1,000	-	-	7,400	-	-	-	72,435	-	80,835
	155,000	**-**	**40,000**	**57,891**	**-**	**-**	**-**	**434,610**	**78,484**	**765,985**

[1] Other benefits relate to accommodation whilst living away from home.

Specified Directors

2004	**Primary**			**Post Employment**			**Equity**		**Other Benefits**	**Total**
	Salary & Fees	*Bonus*	*Non Monetary*	*Super-annuation*	*Prescribed Benefits*	*Other*	*Options*	*Shares*		
	$	$	$	$	$	$	$	$	$	$
David S Clarke	1,000	-	-	13,180	-	-	-	162,444	-	176,642
John G Branson[1]	56,583	-	-	4,007	337,164	-	-	29,280	-	427,034
Brian J McGuigan	150,000	-	40,000	13,500	-	-	-	-	-	203,500
Ian D Ferrier	1,000	-	-	6,635	-	-	-	81,222	-	88,857
Nicholas F Greiner	1,000	-	-	6,635	-	-	-	81,222	-	88,857
David S White[1]	27,833	-	-	6,635	33,334	-	-	29,280	-	97,082
Chris L Harris	1,000	-	-	2,731	-	-	-	81,222	-	84,953
Perry R Gunnner	93,116[2]	-	-	2,731	-	-	-	81,222	-	177,069
Christian L Porta[3]	1,000	-	-	-	-	-	-	-	-	1,000
Laurent Lacassagne[4]	-	-	-	-	-	-	-	-	-	-
	332,532	**-**	**40,000**	**56,054**	**370,498**	**-**	**-**	**545,892**	**-**	**1,344,976**

[1] Resigned 31st October 2003
[2] Includes $92,116 paid for consulting services
[3] Resigned 30th June 2004
[4] Appointed 26th November 2003 and resigned 30th June 2004

Non-executive directors receive remuneration part in cash with the balance payable by the issue of bonus shares in lieu of cash under the non-executive directors' share scheme ("Scheme"). All shares issued were under the terms of the scheme and the following sets out the details.

Non-executive director	**Shares subject to performance hurdle**	**Shares not subject to performance hurdle**
David S Clarke	*11,000*	*22,000*
Nicholas F Greiner	*5,500*	*11,000*
Ian D Ferrier	*5,500*	*11,000*
Perry R Gunner	*5,500*	*11,000*
Christopher L Harris	*5,500*	*11,000*

The total market value of these shares at the date of issue was $434,610. Shares subject to the performance hurdle were issued on 29 October 2004. These shares were issued based on the meeting of the performance hurdles set for the year ended 30 June 2004.

Shares not subject to the performance hurdle were issued on 1 July 2005. These shares were issued as remuneration for the year ended 30 June 2005.

The performance hurdle requires that the relevant tranche of shares are only issued if, at the time of issue, the Company's average annual return on an average shareholders' equity for the previous two financial years is at or above the 60th percentile of the corresponding figures for all companies in the ASX All Ordinaries Index.

note 5: directors' and executives remuneration (continued)

Directors Share Options

There were no share options issued to or exercised by directors during the financial year. There were no directors share options at 30 June 2004.

Specified Executives

2005	Primary			Post Employment			Equity		Other Benefits	Total
	Salary & Fees	*Bonus*	*Non - Monetary*	*Super - annuation*	*Prescribed Benefits*	*Other*	*Options*[4]	*Shares*		
	$	$	$	$	$	$	$	$	$	$
Paul Schaafsma	311,829	-	26,500	28,065	-	-	13,500	-	-	379,894
Andrew White	212,588	-	26,080	19,133	-	-	27,000	-	-	284,801
Lisa McGuigan[3]	216,000	-	5,000	20,929	-	-	13,500	-	16,539	271,968
Michael Noack	194,052	-	28,000	17,465	-	-	27,000	-	-	266,517
Richard Byllaardt	175,100	-	18,500	34,959	-	-	13,500	-	-	242,059
Neil McGuigan[1]	205,341	-	21,273	14,182	-	-	-	-	-	240,796
Julie Thomas	152,250	-	63,360	13,703	-	-	-	-	-	229,313
Craig Thomas	154,500	22,500	17,200	13,905	-	-	13,500	-	-	221,605
David Thompson[2]	70,834	-	7,500	6,375	-	-	-	-	87,434	172,143
	1,692,494	**22,500**	**213,413**	**168,716**	**-**	**-**	**108,000**	**-**	**103,973**	**2,309,096**

[1] Commenced 29th November 2004
[2] Services terminated by mutual agreement 29th November 2004. Other benefit is the final payment in relation to services rendered.
[3] Other benefit relates to cash payment of annual leave entitlement.
[4] The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities" as amended by AASB 1046A. This requires the following:
-The value of the options is determined at grant date, and are included in remuneration on a proportionate basis from grant date to vesting date.

Specified Executives

2004	Primary			Post Employment			Equity		Other Benefits	Total
	Salary & Fees	*Bonus*	*Non - Monetary*	*Super - annuation*	*Prescribed Benefits*	*Other*	*Options*[1]	*Shares*		
	$	$	$	$	$	$	$	$	$	$
Andrew White	206,420	-	15,000	18,578	-	-	27,000	-	-	266,998
Michael Noack	188,400	-	25,000	16,956	-	-	27,000	-	-	257,356
Paul Schaafsma	200,000	-	15,000	18,000	-	-	13,500	-	-	246,500
Julie Thomas	150,000	-	63,000	13,500	-	-	-	-	-	226,500
David Thompson[2]	170,000	-	18,000	17,000	-	-	13,500	-	-	218,500
Richard Byllaardt	170,000	-	16,000	15,300	-	-	13,500	-	-	214,800
Craig Thomas	150,000	-	17,000	13,500	-	-	13,500	-	-	194,000
	1,234,820	**-**	**169,000**	**112,834**	**-**	**-**	**108,000**	**-**	**-**	**1,624,654**

[1] The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities" as amended by AASB 1046A. This requires the following:
-The value of the options is determined at grant date, and are included in remuneration on a proportionate basis from grant date to vesting date.
[2] Services terminated by mutual agreement 29th November 2004. Other benefit is the final payment in relation to services rendered.

Service Agreements

Remuneration and other terms of employment for executive directors and specified executives are formalised in service agreements or letters of appointment. Termination benefits disclosed below do not apply in cases of misconduct or other specified circumstances.

Brian J. McGuigan

(i) Term of agreement - no specified term.
(ii) Remuneration includes the provision of a motor vehicle and rental assistance.
(iii) Termination - no termination benefit specified above normal statutory entitlements.

Paul Schaafsma

(i) Term of agreement - no specified term.
(ii) Remuneration includes provision of a motor vehicle.
(iii) Rental assistance and relocation costs.
(iv) If Mr Schaafsma's employment is terminated by the company, the company must pay Mr Schaafsma the equivalent of one year's total remuneration.

Andrew White

(i) Term of agreement - no specified term.
(ii) Remuneration includes provision of a motor vehicle and is reviewed annually.
(iii) Termination - no termination benefit specified above normal statutory entitlements.

Lisa McGuigan

(i) Term of agreement - no specified term.
(ii) Remuneration includes provision of a motor vehicle.
(iii) Termination - no termination benefit specified above normal statutory entitlements.

Michael Noack

(i) Term of agreement - no specified term.
(ii) Remuneration includes life/trauma insurance, a motor vehicle and an entitlement to a discretionary bonus of up to 12.5% of base remuneration. Remuneration is reviewed annually.
(iii) If Mr Noack's employment is terminated by the company, the company must pay Mr Noack the equivalent of one year's total remuneration.

Neil McGuigan

(i) Term of agreement - 5 years commencing 29th November 2004.
(ii) Remuneration includes the provision of a motor vehicle and an entitlement to a bonus subject to certain key performance criteria.
(iii) If Mr McGuigan's employment is terminated by the Company, the Company must pay Mr McGuigan the higher of the balance of his contract term or one years base remuneration.

Richard Byllaardt

(i) Term of agreement - no specified term.
(ii) Remuneration includes the provision of a motor vehicle.
(iii) Termination - no termination benefit specified above normal statutory entitlements.

Julie Thomas

(i) Term of agreement - no specified term.
(ii) Remuneration includes the provision of two motor vehicles and rental assistance.
(iii) Termination - no termination benefit specified above normal statutory requirements.

Craig Thomas

(i) Term of agreement - no specified term.
(ii) Remuneration includes the provision of a motor vehicle and is reviewed annually.
(iii) If Mr Thomas's employment is terminated by the company, the company must pay Mr Thomas the equivalent of one half of his total annual remuneration.

The Company has an executive and senior employee option scheme. In accordance with the provisions of the scheme as approved by the shareholders at the Annual General Meeting on 11 November 1997, 1,653,000 options have been issued to a number of executives and senior employees of the Company and remain as unissued ordinary shares as at 30 June 2005.

Options were offered to eligible employees at the current market price, being the average of the last sale price for the Company shares over the five trading days preceding the day of the offer. There were no directors' share options issued to or exercised by directors' during the financial year. There were no directors share options at 30 June 2005.

The consideration for each parcel of options is $1.00. Each option is entitled to one share upon exercise. The options are issued for a term not exceeding five years from the date of issue.

Share options issued prior to 1 July 2003 cannot be exercised within the first three years and are subject to the Company meeting a performance hurdle. The performance hurdle is that the relevant tranche of options can only be exercised if, at the time of exercise, the Company's average annual return on average shareholders' equity for the previous two financial years is at or above the 55th percentile of the corresponding figures for all companies in the ASX All Ordinaries Index. Share options issued after 1 July 2003 cannot be exercised within the first two years and are not subject to performance hurdles.

