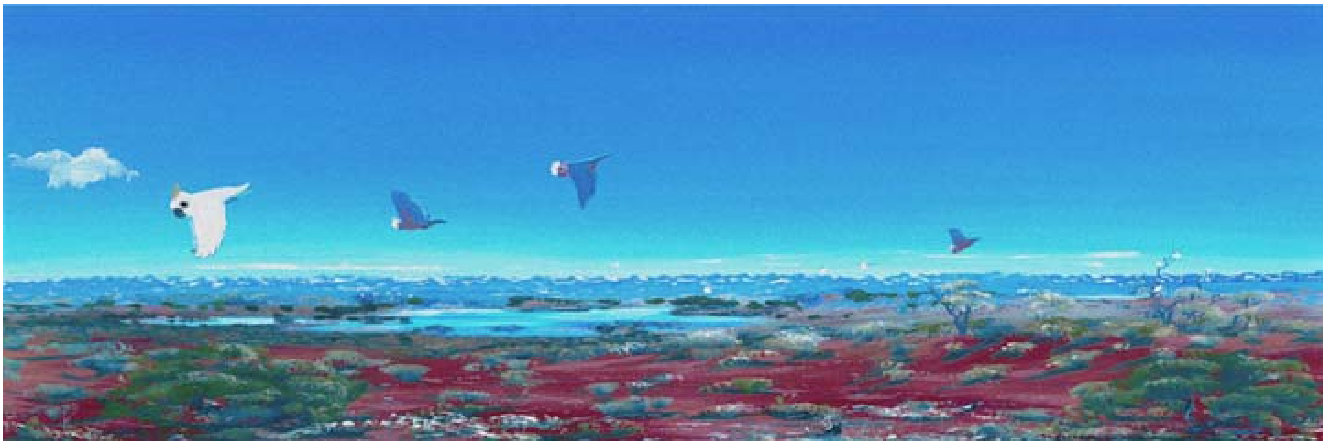
COCKATOO RIDGE WINES LIMITED

ACN 008 095 207



HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2008

CONTENTS

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" which are subject to various risks and uncertainties that could cause actual results and future events to differ materially from those expressed or implied by such statements. Investors are cautioned that such statements are not guarantees of future performance and results. Risks and uncertainties about the company's business are more fully discussed in the company's disclosure documents filed from time to time with the Australian securities authorities.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

The directors submit their financial report on Cockatoo Ridge Wines Limited ("the company") and its controlled entities ("the Group") for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and details of the directors in office during or since the end of the half-year are:

I T Limb
M J S Drummond
P J Perrin
S A Richardson

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year just ended continued to be the production and sale of a range of Australian table and sparkling wines, domestically through an exclusive Australia-wide distribution agreement as regards the "Cockatoo Ridge" range and other local distributors for the Group's other labels, and abroad. Overseas, the focus has remained on western Europe, north America and a number of select Asian markets, principally China. Australian Commercial Wines Pty Ltd ("ACW") acquired by and diversifying the Group in June 2007, supplies bulk wine to domestic and foreign customers.

OPERATING RESULTS

Gross revenue for the half-year was $9.55 million (2007: $18.49 million) made up of sales of bottled and bulk wine and other income. Gross receipts from the sale of goods during the first six months in the main reflected a balanced mix of domestic and export packaged sales. Net cash provided from operating activities was marginally negative ($0.22 million) in the six months ended 31 December 2008. Net loss after impairment and tax was $54.80 million (2007: $4.01 million net profit after tax).

At 31 December 2008, while the consolidated entity had net assets of $8.52 million and net tangible assets of $1.42 million, it was in breach of certain of its banking covenants. This resulted in some non-current liabilities being reclassified as current liabilities pursuant to the covenant terms and conditions in the facility documentation entered into between the "Cockatoo" group and its financier, GE Commercial Finance. The amount of borrowings reclassified as current as a result was $5.4 million at period end.

Although the Group reduced its interest bearing debt from $23.9 million to $19.6 million over the six month period, improving its balance sheet, finance costs of $1.2 million were higher than these in the equivalent six month period in 2007/08 ($0.79 million).