Executive share options carry no rights to dividends and no voting rights.

	2005 Number	2004 Number
Balance at the beginning of the financial year (i)	1,829,000	709,000
Granted during the financial year (ii)	-	1,165,000
Exercised during the financial year (iii)	(176,000)	(45,000)
Lapsed during the financial year (iv)	-	-
Balance at the end of the financial year (v)	1,653,000	1,829,000

(i) Balance at the Beginning of the Financial Year

2005

Options - Series	*No.*	*Grant Date*	*Expiry/Exercise Date*	*Exercise Price $*
(2) Issued 6 October 2000	212,500	06/10/00	06/10/05	2,890
(3) Issued 25 September 2001	451,500	25/09/01	25/09/06	3,487
(4) Issued 2 September 2003	1,165,000	02/09/03	02/09/08	4,072
	1,829,000			

2004

Options - Series	*No.*	*Grant Date*	*Expiry/Exercise Date*	*Exercise Price $*
(1) Issued 5 October 1999	45,000	05/10/99	05/10/04	3,299
(2) Issued 6 October 2000	212,500	06/10/00	06/10/05	2,890
(3) Issued 25 September 2001	451,500	25/09/01	25/09/06	3,487
	709,000			

(ii) Granted During the Financial Year

2005

Options - Series	*No.*	*Grant Date*	*Expiry/Exercise Date*	*Exercise Price $*	*Fair Value Received $*
Nil	-	-	-	-	-

2004

Options - Series	*No.*	*Grant Date*	*Expiry/Exercise Date*	*Exercise Price $*	*Fair Value Received $*
(4) Issued 2 September 2003	1,165,000	02/09/03	02/09/08	4,072	-

(iii) Exercised During the Financial Year

2005

Options - Series

	No of Options Exercised	Grant Date	Exercise Date	Expiry Date	Exercise Price $ Issued	No. of Shares	Fair Value Received $	Fair Value of Shares at Date of Issue $
(2) Issued 6 October 2000	37,500	06/10/00	30/11/04	06/10/05	2,890	37,500	108,375	197,625
(3) Issued 25 September 2001	40,000	25/09/01	29/09/04	25/09/06	3,487	40,000	139,480	203,200
(3) Issued 25 September 2001	5,000	25/09/01	11/10/04	25/09/06	3,487	5,000	17,435	26,350
	20,000	25/09/01	14/10/04	25/09/06	3,487	20,000	69,740	105,000
	2,000	25/09/01	13/10/04	25/09/06	3,487	2,000	6,974	10,360
	25,000	25/09/01	19/10/04	25/09/06	3,487	25,000	87,175	128,250
	2,000	25/09/01	30/11/04	25/09/06	3,487	2,000	6,974	10,540
	7,500	25/09/01	29/12/04	25/09/06	3,487	7,500	26,153	41,100
	4,000	25/09/01	10/02/05	25/09/06	3,487	4,000	13,948	24,280
	23,000	25/09/01	10/03/05	25/09/06	3,487	23,000	80,201	128,800
(4) Issued 2 September 2003	10,000	02/09/03	10/03/05	02/09/08	4,072	10,000	40,720	56,000
	176,000					**176,000**	**597,175**	**931,505**

2004

Options - Series

	No of Options Exercised	Grant Date	Exercise Date	Expiry Date	Exercise Price $ Issued	No. of Shares	Fair Value Received $	Fair Value of Shares at Date of Issue $
(1) Issued 5 October 1999	20,000	05/10/99	05/11/03	05/10/04	3,2989	20,000	65,980	97,000
	25,000	05/10/99	07/04/04	05/10/04	3,2989	25,000	82,475	117,000
	45,000					**45,000**	**148,455**	**214,000**

Fair value of consideration received is measured as the nominal value of cash receipts on conversion. The fair value of shares at the date of issue is measured as the market value at close of trade on the date of their issue.

(iv) Lapsed During the Financial Year

Nil

(v) Balance at End of Financial Year

2005

Options - Series	No.	Vested No.	Unvested No.	Grant Date	Expiry Date	Exercise Price $
(2) Issued 6 October 2000	175,000	175,000	-	06/10/00	06/10/05	2,890
(3) Issued 25 September 2001	323,000	323,000	-	25/09/01	25/09/06	3,487
(4) Issued 2 September 2003	1,155,000	-	1,155,000	02/09/03	02/09/08	4,072
	1,653,000	**498,000**	**1,155,000**			

note 6: executive share option plan (continued)

2004

Options - Series	No.	Vested No.	Unvested No.	Grant Date	Expiry Date	Exercise Price $
(2) Issued 6 October 2000	212,500	212,500	-	06/10/00	06/10/05	2,890
(3) Issued 25 September 2001	451,500	-	451,500	25/09/01	25/09/06	3,487
(4) Issued 2 September 2003	1,165,000	-	1,1 65,000	02/09/03	02/09/08	4,072
	1,829,000	**212,500**	**1,616,500**			

Executive share options carry no rights to dividends and no voting rights.

In accordance with the terms of the executive share option scheme, options may be exercised at any time from the date on which they vest to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements.

	Consolidated 2005 $	Consolidated 2004 $	Company 2005 $	Company 2004 $
(a) Auditor of the parent company				
Audit or review of financial report	234,000	190,000	234,000	190,000
Other services – accounting advice	80,700	232,945	80,700	232,945
Other services – taxation advice	111,550	69,750	111,550	69,750
Other services – taxation compliance	171,920	212,030	171,920	212,030
	598,170	**704,725**	**598,170**	**704,725**
(b) Other Auditors				
Auditing the financial report	20,000	20,000	-	-

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Trade receivables	120,565	126,078	66,155	4,558
Allowance for doubtful debts	(1,668)	(1,777)	(527)	(1,161)
	118,897	**124,301**	**65,628**	**3,397**
Other receivables				
Goods and services tax (GST) and WET recoverable	1,257	-	-	25
Receivable from controlled entities	-	-	238,509	245,574
Other	544	2,233	405	1,385
	120,698	**126,534**	**304,542**	**250,607**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Bulk wine				
At cost	156,902	143,366	6,705	5,644
At net realisable value	18,118	-	-	-
Other stores				
At cost	2,648	3,317	-	-
Work in progress				
At cost	15,991	18,279	650	452
Bottled wine				
At cost	30,484	34,850	20	69
	224,143	**199,812**	**7,375**	**6,165**

Property, Plant and Equipment	12,194	-	-	-

Trade Credits	1,156	-	-	-

Prepayments	6,499	3,319	5,488	2,293

Other loans	2,358	2,358	-	-
Other receivables (Austvin Vineyards 1997 Project)	5,893	6,091	-	-
Allowance for doubtful debts	-	(198)	-	-
	8,251	**8,251**	-	-

At cost:				
Bulk wine	58,525	49,455	5,649	5,348
Bottled wine	1,493	1,721	-	-
	60,018	**51,176**	**5,649**	**5,348**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Investment in associate	2,150	1,865	2,306	2,000

(a) Interest in associate

Name of Entity	Principal Activity	Ownership Interest 2005 %	Ownership Interest 2004 %	Consolidated Carrying Amount 2005 $'000	Consolidated Carrying Amount 2004 $'000
Mangoola Vineyards Pty Ltd	Vineyard Investor	45	45	-	-
Tempus Two Pty Limited	Winery Ownership	50	50	2,150	1,865
				2,150	**1,865**

	Consolidated 2005 $'000	Consolidated 2004 $'000
(b) Movement in Investments in Associates		
Equity accounted amount of investment at the beginning of the financial year.	1,865	1,901
Acquisition of interests in associates	306	-
Share of loss from ordinary activities before income tax expenses	(30)	(51)
Share of income tax benefit related to ordinary activities	9	15
Equity accounted amount of investment at the end of the financial year.	**2,150**	**1,865**
(c) Summarised financial position of associates		
Current assets		
Cash	87	216
Inventories	202	100
Receivables	35	97
Other	58	62
Non-current assets		
Property plant and equipment	8,942	8,969
Other	313	358
Current liabilities		
Payables	416	640
Tax liability	71	33
Interest bearing liabilities	4,800	5,250
Loans from related parties	-	115
Other Loans	49	30
Net assets	**4,301**	**3,734**
Net loss	(42)	(71)
(d) Share of reserves attributable to associates		
Retained profits/(accumulated losses)		
At the beginning of the financial year	(135)	(99)
At the end of the financial year	(156)	(135)

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Shares in unlisted companies at cost	897	939	542	542
Shares in wholly-owned controlled entities at recoverable amount	-	-	206,239	206,239
	897	**939**	**206,781**	**206,781**

Net market value of vines	31,206	32,889	-	-

(a) Impact on Statement of Financial Performance

The profit before income tax included in the Statement of Financial Performance resulting from the movement in market value of SGARA assets is $0 (2004: $346,000)

(b) Physical quantity of vines

	Consolidated	
	2005	2004
Number of vines owned	1,672,250	1,836,806
Acres owned	2,256	2,457

(c) Nature of asset

McGuigan Simeon Wines Limited owns vineyards in several regions across Australia (primarily the Sunraysia, Riverland and Cowra regions).

(d) Significant assumptions

Significant assumptions made in determining the net market value of the vines are:

(i) 100% of the vines are currently mature and will be productive for periods up to 15 years per vine;

(ii) the expected price of the vines is constant in real terms, based on average prices throughout the current year;

(iii) the costs expected to arise throughout the life of the vines are constant in real terms, based on average costs throughout the year;

(iv) inflation will continue at the current rate;

(e) Cash flows are gross of income tax and are expressed in real terms.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
(a) *Vineyard Improvements*				
at cost	12,587	12,539	1,044	959
accumulated depreciation	(2,968)	(2,382)	(187)	(163)
	9,619	**10,157**	**857**	**796**
Vineyard Improvements under lease (from third party)				
at cost	664	1,200	-	-
accumulated amortisation	(85)	(71)	-	-
	579	**1,129**	**-**	**-**

note 18: property, plant and equipment (continued)

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Freehold Land				
at cost	**27,143**	**31,946**	**3,404**	**2,494**
Buildings				
at cost	16,524	14,717	10,752	3,672
accumulated depreciation	(2,269)	(2,440)	(672)	(600)
	14,255	**12,277**	**10,080**	**3,072**
Plant and equipment under lease				
at cost	1,148	1,148	-	-
accumulated amortisation	(179)	(102)	-	-
	969	**1,046**	**-**	**-**
Plant and equipment				
at cost	132,166	123,880	24,562	11,282
accumulated depreciation	(49,529)	(45,750)	(7,538)	(6,589)
	82,637	**78,130**	**17,024**	**4,693**
Total Property, Plant and Equipment				-
at cost	190,232	184,566	39,762	18,407
accumulated depreciation and amortisation	(55,030)	(49,881)	(8,397)	(7,352)
	135,202	**134,685**	**31,365**	**11,055**
(b) Reconciliations				
Vineyard Improvements				
carrying amount at beginning of the financial year	10,157	14,211	796	891
additions	85	540	85	-
depreciation	(623)	(702)	(24)	(26)
disposals	-	(3,892)	-	(69)
	9,619	**10,157**	**857**	**796**
Vineyard Improvements under lease (to third party)				
carrying amount at beginning of the financial year	-	6,228	-	-
additions	-	145	-	-
depreciation	-	(163)	-	-
disposals	-	(6,210)	-	-
	-	-	-	-
Vineyard Improvements under lease (from third party)				
carrying amount at beginning of financial year	1,129	2,264	-	-
amortisation	(60)	(59)	-	-
disposals	(490)	(1,076)	-	-
	579	**1,129**	**-**	**-**
Freehold land				
carrying amount at beginning of the financial year	31,946	33,564	2,494	5,125
additions	910	4,869	910	-
disposals	(3,976)	(9,882)	-	(2,631)
transfer to current assets	(1,737)	-	-	-
acquired through takeover of Miranda Wines group -	3,396	-	-	
	27,143	**31,946**	**3,404**	**2,494**

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Freehold land and vines under lease				
carrying amount at beginning of the financial year	-	6,219	-	-
disposals	-	(6,219)	-	-
	-	-	-	-
Buildings				
carrying amount at beginning of the financial year	12,277	7,936	3,072	3,143
additions	7,079	544	7,079	2
disposals	-	(262)	-	-
depreciation	(339)	(317)	(71)	(73)
transfer to current assets	(4,762)	-	-	-
acquired through takeover of Miranda Wines group	-	4,376	-	-
	14,255	**12,277**	**10,080**	**3,072**
Buildings under lease				
carrying amount at beginning of the financial year	-	702	-	-
depreciation	-	(11)	-	-
disposals	-	(619)	-	-
	-	-	-	-
Plant and equipment under lease				
carrying amount at beginning of the financial year	1,046	1,175	-	52
amortisation	(77)	(129)	-	(52)
	969	**1,046**	-	-
Plant and equipment				
carrying amount at beginning of the financial year	78,130	57,996	4,693	5,812
additions	19,481	15,972	14,670	218
disposals	(1,095)	(1,545)	(976)	(33)
depreciation	(9,005)	(8,372)	(1,363)	(1,304)
transfer to current assets	(4,874)	-	-	-
acquired through takeover of Miranda Wines group	-	14,079	-	-
	82,637	**78,130**	**17,024**	**4,693**
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:				
Buildings	339	328	71	73
Vineyard improvements	623	702	24	26
Vineyard improvements under lease (to third party)	-	163	-	-
Vineyard improvements under lease (from third party)	60	59	-	-
Plant and equipment	9,005	8,362	1,363	1,304
Equipment under lease	77	129	-	52
	10,104	**9,743**	**1,458**	**1,455**

A valuation of freehold land and buildings was performed on 30th June 2002 by the directors and was completed on the basis of current market values. The value of freehold land and building was assessed at $43,306,874 and included the value of vines. The revaluation of the freehold land and buildings (excluding v ines) is not reflected in the financial statements.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Goodwill - at cost	52,714	52,714	-	-
Accumulated amortisation	(7,738)	(5,103)	-	-
	44,976	**47,611**	**-**	**-**
Brand names - at cost	6,117	6,117	-	-
Accumulated amortisation	(1,673)	(1,371)	-	-
	4,444	**4,746**	**-**	**-**
	49,420	**52,357**	**-**	**-**
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year				
Goodwill	2,635	2,601	-	-
Brand Names	302	302	-	-
	2,937	**2,903**	**-**	**-**
Future income tax benefits				
Parent entity	2,317	1,222	2,317	1,222
Entities in the tax consolidated group	6,621	6,382	6,621	6,382
Other	-	496	-	496
Future income tax benefit (tax losses)				
Parent entity	761	-	761	-
Entities in the tax consolidated group	2,007	1,118	2,007	1,118
	11,706	**9,218**	**11,706**	**9,218**
Trade credits	3,827	-	-	-
Security deposit	1,376	1,307	3	-
The aggregate carrying amount of inventories recognised and included in the financial statements is as follows				
Current (note 9)	224,143	199,812	7,375	6,165
Non Current (note 14)	60,018	51,176	5,649	5,348
	284,161	**250,988**	**13,024**	**11,513**

In accordance with the security arrangements of liabilities, as disclosed in notes 26 and 31 to the financial statements, effectively all assets of the consolidated entity have been covered by a negative pledge with the lending institutions, with the exception of assets under hire purchase leased assets.

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Trade payables	87,804	93,826	14,525	9,060
Sundry payables and accruals	13,353	11,432	7,492	5,594
Goods and services tax (GST) and WET payable	-	271	-	-
	101,157	**105,529**	**22,017**	**14,654**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Bank overdraft (note 31 (i))	-	3,660	-	-
Hire purchase (note 31 (ii))	557	1,130	557	1,130
Finance lease liabilities (note 31 (iii))	675	1,214	-	-
	1,232	**6,004**	**557**	**1,130**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Income tax payable				
Parent entity	1,882	599	1,882	599
Entities in the tax consolidated group	9,646	8,438	9,646	8,438
	11,528	**9,037**	**11,528**	**9,307**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Directors retirement benefit (note 34)	452	452	-	-
Onerous contracts (note 34)	2,455	3,776	-	-
Employee entitlements (note 35)	3,096	2,896	580	563
	6,003	**7,124**	**580**	**563**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Income in advance	4,887	7,560	1,131	-
Other	98	50	78	-
	4,985	**7,610**	**1,209**	**-**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Non-trade payables to wholly-owned entities	-	-	-	408
Other loans	5,770	380	5,720	330
	5,770	**380**	**5,720**	**738**

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Commercial Bills (i)	168,000	128,900	168,000	128,900
Hire purchase (ii)	324	1,176	324	1,176
Finance lease liabilities (iii)	8,366	15,307	-	-
	176,690	**145,383**	**168,324**	**130,076**
(i) The bank overdraft and commercial bills are subject to an interlocking guarantee and indemnity to National Australia Bank				
bank overdraft	-	3,660	-	-
commercial bills (non-current)	168,000	128,900	168,000	128,900
	168,000	**132,560**	**168,000**	**128,900**

(ii) Secured by assets subject to the hire purchase agreement.

(iii) Secured by assets subject to the financial lease.

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Deferred income tax				
Parent entity	3,078	516	3,078	516
Entities in the tax consolidated group	7,373	8,703	7,373	8,703
	10,451	**9,219**	**10,451**	**9,219**

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Employee entitlements (note 35)	2,367	2,079	380	288

	Consolidated	
	$'000 Onerous Contracts	$'000 Directors Retirement Benefit
Balance at 30 June 2004	3,776	452
Reductions arising from payments/other sacrifices of future economic benefits	(1,321)	-
Balance at 30 June 2005	**2,455**	**452**
Current	2,455	452
Balance as at 30 June 2005	**2,455**	**452**

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Provision for employee entitlements:				
Current (note 28)	3,096	2,896	580	563
Non-Current (note 33)	2,367	2,079	380	288
	5,463	**4,975**	**960**	**851**
Number of full time equivalent employees at the end of the financial year	567	608	495	441

The Australian dollar equivalent of foreign currency balances included in the financial statements which are not effectively hedged are as follows: Canadian dollars - Current receivables $393,000 (2004 - $913,000); GB Pounds - Current receivables $4,011,000 (2004 - $1,545,000); and Euro's - Current receivables $883,000 (2004 - $439,000).

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Fully paid ordinary shares	354,258	334,834	354,258	334,834

	2005 $'000	2005 Number	2004 $'000	2004 Number
Fully paid ordinary share capital				
Beginning of financial year	334,834	109,499,186	290,965	99,740,780
Issued during the year				
non-executive share scheme	-	128,000	-	144,000
dividend re-investment plan	18,872	3,779,519	21,929	4,740,133
share options exercised	597	176,000	148	45,000
shares issued re: takeover of Miranda Wines group	-	-	17,500	3,888,888
shares issued re: other investments/contract settlements	-	-	4,392	940,385
share issue costs	(45)	-	(100)	-
other	-	5,500	-	-
	354,258	**113,588,205**	**334,834**	**109,499,186**

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Shares issued to directors during the financial year are disclosed in note 5.