REVIEW OF OPERATIONS

Performance

The directors hereby report a gross trading profit of $0.9 million (2007: $9.31 million profit) and a loss for the period of $54.80 million (2007: $4.01 million profit) after recognising/providing for the following at period end:

1. Impairment of Stock – write down of bulk wine inventory by $2.7 million.
2. Impairment of Goodwill and Brand Names
   a. Impairment of Goodwill of ACW $29.9 million
   b. Impairment of NXG brands $2.9 million
   c. Impairment of Cockatoo Ridge brands $7.3 million
3. Provision for onerous grape contracts 2009 vintage $2.7 million
4. Finance costs of $1.20 million
5. Loss on disposal of the "Normans" brand of $1.53 million
6. Impairment of trade receivables of $0.58 million
7. de-recognition of deferred tax assets of $4.48 million

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Branded Wine Sales

The Cockatoo Ridge brand continues to outperform the market in Australia. Sales to end January 2009 were 14% ahead of the same seven month period last year and Nielsen data confirms that the lead brand, Cockatoo Ridge Brut NV, increased its value in the Australian marketplace by 16%, [the category itself declined by (3%)], and increased its volume by 25%, [the category declining by (5%)]. This data shows continuing strong customer support for the brand.

The company has continued its export drive with its new agent in the U.S.A. doubling their first orders and a new agent in Ireland receiving initial shipments this quarter. China packaged sales continue to be strong, with this country on track to be the company's largest packaged export market in 2009.

Management

Mr Robert Hunt had joined the company as COO in March 2008 and a recently-qualified Accountant was recruited to understudy the CFO during the period. The relocation of the corporate office from Melbourne to the principal office in Adelaide is scheduled to occur in the fourth quarter of the current financial year. On that move being completed, all the company's administration will be pooled in one convenient location. A reassignment of the duties and responsibilities of senior accounting, administrative and finance staff will take place at the time to reflect the centralisation.

Outlook

The most recently prepared budget produced by management and reviewed by the directors indicates that the company will generate sufficient cash to meet its operating requirements and service its debt obligations through the end of financial year 2009 and beyond. This budget takes into account the company's implementation of cost savings already underway. These will significantly reduce cash expenditure in such areas as staffing and on-costs, storage through rationalisation and processing grapes of a tonnage geared to the company's forecast bottled packaging needs (hence the decision to impair the goodwill component of the ACW acquisition in June 2007 as at 31 December 2008). Also factored into the projection is a growing penetration of the Chinese market where the consumption of wines is on the rise and the company has established a presence.

The collapse of a bulk wine sale resulted in extremely difficult trading conditions for the company in the period ended 31 December 2008 and caused a restatement of prior year results. However, the recent setback in the 2009 vintage, the result of extremely hot weather in south-eastern Australia had seen a marked upturn in buyer interest in the bulk wines on hand. These stocks are continuing to be disposed of through the company's network of local and international agents, in the latter case, assisted by the substantial fall in the value of the AUD vis-à-vis the USD, in particular in recent months. It is the Company's intention to have reduced its inventory holding considerably by June 2009, enabling it progressively to return to normal trading conditions while continuing to reduce its debt level and consequent interest costs by that date and, at this point, it appears well placed to achieve this goal.

As the company's trading condition improves in line with expectations in the months ahead, it will approach its financier with a view to easing the level of core debt amortisation based on its track record to date which, if granted, in conjunction with a reduced interest cost also the result of recent rate reductions, will improve the company's net cash position and trading ability.

CONTINGENCIES AND COMMITMENTS

No contingent liabilities have arisen since the date of the last Annual Financial Report issued as at 30 June 2008.

SUBSEQUENT EVENTS

In the opinion of the directors of the company, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Group during the remainder of the financial year not disclosed in this report.

DIVIDENDS

During the first half of the financial year, the company did not pay a dividend in respect of fiscal 2007/08 and has not proposed an interim dividend for the period ending 31 December 2008.

ENVIRONMENTAL ISSUES

There are no environmental issues facing the Group nor any existing or ongoing liabilities in this connection.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

INDEMNIFYING DIRECTORS, OFFICERS AND OTHERS

The company has adopted a constitution indemnifying all directors and officers of the company from and against any liability arising out of the holding of office as a director or officer of the company or otherwise out of any action taken by them on behalf of the company, other than liability arising out of conduct involving a lack of good faith.