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance at beginning of financial year	(2,193)	(20,513)	(6,484)	(25,757)
Dividends provided for or paid	(26,672)	(21,928)	(26,672)	(21,928)
Net profit	35,895	40,248	35,386	41,201
Balance at end of year	**7,030**	**(2,193)**	**2,230**	**(6,484)**

	Consolidated	
	2005 Cents per share	2004 Cents per share
Basic earnings per share	32.1	38.2
Diluted earnings per share	31.6	37.6
	$'000	**$'000**
The following reflects the earnings income and share data used in the calculation of basic and diluted earnings per share:		
Net Profit from ordinary activities before income tax expense	45,112	51,311
Income tax expenses relating to net profit before tax expense	(9,217)	(11,063)
Earnings used for calculating basic and diluted earnings per share	35,895	40,248
	2005 $'000 Number of Shares	**2004 $'000 Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	111,764	105,456
Effect of dilutive securities:		
Share options	1,695	1,628
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	113,459	107,084

All the potential ordinary shares are dilutive and therefore have been included in the weighted average number of ordinary and potential shares used in the calculation of diluted earnings per share.

note 40: dividends

	Company 2005		Company 2004	
	Cents per share	Total $'000	Cents per Share	Total $'000
Fully paid ordinary shares				
Interim dividend – franked to 30% (2004: 30%)	10.25	11,572	9.75	10,465
Final dividend – franked to 30%	13.75	15,100	11.00	11,463
		26,672		21,928
Adjusted franking account balance at 30% (tax paid basis)		16,046		19,357

The final dividend in respect of ordinary shares for the year ended 30 June 2005 has not been recognised in this financial report because the final dividend was declared, determined or publicly recommended subsequent to 30 June 2005. On the basis that directors will continue to publicly recommend dividends in respect of ordinary shares subsequent to reporting date, the amount disclosed as 'recognised' will be the final dividend in respect of the prior financial year, and the interim dividend in respect of the current financial year.

note 41: leases

(a) Non-cancellable operating leases

The consolidated entity leases the following assets under normal economic terms. All operating lease contracts contain market review clauses in the event the consolidated entity exercises its option to renew.

- Vineyards
- Warehouses
- Cellar doors
- Winery equipment

The following sets out the commitments to future lease payments relating to operating leases that have not been disclosed in the financial statements as a liability.

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
- not longer than 1 year	18,591	17,895	14,628	13,665
- longer than 1 year and not longer than 5 years	75,599	64,455	62,064	50,250
- longer than 5 years	84,967	72,492	83,284	67,444
	179,157	**154,842**	**159,976**	**131,359**

(b) Finance leases

Finance leases relate to vineyard's with a lease term of up to 15 years.

	Minimum Future lease payments				Present Value of Minimum Future Lease payment			
	Consolidated		Company		Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
No Later than 1 year	1,473	2,440	-	-	891	1,214	-	-
Later than 1 year and not later than 5 years	3,433	6,426	-	-	582	1,827	-	-
Later than 5 years	10,619	20,589	-	-	7,568	13,480	-	-
Minimum lease payments*	15,525	29,455	-	-	9,041	16,521	-	-
Less future finance changes	(6,484)	(12,934)	-	-	-	-	-	-
Present value of minimum lease payments	9,041	16,521	-	-	9,041	16,521	-	-
Current Interest bearing liabilities (note 26)	-	-	-	-	675	1,214	-	-
Non-Current Interest bearing liabilities (note 31)	-	-	-	-	8,366	15,307	-	-
	-	-	-	-	**9,041**	**16,521**	-	-

*minimum lease payments include the aggregate of all lease payments and any guaranteed residual.

The Company has foreign exchange hedge contracts with plateau calls , shout options or fixed rates. As at 30/6/05 all foreign currency contracts have been accounted for as per AASB 1012 "Foreign Currency Translation", and therefore no contingent liability exists.

As detailed in note 43, the company has entered into a deed of cross guarantee with certain wholly-owned controlled entities. The amount disclosed as a contingent liability $110,552,979 ($2004: $130,714,962) represents total liabilities of the group of companies party to that class order less the liabilities of the company. The extent to which an outflow of funds will be required is dependent on the future operations of the entities that are party to the deed of cross guarantee being more or less favourable than currently expected. The deed of cross guarantee will continue to operate indefinitely.

Name of entity	Country of Incorporation	Ownership Interest 2005 %	Ownership Interest 2004 %
Parent Entity			
McGuigan Simeon Wines Limited	Australia		
Controlled Entity			
Simeon Wines Limited (1)	Australia	100	100
Vintners Australia Pty Limited (1)	Australia	100	100
Barossa Valley Wine Company Pty Limited (1)	Australia	100	100
Riverland Vineyards Pty Limited (1)	Australia	100	100
Coldridge Vineyards Pty Limited (1)	Australia	100	100
Australian Vintage Limited (1)	Australia	100	100
Mourquong Pty Limited (1)	Australia	100	100
Buronga Hill Pty Limited (1)	Australia	100	100
Austvin Vineyards Limited (1)	Australia	100	100
Austvin Finance Pty Limited (1)	Australia	100	100
Austvin Management Pty Limited (1)	Australia	100	100
Australian Flavours Pty Limited (1)	Australia	100	100
Austvin Holdings Pty Limited (1)	Australia	100	100
Harvest Wine Company Pty Limited (1)	Australia	100	100
Budrove Pty Limited (1)	Australia	100	100
Limestone Coast Wines Pty Limited (1)	Australia	100	100
Icon Brands Pty Limited (1)	Australia	100	100
Botany Creek Wines Pty Limited (1)	Australia	100	100
Miranda Wines Pty Limited	Australia	100	100
Miranda Wines Leasing Pty Limited	Australia	100	100
Barossa Rovalley Estates Pty Limited	Australia	100	100
Miranda Family Investments Pty Limited	Australia	100	100
Miranda Wines (Purchasing) Pty Limited	Australia	100	100
Miranda Wines (Europe) Limited	United Kingdom	100	100
Miranda Wines Holdings Limited	Australia	100	100
McGuigan Simeon Wines (Europe) Limited	United Kingdom	100	100

(1) These wholly-owned controlled entities have entered into a deed of cross guarantee with McGuigan Simeon Wines Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report. As a condition of this class order, McGuigan Simeon Wines Limited has guaranteed to pay any deficiency in the event of winding up of any of it's controlled entities. The controlled entities have also given a similar guarantee in the event McGuigan Simeon Wines Limited is wound up.

Total assets of companies included in the cross guarantee are $667,455,196. Total liabilities of companies included in the cross guarantee are $311,709,630.

Business Segments

Segments Revenue, Results, Assets and Liabilities

	Revenue 2005 $'000	Revenue 2004 $'000	Results 2005 $'000	Results 2004 $'000	Assets 2005 $'000	Assets 2004 $'000	Liabilities 2005 $'000	Liabilities 2004 $'000
Bottled wine	147,390	129,694	17,171	18,778	88,106	94,143	33,724	31,706
Bulk wine and grape	117,698	99,855	22,775	21,305	432,089	376,289	71,740	84,026
Bulk in bottle	66,785	44,772	6,694	5,906	16,376	15,501	-	-
Vineyards	40,909	45,862	9,617	22,243	78,695	69,135	19,897	23,819
Unallocated	4,254	3,639	(10,391)	(14,894)	66,205	69,938	194,822	152,814
	377,036	323,822	45,866	53,338	681,471	625,006	320,183	292,365
Sale of Vineyards	4,050	70,200	(754)	(2,027)				
Total	**381,086**	**323,822**						
Total profit from ordinary activities before income tax			45,112	51,311				
Income tax expense relating to ordinary activities			(9,217)	(11,063)				
Profit from ordinary activities after related income tax expense			35,895	40,248				

* unallocated results include goodwill amortisation and interest expense.
* unallocated assets include goodwill and tax related assets.
* unallocated liabilities includes commercial bill facilities utilised in the whole business and tax related liabilities
* the bottled wine division assets include the carrying value of the equity accounted investment in an associate amounting to $2.2 million.

Other Segmental Information

	Acquisition of segment assets 2005 $'000	Acquisition of segment assets 2004 $'000	Depn. & amort. of segment assets 2005 $'000	Depn. & amort. of segment assets 2004 $'000	Other non-cash expenses 2005 $'000	Other non-cash expenses 2004 $'000	Share of Associates Loss 2005 $'000	Share of Associates Loss 2004 $'000	Carrying of Equity Investment 2005 $'000	Carrying of Equity Investment 2004 $'000
Bottled wine	22,429	64,673	315	27	-	-	(21)	(36)	2,150	1,865
Bulk wine and grape	4,394	21,254	9,449	9,472	-	-	-	-	-	-
Unallocated	599	287	3,277	3,147	-	-	-	-	-	-
Total	**27,422**	**86,214**	**13,041**	**12,646**	**-**	**-**	**(21)**	**(36)**	**2,150**	**1,865**

Geographical Segments

	Revenue from customers 2005 $'000	Revenue from customers 2004 $'000	Segment assets 2005 $'000	Segment assets 2004 $'000	Acquisition of segment assets 2005 $'000	Acquisition of segment assets 2004 $'000
Australia	207,959	197,328	617,916	553,654	27,422	86,214
United Kingdom	86,509	61,988	33,339	45,525	-	-
North America	50,357	38,216	20,657	14,929	-	-
New Zealand	7,017	5,703	3,064	1,779	-	-
Other	25,194	20,587	6,495	9,119	-	-
	377,036	323,822	681,471	625,006	27,422	86,214
Sale of Vineyards	4,050	70,200				
	381,086	394,022				

(a) *Equity interests in related parties*

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 43 to the financial statements.