The company has not during or since the end of the financial year, in respect of any person who has been an officer or auditor of the company or of a related body corporate, indemnified or made any relevant agreement for indemnifying such person against a liability including costs and expenses in successfully defending legal action.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2008 has been received and can be found on page 4.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001* and dated this 27th February 2009.

P J Perrin
Managing Director
Adelaide

M J S Drummond
Director and Company Secretary
Melbourne

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Chair of the Board Audit Committee
Cockatoo Ridge Wines Limited
71-73 Fullarton Road
KENT TOWN SA 5071

27 February 2009

Dear Chairperson

Cockatoo Ridge Wines Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the chairperson of Cockatoo Ridge Wines Limited.

As lead audit partner for the review of the financial statements of Cockatoo Ridge Wines Limited for the half-year ended 31 December 2008, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Half-year ended 31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue from sale of goods	3	9,533	18,467
Total Revenue		9,533	18,467
Cost of sales		(8,631)	(9,162)
Total Cost of Sales		(8,631)	(9,162)
Gross profit		902	9,305
Other revenue		14	24
Sales and marketing expenses		(894)	(1,171)
Administrative expenses		(1,193)	(1,162)
Bad Debt – doubtful debts		(580)	-
Finance costs		(1,202)	(788)
Loss on sale of brand names		(1,525)	-
Depreciation and amortisation expenses		(398)	(427)
Impairment of Stock		(2,688)	-
Onerous Grape contracts		(2,705)	-
Impairment -			
Goodwill		(29,825)	-
Brand Names		(10,194)	-
Other financial assets		(33)	-
(Loss)/Profit before tax		(50,321)	5,781
Income tax expense		(4,481)	(1,771)
(Loss)/Profit for the period from continuing operations		(54,802)	4,010
(Loss)/Profit for the period		(54,802)	4,010
Earnings per share (cents)			
Basic		(0.19)	1.52
Diluted		(0.19)	1.52

Notes to the financial statements are included on pages 9 to 16.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Consolidated	
	31 Dec 2008 $'000	30 June 2008 $'000
Current assets		
Cash and cash equivalents (note 10)	302	3,574
Trade and other receivables	5,921	11,090
Inventories	13,094	16,665
Other	26	5
Total current assets	19,343	31,334
Non-current assets		
Other financial assets	-	33
Property, plant and equipment	17,773	18,592
Deferred tax assets	-	4,481
Goodwill	-	29,825
Other intangible assets	7,100	19,019
Total non-current assets	24,783	71,950
TOTAL ASSETS	44,216	103,284
Current liabilities		
Trade and other payables	13,276	15,944
Borrowings	19,567	13,712
Provisions	1,785	117
Total current liabilities	34,628	29,773
Non-current liabilities		
Borrowings	-	10,211
Provisions	1,067	29
Total non-current liabilities	1,067	10,240
TOTAL LIABILITIES	35,695	40,013
NET ASSETS	8,521	63,271
Equity		
Issued capital	68,394	68,394
Contributed equity	6,000	6,000
Reserves	87	56
Retained earnings	(65,960)	(11,179)
TOTAL EQUITY	8,521	63,271

Notes to the financial statements are included on pages 9 to 16.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Fully paid ordinary shares $'000	Contributed equity $'000	Equity-settled employee benefits reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2007	62,003	6,000	40	(7,243)	60,800
Profit for the period	-	-	-	4,010	4,010
Total recognised income and expense	-	-	-	4,010	4,010
Transfer of shares issued under business combination	6,000	(6,000)	-	-	-
Shares issued under shareholder share purchase plan	475	-	-	-	475
Issue of options under share option plan	-	-	110	-	110
Share issue costs	(17)	-	-	-	(17)
Balance at 31 December 2007	68,461	-	150	(3,233)	65,378
Balance at 1 July 2008	68,394	6,000	56	(11,179)	63,271
(Loss) for the period	-	-	-	(54,802)	(54,802)
Total recognised income and expense	-	-	-	(54,802)	(54,802)
Transfer of shares issued under business combination	-	-	-	-	-
Shares issued under shareholder share purchase plan	-	-	-	-	-
Issue of options under share option plan	-	-	31	-	31
Dividend provision reversal	-	-	-	21	21
Balance at 31 December 2008	68,394	6,000	87	(65,960)	8,521