Equity interests in associates

Details of the percentage of ordinary shares held in associates are disclosed in note 15 to the financial statements

(b) Specified Directors' and specified executives' remuneration

Details of specified directors' and specific executives' remuneration are disclosed in note 5 to the financial statements.

(c) Specified directors' and specified executives' equity holdings.

Fully paid ordinary shares issued by McGuigan Simeon Wines Limited

	Balance @ 1/7/04	**Granted as remuneration**	**Received on exercise of options**	**Net other change**	**Balance @ 30/6/05**	**Balance held nominally**
Specified Directors	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*
David S Clarke	831,000	33,000	-	-	864,000	-
Brian J McGuigan	8,547,670	-	-	-	8,547,670	-
Ian D Ferrier	419,643	16,500	-	(73,521)	362,622	-
Nicholas S Greiner	309,879	16,500	-	(500)	325,879	-
Chris L Harris	48,462	16,500	-	15,243	80,205	-
Perry R Gunner	167,318	16,500	-	25,160	208,978	-
	10,323,972	**99,000**	**-**	**(33,618)**	**10,389,354**	**-**
Specified Executives						
Paul Schaafsma	-	-	-	-	-	-
Andrew White	-	-	-	-	-	-
Lisa McGuigan	212,230	-	-	-	212,230	-
Michael Noack	1,875	-	-	-	1,875	-
Richard Byllaardt	35,000	-	20,000	(4,417)	50,583	-
Neil McGuigan	-	-	-	-	-	-
Julie Thomas	50,000	-	-	(22,054)	27,946	-
Craig Thomas	140	-	-	-	140	-
David Thompson	-	-	-	-	-	-
	299,245	**-**	**20,000**	**(26,471)**	**292,774**	**-**

note 45: related party and specified directors and executive disclosures (continued)

Executive Share options issued by McGuigan Simeon Wines.

	Bal @ 1/7/04	Granted as remuneration	Exercised	Other Change	Bal @ 30/6/05	Bal Vested @ 30/6/05	Vested but not exercisable	Vested and exercisable	Options vested during the year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Paul Schaafsma	35,000	-	-	-	35,000	10,000	-	10,000	10,000
Andrew White	50,000	-	-	-	50,000	-	-	-	-
Lisa McGuigan	25,000	-	-	-	25,000	-	-	-	-
Michael Noack	50,000	-	-	-	50,000	-	-	-	-
Richard Byllaardt	45,000	-	(20,000)	-	25,000	-	-	-	-
Neil McGuigan	-	-	-	-	-	-	-	-	-
Julie Thomas	100,000	-	-	-	100,000	100,000	-	100,000	50,000
Craig Thomas	25,000	-	-	-	25,000	-	-	-	-
David Thompson	25,000	-	-	(25,000)	-	-	-	-	-
	355,000	**-**	**(20,000)**	**(25,000)**	**310,000**	**110,000**	**-**	**110,000**	**60,000**

All executive share options issued to specified executives during the financial year were made in accordance with the provisions of the executive share option plan.

Each executive share option converts into 1 ordinary share of McGuigan Simeon Wines Limited on exercise. During the financial year, 20,000 options were exercised by specific directors and executives for 20,000 ordinary shares in McGuigan Simeon Wines Limited. The exercise price on each option was $3.487. No amounts remain unpaid on the options exercised during the financial year at year end.

No options were issued to specific executives during the year ended 30 June 2005.

Further details of the options granted during the year are contained in note 6 to the financial statements. All ordinary shares issued to the directors during the financial year were made in accordance with the provisions of the non-executive directors' share scheme. These shares were issued as bonus shares as part of the remuneration under the non-executive director share scheme. Further information is set out in the Directors' report.

(d) Other transactions with directors

(i) During the year ended 30 June 2005, a company associated with David Clarke, Poole's Rock Wines Pty Limited, sold to the Company wine to the value of $52,054 (2004: $51,324) at normal wholesale rates. The Company sold grapes to Poole's Rock Wines Pty Limited to the value of $Nil (2004: $32,240) at normal wholesale rates. The Company purchased grapes from Poole's Rock Wines Pty Limited to the value of $Nil (2004: $630) at normal wholesale rates. The Company charges Poole's Rock Wines Pty Limited an administation fee for sales by the company of Poole's Rock Wines Pty Limited wines to Poole's Rock Wines Pty Limited retail customers Nil (2004: $1,068). The company sold concentrate to Poole's Rock Wines Pty Limited to the value of $965 (2004: $8,473) at normal commercial rates. The company sold bulk wine to Poole's Rock Wines Pty Limited to the value of $Nil (2004: $28,926) at normal commercial rates.

(ii) Fay McGuigan (associate of Brian McGuigan) has a minority interest in an entity which paid $370,990 (2004: $374,906) to the Company for the provision of viticultural services at Barmera and Bordertown. Fruit from both vineyards was purchased by the Company from the entity for $259,116 (2004: $253,433) on the same terms and conditions as other investors in that project.

(iii) During the year ended 30 June 2005, the Company has managed the Spring Mountain Vineyard of Nicholas Greiner on a contract basis in which McGuigan Simeon Wines Limited charges for all the non-capital expenses related to the operation of the vineyard. The expenses incurred totalled $279,913 (2004: $246,689) and an amount of $165,042 (2004: $294,579) was paid for the purchase of the grapes from Nicholas Greiner's vineyard during the 2005 year calculated at normal commercial rates.

(iv) During the financial year, McGuigan Simeon Wines Limited was charged for contract processing of wine by the controlled entity Tempus Two Pty Ltd on normal commercial terms.

(v) Lisa McGuigan (associate of Brian McGuigan) has a minority interest in an entity which paid $108,743 (2004: $111,693) to the Company for the provision of viticultural services at Bordertown. Fruit from the Bordertown vineyard was purchased by the Company from the entity for $75,499 (2004: $73,529) on the same terms and conditions as other investors in that project.

(e) Transactions within the wholly-owned group

The ultimate parent company in the wholly-owned group is McGuigan Simeon Wines Limited.

Amounts which are non-trade receivables from wholly-owned controlled entities are disclosed in note 8.

(f) Transactions with other related parties

Aggregate amounts receivable from and payable to other related parties are disclosed in note 30.

It was announced on 13th September 2005 that the company's Griffith based winery has been sold. Operation of the winery will pass to the new owner on 1st October 2005. This transaction has not been effected in the financial report.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Cash on hand	17	18	6	10
Cash at bank	12,711	2,636	2,033	578
Bank overdraft	-	(3,660)	-	-
	12,728	**(1,006)**	**2,039**	**588**

(b) Businesses Acquired

During the 2003/04 financial year the Miranda Wines group of companies were purchased. Details of the acquisition are as follows

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Consideration				
Incidental costs	-	868	-	-
Cash	-	8,000	-	-
Ordinary Shares	-	17,500	-	-
	-	**26,368**	**-**	**-**
Fair Value of Net Assets Acquired				
Current Assets				
Cash Assets	-	5	-	-
Receivables	-	15,848	-	-
Inventories	-	20,896	-	-
Other	-	45	-	-
Non-Current assets				
Deposits	-	8	-	-

note 47: notes to the statement of cash flow (continued)

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Investments	-	54	-	-
Property, plant and equipment	-	21,850	-	-
Other	-	5,890	-	-
Current Liabilities				
Payables	-	9,475	-	-
Interest bearing liabilities	-	2,456	-	-
Provisions	-	7,390	-	-
Non-current liabilities	-	16,514	-	-
Interest bearing liabilities	-	3,362	-	-
Net Assets acquired	-	25,399	-	-
Goodwill on acquisition	-	969	-	-
	-	**26,368**	**-**	**-**
Net Cash Outflow on Acquisition				
Cash Consideration	-	8,000	-	-
Incidental Costs	-	868	-	-
Restructure Costs	-	1,767	-	-
Bank overdraft acquired	-	1,874	-	-
	-	**12,509**	**-**	**-**

(c) Non-cash financing and investing activities

Under the Dividend Reinvestment Plan, shares were issued during the financial year.

A winery and production facility was purchased during the year. As part of this purchase, a finance facility was established with the vendor.

(d) Financing facilities

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Unrestricted access was available at balance date to the following line of credit				
amount used	171,499	133,595	171,499	128,900
amount unused	14,501	28,405	14,501	33,100
	186,000	**162,000**	**186,000**	**162,000**

(e) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Profit from ordinary activities after income tax	35,895	40,248	35,386	41,201
Depreciation and amortisation of non-current assets	13,041	12,646	1,458	1,455
(Profit)/Loss on sale of non-current assets	579	3,208	2,962	2,181
Decrement from revaluation of non-current assets	442	346	-	2,133
Bad and doubtful debts	2,361	750	2,361	543
Share of associates loss	21	36	-	-
Unrealised foreign exchange losses	395	771	497	59
Dividends received from wholly controlled entities	-	-	(33,000)	(35,000)
Write down of investment	-	164	-	-
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses (Increase)/Decrease in assets				
receivables	5,836	13,592	(12,347)	6,848
inventories	(33,173)	(71,919)	(1,511)	(32,619)
other current assets	(4,336)	877	(3,195)	465
other non-current assets	(6,384)	1,105	(2,491)	(271)
Increase/(Decrease) in liabilities				
current trade and other payables	(11,372)	4,188	363	8,273
current provisions	1,370	3,600	2,508	(1,638)
other	(3,168)	1,874	(5,538)	5,732
non-current provisions	1,016	(5,718)	(1,065)	(3,788)
Net cash provided by/(used in) operating activities	**2,523**	**5,768**	**(13,612)**	**(4,426)**

Foreign exchange risk

The consolidated entity has exposure to foreign exchange fluctuations in respect of sales to overseas countries. To manage the risk it is the consolidated entity's policy to hedge around 70% of estimated sales in US dollars and UK pounds through forward exchange put and call options. At 30 June 2005 the Company held US dollar foreign exchange contracts to the value of USD 2,922,371 (2004: USD 5,754,438), NZD 1,208,179 (2004: Nil), UK 455,992 pounds (2004: UK3,600,000) and EURO Nil (2004:832,800) that mature progressively through to June 2006.

Financial instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per balance sheet		Weighted Average effective interest rate	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(i) Financial assets														
Cash	12,711	2,636	-	-	-	-	-	-	17	18	12,728	2,654	4.75	4.75
Receivables -trade (note 8)	-	-	-	-	-	-	-	-	120,565	126,078	120,565	126,078	N/A	N/A
Total financial assets	**12,711**	**2,636**	**-**	**-**	**-**	**-**	**-**	**-**	**120,582**	**126,096**	**133,293**	**128,732**		
(ii) Financial liabilities														
Bank overdrafts (note 26)	-	3,660	-	-	-	-	-	-	-	-	-	3,660	9.50	8.95
Commercial Bills (note 31)	48,000	8,900	-	-	120,000	120,000	-	-	-	-	168,000	128,900	5.71	5.72
Trade creditors and accruals (note 25)	-	-	-	-	-	-	-	-	101,157	105,259	101,157	105,259	N/A	N/A
Total financial liabilities	**48,000**	**12,560**	**-**	**-**	**120,000**	**120,000**	**-**	**-**	**101,157**	**105,259**	**269,157**	**237,819**		

N/A - not applicable for non-interest bearing assets/liabilities.
*Interest Rate Risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial liabilities, both recognised and unrecognised at the balance date, are as follows: At balance date, the company had five interest rate swap agreements with a notional amount of $120 million.

(i) $25 million on which it pays 6.31% interest and receives the Bank Bill Swap Rate (BBSW) on the notional amount (2004: $25m). This swap agreement expires in June 2007.

(ii) $20 million on which it pays 5.68% interest and receives the BBSW calculated on the notional amount (2004: $20m). This swap agreement expires in August 2007.

(iii) $20 million on which it pays 4.93% interest and receives BBSW calculated on the notional amount (2004: $20m). This swap agreement expires in February 2006.

(iv) $20 million on which it pays 5.04% interest and receives BBSW calculated on the notional amount (2004: $20m). This swap agreement expires in February 2007.

(v) $35 million on which it pays 6.19% interest and receives BBSW calculated on the notional amount (2004: $35m). This swap agreement expires in November 2008.

All other financial assets and financial liabilities are non-interest bearing.

The swap is used to protect part of the bank facility from exposure to increasing interest rates. The swap in place covers 71% (2004: 93%) of the total borrowings as at 30 June 2005.

Net fair value

The financial assets and liabilities recorded in the financial statements approximates their respective net fair values determined using discounted cash flows.

Credit risk

The maximum exposure to credit risk arises from the accounts receivable recorded on the balance sheet. The Company has a policy of only dealing with credit worthy customers. Some sales are also covered by an insurance policy.

Impacts of adopting Australian equivalents to IFRS Management of the transition to A-IFRS

McGuigan Simeon Wines Limited will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS') for annual reporting periods beginning on or after 1 January 2005. Accordingly, McGuigan Simeon Wines Limited's first half-year report prepared under A-IFRS will be for the half-year reporting period ending 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 30 June 2006.

In 2004 McGuigan Simeon Wines Limited established a Steering Committee to manage the transition to A-IFRS. The Steering Committee established a project team of 3 personnel to carry out the transition work, and who report to the Audit Committee. In accordance with the project plan, the transition to A-IFRS is being managed in 3 phases, as follows:

1. Scoping and Impact Analysis
2. Evolution and design
3. Implementation and review

Risk management and change management has been managed throughout the life of the project.

At the date of this financial report, McGuigan Simeon Wines Limited has substantially completed all three phases of the project plan, including the assessment of accounting policy alternatives on transition to A-IFRS, the finalisation of the A-IFRS accounting policies that will be adopted from 1 July 2005, and the determination of the likely impact on the results and financial position of the company and the consolidated entity. As the project plan is substantially complete, in the opinion of the Audit Committee and the Directors of the Company, McGuigan Simeon Wines Limited has successfully managed it s transition to A-IFRS.

The likely impacts of A-IFRS on the results and financial position of McGuigan Simeon Wines Limited.

The following proforma statement of financial performance and statement of financial position outlines the likely impacts on the current year result and financial position of the consolidated entity had the financial statements been prepared using A-IFRS, based on the directors' accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors to date, and consequently, the likely impacts outlined in the following proforma financial statements.

The directors may, at any time until the completion of the consolidated entity's first A-IFRS compliant financial report, elect to revisit, and where considered necessary, revise the accounting policies applied in preparing the proforma financial statements.

Proforma Statement of Financial Performance for the year ended 30th June 2005

	Note	Consolidated AGAAP Actual* $000	Consolidated A-IFRS Impact $000	Consolidated A-IFRS Proforma $000	Company AGAAP Actual* $000	Company A-IFRS Impact $000	Company A-IFRS Proforma $000
Revenue from ordinary activities (before revenue from vineyard sales)		377,036	(6,300)	370,736	185,996	(4,345)	181,651
Revenue from disposal of vineyard		4,050	(4,050)	-	4,050	(4,050)	-
Total revenue from ordinary activities	e	**381,086**	**(10,350)**	**370,736**	**190,046**	**(8,395)**	**181,651**
Gross Profit		91,111	-	91,111	34,149	-	34,149
Net market value of grapes picked during the year	i	4,732	(682)	4,050	(926)	726	(200)
Proceeds from disposal of assets	e	5,318	(5,318)	-	5,071	(5,071)	-
Written down value of assets disposed	e	(5,897)	5,897	-	(8,033)	8,033	-
Write down of bulk wine		(1,969)	-	(1,969)	-	-	-
Other Revenue from ordinary activities	e	2,986	(579)	2,407	34,695	(2,962)	31,733
Distribution expenses		(10,187)	-	(10,187)	(4,554)	-	(4,554)
Marketing/Selling expenses		(20,192)	-	(20,192)	(8,572)	-	(8,572)
Administration expenses	c, f, j	(10,617)	1,669	(8,948)	(5,415)	(1,036)	(6,451)
Share of net losses of associates using the equity method		(21)	-	(21)	-	-	-
Borrowing costs		(10,152)	-	(10,152)	(9,271)	-	(9,271)
Profit from ordinary activities before income tax expense		**45,112**	**987**	**46,099**	**37,144**	**(310)**	**36,834**
Income tax expense relating to ordinary activities	g	(9,217)	(495)	(9,712)	(1,758)	(223)	(1,981)
Net Profit		**35,895**	**492**	**36,387**	**35,386**	**(533)**	**34,853**

*Reported financial performance for the year ended 30th June 2005.

note 49: impacts of adopting australian equivalents to IFRS management of the transition A-IFRS (continued)

Statement of Financial Position for the year ended 30th June 2005

	Note	Consolidated			Company		
		AGAAP Actual* $000	A-IFRS Impact $000	A-IFRS Proforma $000	AGAAP Actual* $000	A-IFRS Impact $000	A-IFRS Proforma $000
Current assets							
Cash assets		12,728	-	12,728	2,039	-	2,039
Receivables		120,698	-	120,698	304,542	-	304,542
Inventories		224,143	(682)	223,461	7,375	726	8,101
Property, plant and equipment	i	12,194	-	12,194	-	-	-
Financial assets		1,156	-	1,156	-	-	-
Other		6,499	-	6,499	5,488	-	5,488
Total Current Assets		**377,418**	**(682)**	**376,736**	**319,444**	**726**	**320,170**
Non-Current Assets							
Receivables		8,251	-	8,251	-	-	-
Inventories		60,018	-	60,018	5,649	-	5,649
Investments accounted for using the equity method		2,150	-	2,150	2,306	-	2,306
Other investments		897	-	897	206,781	-	206,781
Other financial assets		3,827	-	3,827	-	-	-
Property, plant and equipment		135,202	-	135,202	31,365	-	31,365
Self generating and regenerating assets		31,206	-	31,206	-	-	-
Intangibles	c	49,420	2,635	52,055	-	-	-
Deferred tax assets	g, i	11,706	265	11,971	11,706	(5)	11,701
Other		1,376	-	1,376	3	-	3
Total Non-Current Assets		**304,053**	**2,900**	**306,953**	**257,810**	**(5)**	**257,805**
Total Assets		**681,471**	**2,218**	**683,689**	**577,254**	**721**	**577,975**
Current Liabilities							
Payables		101,157	-	101,157	22,017	-	22,017
Interest-bearing liabilities		1,232	-	1,232	557	-	557
Current tax liabilities		11,528	-	11,528	11,528	-	11,528
Provisions	i	6,003	(85)	5,918	580	(16)	564
Other		4,985	-	4,985	1,209	-	1,209
Total Current Liabilities		**124,905**	**(85)**	**124,820**	**35,891**	**(16)**	**35,875**
Non-Current Liabilities							
Payables		5,770	-	5,770	5,720	-	-
Interest-bearing liabilities		176,690	-	176,690	168,324	-	168,324
Deferred tax liabilities	g, i	10,451	5,468	15,919	10,451	218	10,669
Provisions		2,367	-	2,367	380	-	380
Total Non-Current Liabilities		**195,278**	**5,468**	**200,746**	**184,875**	**218**	**185,093**
Total Liabilities		**320,183**	**5,383**	**325,566**	**220,766**	**202**	**220,968**
Net Assets		**361,288**	**(3,165)**	**358,123**	**356,488**	**519**	**357,007**
Contributed Equity	f	354,258	1,571	355,829	354,258	1,571	355,829
Accumulated profits/(losses)	h	7,030	(4,736)	2,294	2,230	(1,052)	1,178
Total Equity		**361,288**	**(3,165)**	**358,123**	**356,488**	**519**	**357,007**

*Reported financial position for the year ended 30th June 2005.