Notes to the financial statements are included on pages 9 to 16.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Half-year ended 31 Dec 2008 $'000	Consolidated Half-year ended 31 Dec 2007 $'000
Cash flows from operating activities		
Receipts from customers	12,006	22,634
Payments to suppliers and employees	(11,034)	(16,607)
Interest received	14	24
Finance costs paid	(1,202)	(788)
Income tax received	-	-
Net cash (used in)/provided by operating activities	(216)	5,263
Cash flows from investing activities		
Payment for property, plant and equipment	(94)	(341)
Proceeds from sale of property, plant and equipment	494	-
Proceeds from sale of intangible assets	200	-
Payment for intangible assets - goodwill	-	(413)
Net cash provided by/ (used in) investing activities	600	(754)
Cash flows from financing activities		
Proceeds from issues of equity securities	-	475
Payment for share issue costs	-	(17)
Proceeds from borrowings	700	-
Repayment of borrowings	(4,356)	(4,890)
Net cash (used in) financing activities	(3,656)	(4,432)
Net (decrease)/increase in cash and cash equivalents	(3,272)	77
Cash and cash equivalents at the beginning of the period	3,574	752
Cash and cash equivalents at the end of the period	302	829
Comprising		
Cash and cash equivalents	302	829
Bank overdraft	-	-
	302	829

Notes to the financial statements are included on pages 9 to 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Cockatoo Ridge Wines Limited (the "company") is a company domiciled in Australia. The consolidated interim financial statements of the company as at and for the half-year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as the "consolidated entity").

A copy of the company's annual financial report as at and for the year ended 30 June 2008 is available upon request from the company's registered office at Level 7, 530 Little Collins Street, Melbourne, Victoria 3000 or at www.cockatooridge.com.au

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

Recently issued or amended accounting standards:

The following Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted for this annual reporting period:

- AASB 8 "Operating Segments", issued February 2007 and applicable to the Group for the year commencing 1 July 2009.
- AASB 101 "Presentation of financial statements", (revised) issued September 2007 and applicable to the Group for the year commencing 1 July 2009.
- AASB 123 "Borrowing Costs", (revised) issued June 2007 and applicable to the Group for the year commencing 1 July 2009.
- AASB 2008-1 "Amendments to AASB 2, Share-based Payments: Vesting Conditions and Cancellations" issued February 2008 and applicable to the Group for the year commencing 1 July 2009.
- AASB 2008-2 "Amendments to AASB 132 and AASB 1: Puttable Financial Instruments and Obligations Arising on liquidation" issued March 2008 and applicable to the Group for the year commencing 1 July 2009.

The company has not determined the financial impact of adopting the new or amended accounting standards.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Going concern

Background

The consolidated entity's financial statements are prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the half year ended 31 December 2008, the consolidated entity incurred a net loss of $54.8 million, had net cash outflows from operating activities of $0.22 million and a net decrease in cash held of $3.27 million. This has resulted in accumulated losses of $65.96 million and an excess of current liabilities over current assets of $15.28 million as at 31 December 2008.

The consolidated entity's loss of $54.8 million, post impairment, in the six-month period was affected by:

(a) The company entered into a major bulk wine transaction in May 2008. The revenue and profit effect from this transaction was recorded in error in the prior period. However in the current period the transaction failed to complete and the company was not able to recognise a material profit of $2.85 million in the period. The failure of this transaction to complete also contributed to the inventory impairment disclosed in (b) by an amount of $1.08 million.

(b) impairment of inventory of $2.69 million;

(c) impairment of intangible assets (brands, goodwill) of $40.05 million;

(d) loss on disposal as a result of the sale of the "Normans" brand of $1.53 million;

(e) provision for onerous grape purchase contracts of $2.71 million; and

(f) impairments of trade receivables of $0.58 million.

Breach of covenants

During the half year the consolidated entity breached certain banking covenants and exceeded its facility limit, which has resulted in interest rate penalties and all of its finance facilities being classified as current liabilities pursuant to the covenant terms and conditions in the facility documentation entered into between the "Cockatoo" group and its financier, GE Commercial Finance. The amount of borrowings reclassified as current at period end was $5.4 million, resulting in the total facility of $19.56 million being classified as current and repayable upon demand. The security for this facility is a fixed and floating charge over all assets and undertakings of the company and other group entities.

The continuation of the consolidated entity as a going concern is wholly dependent upon:

- the continuing support of its financier GE Commercial Finance. The consequence of the breach of the covenant terms and conditions in the facility documentation is that the facility is repayable upon demand;
- the continuing support of its unsecured creditors; and
- its ability to generate sufficient cash from operating and financing activities.

Other factors

Notwithstanding the net loss above and net decrease in cash held at 31 December 2008, the Directors consider that the going concern basis of accounting is appropriate for the following reasons:

- In the period ended 31 December 2008, the consolidated entity reduced by $4.36 million its borrowings in accordance with its negotiated bank facilities and debt amortisation schedule. The company is in discussions with its financier to restructure its debt facility so that its repayment terms and financial and other covenants are more consistent with the business going forward. The company believes that as trading conditions improve in line with expectations in the months ahead, it will be able to achieve this outcome with its financier and therefore improve the company's net cash position. The company is actively working with its financiers to ensure the continued availability of credit facilities to fund current and future cash flow needs.
- The consolidated entity has entered into financial arrangements with certain of its creditors and is working with its major unsecured creditors to ensure their continued support.
- The budgets prepared by management and reviewed by the Directors indicate that the consolidated entity will generate sufficient cash to meet its operating requirements through the end of financial year 2009 and the budget prepared for the financial year ending 30 June 2010 indicates a return to profitability. These budgets are prepared based on the following presumptions:
    - ➢ The continuing performance of the Company's core brand "Cockatoo Ridge". The key factors providing the basis for the projected Brand performance are:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

        - The brand continues to outperform the market in Australia, with sales to end January 2009 being 14% ahead of the same seven month period last year and Nielsen data confirms that the lead brand, Cockatoo Ridge Brut NV, increased its value in the Australian marketplace by 16%, [despite the category declining by (3%)], and increased its volume by 25%, [the category declining by (5%)]. This data demonstrates continuing strong customer support for the brand.
        - The company has continued its export drive with its new agent in the U.S.A. doubling their first orders and a new agent in Ireland receiving initial shipments this quarter. China packaged sales continue to be strong, with this country on track to be the company's largest packaged export market in 2009.
    - This forecast takes into account the company's implementation of cost savings already underway. These will significantly reduce cash expenditure in such areas as staffing and on-costs, storage through rationalisation and, processing grapes of a tonnage geared to the company's forecast bottled packaging needs.

- Operating cash flows in the six months ended 31 December 2008 whilst negative to the value of $0.22 million were significantly impacted by the cashflow impact of an unsuccessful bulk wine sale transaction of $9.18 million.
- The collapse of the bulk wine sale resulted in extremely difficult trading conditions for the company for the period ended 31 December 2008 and a restatement of the prior year results. Moreover, the projected surplus of bulk wine arising from the impact of the 2009 vintage production and industry bulk wine inventory levels had kept a very low cap on bulk wine prices. The latest wine industry outlook for the 2009 vintage based upon the result of extremely hot weather in south-eastern Australia has seen a marked upturn in buyer interest in the bulk wines on hand. These stocks are continuing to be disposed of through the company's network of local and international agents and the company is seeing a small increase in the prices being offered. The company believes this trend will continue and will result in the company realising at least the values it currently has bulk wine inventory recorded at and that the company will have reduced its inventory holding considerably by June 2009. This will enable the company to progressively return to normal trading conditions while continuing to reduce its debt level and consequent interest costs by that date.
- The company is continuing to pursue opportunities to rationalise its asset base and align contracted grape supply so that they are more closely aligned with its strategy and direction.
- The Directors will continue to provide financial accommodation to the company through 30 June 2009. The two non-executive Directors have agreed with the company to continue to accrue Director's fees and interest thereon and defer receipt of payment until the company is better placed to do so. The executive Director based at the Melbourne corporate office has agreed to a reduction in his remuneration effective 1 January 2009.
- The resolution and/or settlement of a number of outstanding legal matters will significantly reduce the amount spent on legal fees as compared to the past.
- The Directors intend to pursue a modest capital raising and based on interest expressed by some current and potential new investors, notwithstanding present market volatility, the Directors anticipate that would be successful if initiated.