Explanatory notes to the proforma financial statements

The following explanatory notes relate to the proforma financial statements above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under Australian GAAP ("AGAAP"):

(a) Business combinations

On initial adoption of A-IFRS the directors have elected not to restate business combinations that occurred before 1st July 2004. Accordingly, the impacts of the adoption of A-IFRS on the financial report associated with past business combinations will be limited to the recognition of additional deferred tax assets and deferred tax liabilities and cessation of goodwill amortisation.

(b) Financial instruments

The directors have elected to apply the first-time adoption exemption available to McGuigan Simeon Wines Ltd to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments' Recognition and Measurement' to 1 July 2005 Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements.

The directors have determined the classifications that will apply to the various financial assets and financial liabilities, other than derivatives, held by the company and consolidated entity from 1 July 2005. Under A-IFRS, financial assets must be categorised as either at fair value through profit or loss, loans and receivables, held-to-maturity, or as available-for-sale. Financial liabilities must be categorised as either at fair value through profit or loss or as other financial liabilities.

(c) Goodwill

The adoption of A-IFRS will not significantly impact the carrying amount of goodwill as at 1 July 2004 (the date of transition) as the directors have decided not to restate past business combinations. Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. As a result, amortisation expense will decrease by $2,635,000 (Company: Nil) for the financial year ended 30 June 2005.

(d) Property, plant and equipment

On initial adoption of A-IFRS, the directors have elected to deem the carrying values (historic costs) of plant and equipment at 1 July 2004 to be cost for accounting purposes, as permitted by the first-time adoption provisions in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. Consequently adoption of A-IFRS is not expected to result in any adjustment.

(e) Revenue from ordinary activities

Although not impacting the net profit of the company and the consolidated entity, the adoption of A-IFRS will result in a number of transactions being recorded on a "net" rather than a "gross" basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from "revenue from ordinary activities" to other income and expense items in the statement of financial performance. As a consequence, revenue from ordinary activities will decrease by $10,350,000 (Company: $8,395,000) and other expenses will not change.

(f) Share-based payments

Equity-settled share based payments in respect of equity instruments issued after 7 November 2002 that were unvested as at 1 January 2005 are measured at fair value at grant date. The fair value determined at grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimated number of equity instruments that will vest. As a consequence, contributed equity will increase by $1,571,671 (Company $1,571,671). Additional employee benefit expense of $1,052,275 (Company $1,052,275) will be recognised in profit and loss for the financial year ended 30 June 2005 and retained profits at 1st July 2004 will be reduced by $519,396 (Company $519,396).

note 49: impacts of adopting australian equivalents to IFRS management of the transition A-IFRS (continued)

(g) Income tax

Under A-IFRS, tax balances are determined using a 'balance sheet' approach, which significantly differs from the current methodology prescribed and applied. Changes in deferred tax assets and deferred tax liabilities will arise as a consequence of the different method of measurement, including increases in deferred tax assets and deferred tax liabilities arising as a consequence of the recognition of deferred taxes associated with fair value adjustments in relation to business combinations, revaluations of land and buildings and investments in associates. Under A-IFRS, the criteria for recognition of carried forward tax losses is 'probable' as compared to the present 'virtually certain' test.

The cumulative impact on the consolidated financial position at 30 June 2005 of the different methodology to be applied will be to increase deferred tax assets by $291,173 and to increase deferred tax liabilities by $5,672,602. The impact on the consolidated profit and loss for the financial year ended 30 June 2005 is an increase in tax expense of $673,712. This adjustment together with the tax impact of (i) and (j) gives rise to a net increase in tax expense of $494,595.

The impact of the different methodology to be applied for the Company has not been assessed at the time of writing this report.

The impact on tax expense on the company profit and loss for the financial year ending has arisen from the adjustments in (i) and (j) totalling $222,781.

(h) Retained earnings

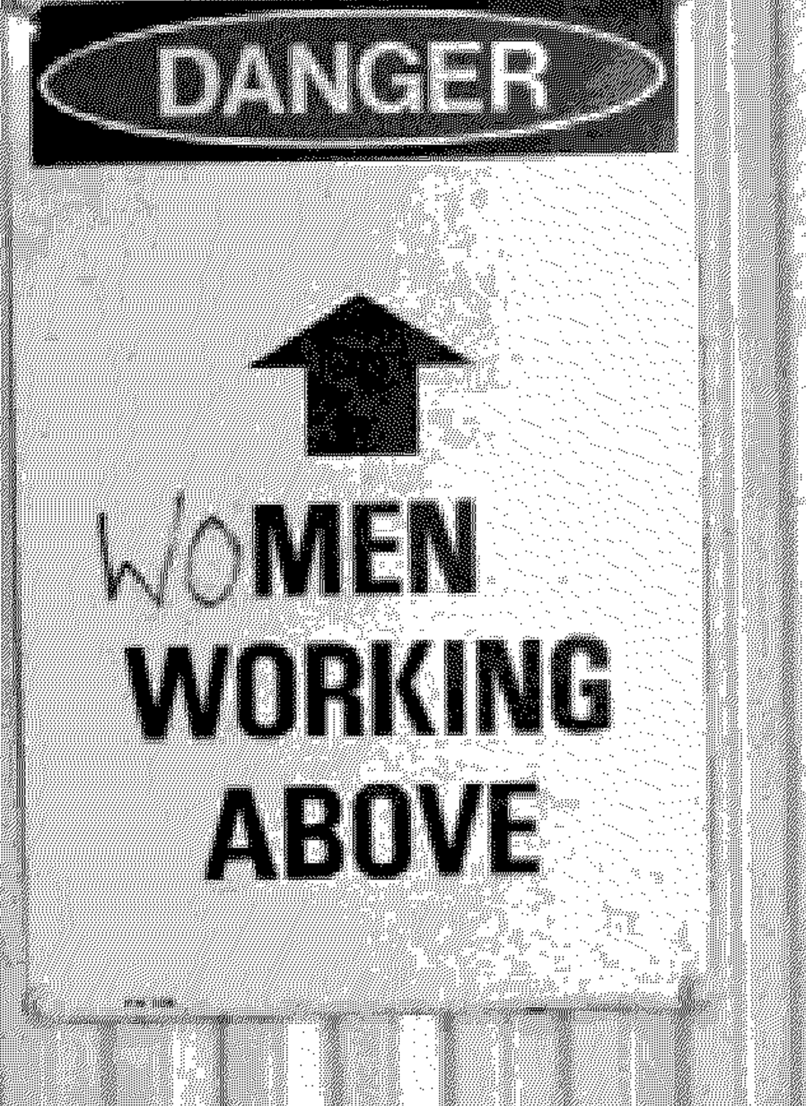
Adjustments required on first-time adoption (on 1st July 2004) of A-IFRS are recognised directly in retained earnings as the date of transition to A-IFRS. The cumulative effect of these adjustments for the consolidated entity will be a decrease in retained earnings of $5,227,113 (Company $519,396).

(i) Self Generating and Re-Generating Assets (Agriculture)

Under A-IFRS, grapes received from vineyards which are leased are recognised in stock at cost of production. Previously they were recognised at market value. As a consequence, revenue from ordinary activities and profit from ordinary activities before income tax will decrease by $682,352 (Company: increase $726,189).