Material Uncertainty

In the event that the consolidated entity is unable to:

- continue to maintain the support of its financier whilst in breach of certain covenant terms and conditions in the facility documentation or renegotiate the facility terms or obtain a new source of debt funding; and/or
- continue to maintain the support of its unsecured creditors; and/or
- maintain the momentum of bottled wine sales locally and abroad and steadily dispose of its bulk wine holdings; and/or
- achieve identified cost savings; and/or
- generate sufficient cash flows from operations (and investing activities); and/or
- rationalise its asset base and align contracted grape supply so that they are more closely aligned with the its strategy and direction; and/or
- achieve an injection of equity,

there is material uncertainty whether the consolidated entity could continue as a going concern. Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that are substantially less than those noted in the financial report.

In particular, if the financiers, GE Commercial Finance, withdraw their support at any time it is highly unlikely the consolidated entity will be able to continue as a going concern.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

No adjustments have been made relating to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

NOTE 2: ERRORS

The company reported sale of bulk wine in the 30 June 2008 financial year, however in the current period, the relevant sales were cancelled as it was determined, following the non-payment of the receivable, that not all risks and rewards were transferred at the time the sale was initially recognised. In accordance with AASB108 'Accounting Policies, Changes in Accounting Estimates and Errors' the company is required to restate the comparative amounts for the period in which the error occurred.

Outlined below is the effect of the restatement of the prior period comparative amounts. Note there is no impact to the comparative Income Statement as disclosed in this half year financial report as the sale that was cancelled occurred in the second half of the 30 June 2008 financial year.

Income Statement	**Report 30 Jun 2008 $'000**	**Adjustments $'000**	**Restated 30 Jun 2008 $'000**
Revenue	46,911	(9,181)	37,730
Cost of sales	(29,623)	6,334	23,289
Gross Profit	17,288	(2,847)	14,441
Other revenue	52	-	52
Sales and marketing expenses	(2,645)	-	(2,645)
Administration expenses	(2,907)	-	(2,907)
Impairment charge of goodwill and brand names	(8,569)	-	(8,569)
Finance costs	(1,751)	-	(1,751)
Profit/(loss) before tax	1,468	(2,847)	(1,379)
Income tax (expenses)/benefit	(3,411)	854	(2,557)
Loss for the year – Attributable to equity holders of parent	(1,943)	(1,993)	(3,936)
Earnings per share (cents)			
Basic	(0.71)		(1.44)
Diluted	(0.71)		(1.44)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 2: ERRORS (CONT.)

Balance Sheet	Report 30 Jun 2008 $'000	Adjustments $'000	Restated 30 Jun 2008 $'000
Current assets			
Cash and cash equivalents	3,574	-	3,574
Trade and other receivables	21,189	(10,099)	11,090
Inventories	10,331	6,334	16,665
Other	5	-	5
Total current assets	35,099	(3,765)	31,334
Non-current assets			
Other financial assets	33	-	33
Property, plant and equipment	18,592	-	18,592
Deferred tax assets	3,627	854	4,481
Goodwill	29,825	-	29,825
Other intangible assets	19,019	-	19,019
Total no-current assets	71,096	854	71,950
Total assets	106,195	(2,911)	103,284
Current liabilities			
Trade and other payables	16,862	(918)	15,944
Borrowings	13,712	-	13,712
Provision	117	-	117
Total current liabilities	30,691	(918)	29,773
Non-current liabilities			
Borrowings	10,211	-	10,211
Provision	29	-	29
Total non-current liabilities	10,240	-	10,240
Total liabilities	40,931	(918)	40,013
Net assets	65,264	(1,993)	63,271
Equity			
Issued capital	68,394	-	68,394
Contributed	6,000	-	6,000
Reserves	56	-	56
Accumulated losses	(9,186)	(1,993)	(11,179)
Total equity	65,264	(1,993)	63,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 3: REVENUE

	Consolidated Half-year ended 31 Dec 2008 $'000	Consolidated Half-year ended 31 Dec 2007 $'000
Revenue from operating activities		
- Revenue from sale of goods	9,268	18,324
Revenue from non-operating activities		
- Other revenue	265	143
Interest received from:		
- Other persons	14	24
Realised gain	-	-
Total revenue	9,547	18,491

NOTE 4: DIVIDENDS

The company has not proposed an interim dividend for the period ending 31 December 2008 and did not pay a dividend in respect of the year ended 30 June 2008.

NOTE 5: SIGNIFICANT ITEMS

As at 31 December 2008, there were several items of significance that have impacted on the half-year result. These items have been listed below and the impact on the result for the period:

		$'000
(Loss) after significant items		(54,802)
Impairment	- Brands (NXG/CKR)	10,194
	- Goodwill	29,857
Loss on disposal (Normans Brand)		1,525
Onerous Grape contracts		2,705
Bad and doubtful debts		580
Impairment of bulk wine stock		2,688
De-recognition of deferred tax assets		4,481
(Loss) prior to significant items		(2,772)

NOTE 6: ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

There were no movements in the ordinary share capital or other issued capital of the company in the current half-year reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 7: SEGMENT REPORTING

Information on business segments

For management purposes, the Group segregates its primary segment information into the following:

- Packaged wine – This includes the bottling and packaging of wine under various labels under the Company's control for sale in Australia and overseas.
- Bulk wines – After the crushing and processing of grapes at the ACW Monash winery, bulk wine sales are made to customers in Australia and overseas.
- Other – Storage and processing fees for the use of facilities at Tanunda in the Barossa Valley and the Monash winery.

Segment revenues

	Revenue from External sales Half-year ended		Segment Results Half-year ended	
	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000
Packaged Wine	7,766	7,013	(7,735)	1,307
Bulk Wine Other	1,696	10,612	(40,220)	5,695
Other Revenue	85	866	16	726
Unallocated	-	-	-	-
Interest Revenue	-	-	14	24
Finance Costs	-	-	(1,202)	(788)
Administration Costs	-	-	(1,194)	(1,183)
	9,547	18,491	(50,321)	5,781

NOTE 8: SUBSEQUENT EVENTS

In the opinion of the directors of the company, there has not arisen in the interval between the end of the half-year and the date of this report any other item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Group during the remainder of the financial year.

NOTE 9: CONTINGENCIES AND COMMITMENTS

No contingent liabilities have arisen since the date of the last Annual Financial Report issued as at 30 June 2008.

NOTE 10: CASH AND CASH EQUIVALENTS

Cash balances not available for use

Included in the cash and cash equivalents at period end was an amount held in Trust of $325,602 (June 2008 - $316,000) by a legal firm. This sum was subsequently released to the company

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 11: DISCLOSURE OF ADDITIONAL INFORMATION

		Dec. 2008	Dec. 2007
a)	NTA per security	0.0049	4.53

b) (i) Control gained over entities having material effect – Nil
(ii) Loss of control over entities having a material effect – Nil

c) Included within Trade & other payables ($13,276,000) are loan and payable amounts totalling $1,704,318 from directors or director related entities. The loans and payables incur interest at market rates, are unsecured and the directors have agreed to defer payment until such time as the company is in a position to repay the amounts and in any event not before 30 June 2009.

NOTE 12: DETAILS OF ASSOCIATES AND JOINT VENTURES

Nil

DIRECTORS' DECLARATION

The directors of the company 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; and

(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 a true and fair view of the financial position and performance of the consolidated entity.

(c) comply with Accounting Standard AASB 134 Interim Financial Reporting.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of *the Corporations Act 2001*.

P J Perrin
Managing Director
Adelaide

M J S Drummond
Director and Company Secretary
Melbourne

Dated this 27th day of February 2009

Deloitte.

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Independent Auditor's Review Report to the members of Cockatoo Ridge Wines Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cockatoo Ridge Wines Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising Cockatoo Ridge Wines Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cockatoo Ridge Wines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cockatoo Ridge Wines Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss of $54,802,000 for the half year ended 31 December 2008 and, as of that date, the Consolidated Entity's current liabilities exceeded its current assets by $15,285,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Harvey
Partner
Chartered Accountants
Adelaide, 27 February 2009

CORPORATE DIRECTORY

DIRECTORS

Stuart A Richardson (chairman)
Peter J Perrin (managing director)
Melvyn J S Drummond (executive)
Ivan T Limb (non-executive)

COMPANY SECRETARY

Melvyn J S Drummond

REGISTERED OFFICE

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Registers of unlisted employee and other options held at this address

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CELLAR DOOR

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Register of listed ordinary shares held at this address

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