(j) Annual Leave

Under A-IFRS the non-current portion of annual leave is to be discounted to the net present value based on the prevailing government bond rate. The adjustment to net profit for the year ended 30 June 2005 is $84,962 (Company: $16,415) before applicable income tax.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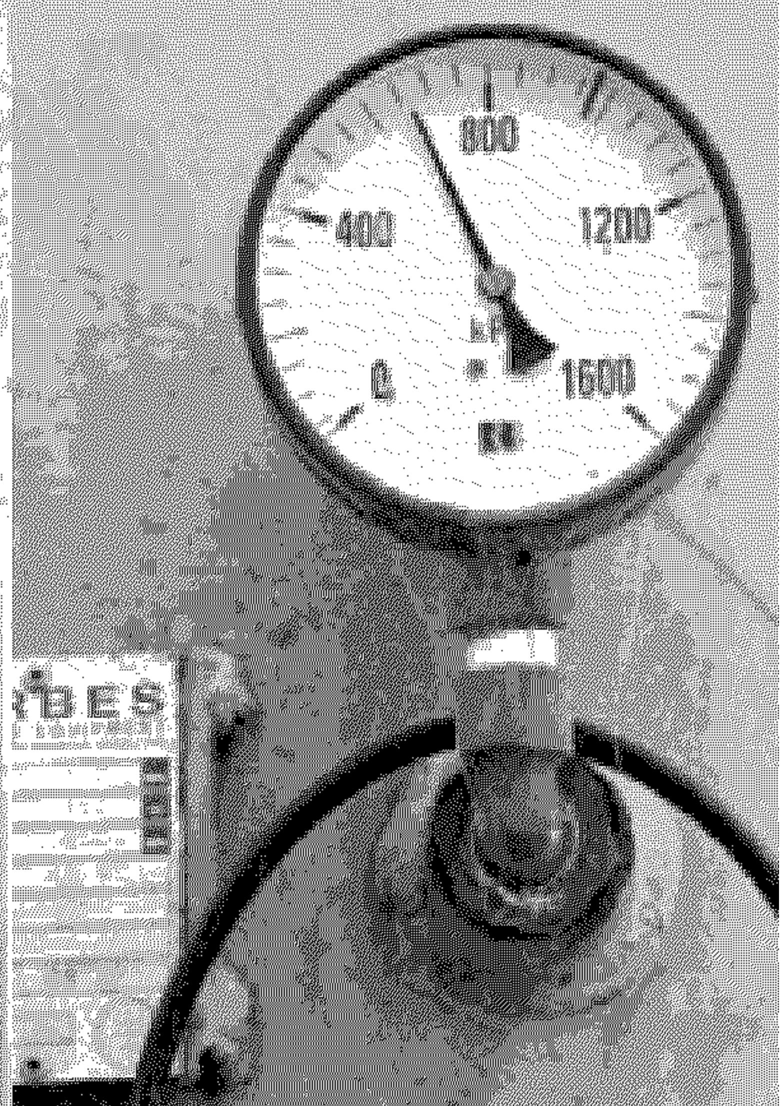
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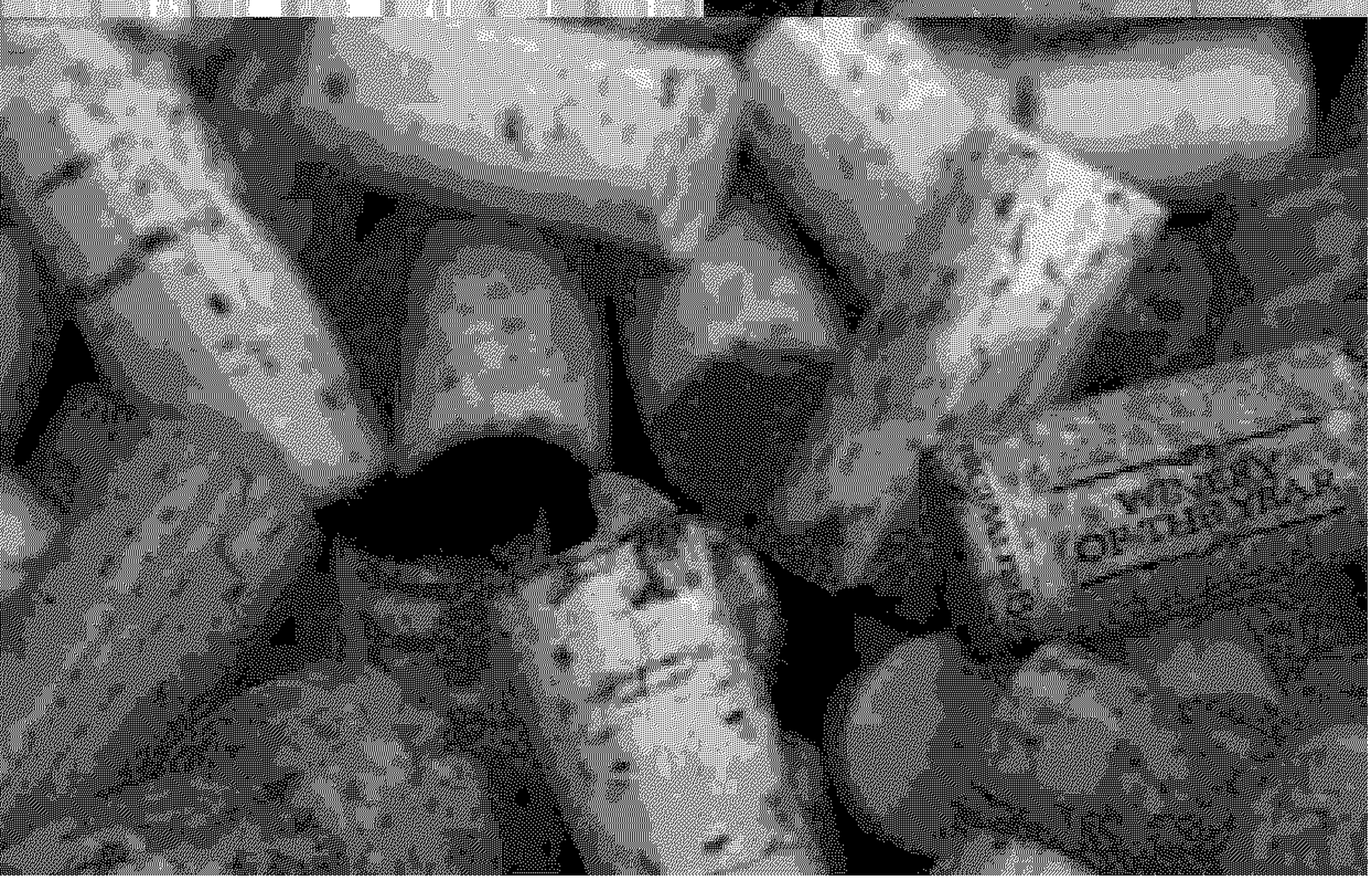

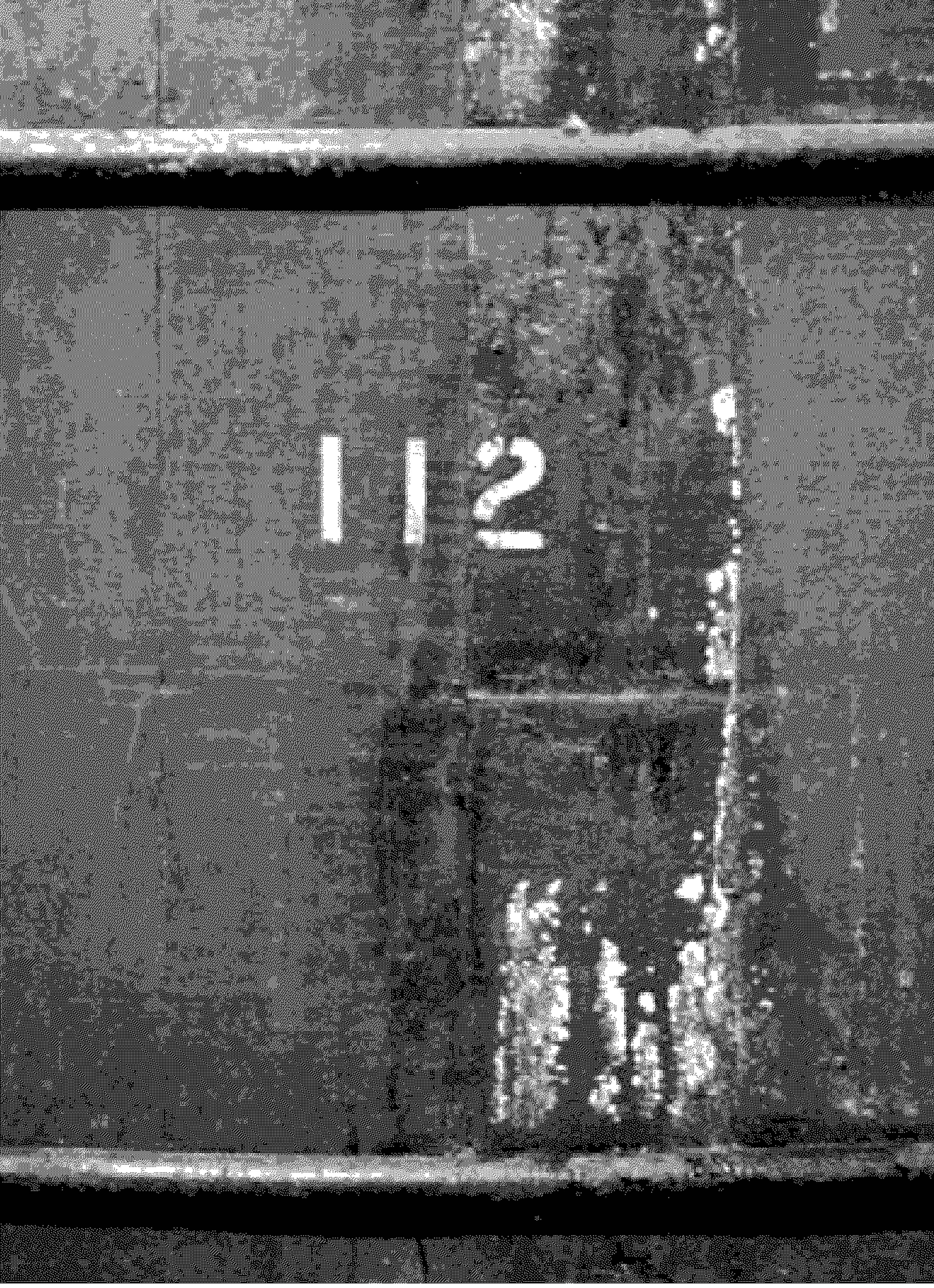
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