



ABN 16 089 111 124

APPENDIX 4D

HALF YEARLY REPORT

FOR PERIOD ENDED 31 DECEMBER 2008

Previous Corresponding Period – Half Year Ended 31 December 2007

CHEVIOT BRIDGE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Full year results for the half year ending 31 December 2008		
Profit and Loss	‘000	Change
Revenue from ordinary activities	14,652	Down 11%
Profit/(loss) from ordinary activities before tax	(57)	Down 153%
Net profit/(loss) attributable to members	(57)	Down 114%
Dividends (per share)	31 December 2008	31 December 2007
Dividend – interim	Nil	Nil
Record date	Nil	Nil
Other information	31 December 2008	31 December 2007
Net Tangible Assets per ordinary security	(0.79) cents*	0.00 cents*
Earnings per share (Basic and Diluted)	(0.06) cents	0.42 cents

* NTA excludes 23 cents (Dec 2007:29 cents) per share of intangible assets (brands and goodwill) consistent with the business model

The results for the period reflect the competitive nature of the industry and the cyclical and structural challenges. Product costs in the current year have increased as a result of the 2008 drought and heat impacted supply pricing together with the rising freight costs as the geographic reach of our retail chain clients expands. Whilst the company instituted price increases to preserve margins, the higher than anticipated 2008 vintage together with the outlook for a large 2009 vintage has impacted Cheviot's market share, particularly in fulfilling opportunistic private label offers.

Cheviot's export performance has been mixed. Trading in Canada has been strong with both bottle and b-paks performing well. Margins have been maintained and will be further aided by the currency advantage currently experienced. This together with strong growth in Asia Pacific has offset the disappointing performance in the USA. The lack of sales uptake anticipated from a major retail chain has led the company to alter its USA business approach to eliminate all fixed costs.

In light of the trading conditions the business has reduced its overhead levels. This has enabled the company to maintain an underlying trading profit before impairment losses at a similar level in dollar terms to the profit recorded from continuing operations in the prior year.

The cash flow and financial position of the company remains satisfactory. During the current financial period, inventory levels have been significantly reduced to strengthen cash flow.

Dividend

No dividends have been declared or paid during the current period.

Details of entities over which control has been gained

There were no other changes to the economic entity in the half-year ended 31 December 2008.

ABN 16 089 111 124

Half Year Report

For Period Ended 31 December 2008

Previous Corresponding Period – Half Year Ended 31 December 2007

Cheviot Bridge Limited

ABN 16 089 111 124

Half-year report for the period ended 31 December 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Cheviot Bridge Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Cheviot Bridge Limited and controlled entities Directors report – 31 December 2008

Your directors present their report for Cheviot Bridge Limited and controlled entities for the period ended 31 December 2008.

Directors

At the date of this report, the directors of Cheviot Bridge Limited are:

- William Gurry – Non-Executive Chairman
- Paul Batchelor – Non-Executive Director
- Andrew Brown – Non-Executive Director
- Paul Robertson – Non-Executive Director
- Maurice Dean – Executive Director
- Sean Edwards – Executive Director
- David Wood – Executive Director & Company Secretary
- Robert Stanway – Executive Director

All directors have acted for the whole half-year and up to the date of this report.

Review of operations

The results for the period reflect the competitive nature of the industry and the cyclical and structural challenges. Product costs in the current year have increased as a result of the 2008 drought and heat impacted supply pricing together with the rising freight costs as the geographic reach of our retail chain clients expands. Whilst the company instituted price increases to preserve margins, the higher than anticipated 2008 vintage together with the outlook for a large 2009 vintage has impacted Cheviot's market share, particularly in fulfilling opportunistic private label offers.

Cheviot's export performance has been mixed. Trading in Canada has been strong with both bottle and b-paks performing well. Margins have been maintained and will be further aided by the currency advantage currently experienced. This together with strong growth in Asia Pacific has offset the disappointing performance in the USA. The lack of sales uptake anticipated from a major retail chain has led the company to alter its USA business approach to eliminate all fixed costs.

In light of the trading conditions the business has reduced its overhead levels. This has enabled the company to maintain an underlying trading profit before impairment losses at a similar level in dollar terms to the profit recorded from continuing operations in the prior year.

The cash flow and financial position of the company remains satisfactory. During the current financial period, inventory levels have been significantly reduced to strengthen cash flow.

Matters subsequent to the end of the financial period

There are no subsequent matters to the half year ending December 2008.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order to the nearest thousand dollars.

**Cheviot Bridge Limited and controlled entities
Directors report – 31 December 2008**

Auditor

PricewaterhouseCoopers have been re-appointed as the auditors of Cheviot Bridge Limited and controlled entities in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.



William Gurry – Chairman

25 February 2009
MELBOURNE



Maurice Dean – Managing Director

25 February 2009
MELBOURNE

Cheviot Bridge Limited and controlled entities
Income statement for the period ended 31 December 2008

	Notes	Half-year 2008 \$'000	Half-year 2007 \$'000
Revenue from continuing operations	3	14,652	16,388
Other income	4	107	196
Cost of Goods Sold	6	(11,069)	(12,295)
Other expenses from ordinary activities			
Administration		(1,416)	(1,607)
Marketing		(262)	(351)
Sales		(1,627)	(1,899)
Finance Costs		(339)	(325)
Impairment of Financial asset		(103)	-
Profit/(loss) before income tax		(57)	107
Income tax expense		-	(32)
Profit/(loss) from continuing operations		(57)	75
Profit/(loss) from discontinuing operations	5	-	330
Profit/(loss) for the half year		(57)	405
		Cents	Cents
Basic earnings per share	11	(0.06)	0.42
Diluted earnings per share		(0.06)	0.42

The above Consolidated Income statement should be read in conjunction with the accompanying notes.

Cheviot Bridge Limited and controlled entities
Balance sheet as at 31 December 2008

	31 Dec	30 June
	2008	2008
	\$'000	\$'000
ASSETS		
Current assets		
Cash assets	456	465
Receivables	6,832	7,345
Inventories	4,116	5,278
Other Financial Assets	-	17
Total current assets	<u>11,404</u>	<u>13,105</u>
Non-current assets		
Other Financial Assets	155	377
Property, plant and equipment	2,035	1,985
Intangible assets	22,756	22,756
Deferred tax asset	320	320
Total non-current assets	<u>25,266</u>	<u>25,438</u>
Total assets	<u>36,670</u>	<u>38,543</u>
LIABILITIES		
Current liabilities		
Payables	6,714	8,046
Borrowings	1,158	998
Other Financial Liabilities	12	-
Provisions	438	483
Provision for income tax	-	38
Total current liabilities	<u>8,322</u>	<u>9,565</u>
Non-current liabilities		
Borrowings	5,784	6,225
Other financial liabilities	364	-
Deferred tax liability	219	219
Total non-current liabilities	<u>6,367</u>	<u>6,444</u>
Total liabilities	<u>14,689</u>	<u>16,009</u>
Net assets	<u>21,981</u>	<u>22,534</u>
Equity		
Parent entity interest		
Contributed equity	44,418	44,402
Cash flow hedge reserve	(376)	136
Accumulated losses	(22,061)	(22,004)
Total equity	<u>21,981</u>	<u>22,534</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Cheviot Bridge Limited and controlled entities
Statement in changes in equity as at 31 December 2008

	Half-year	
	2008	2007
	\$'000	\$'000
Total equity at the beginning of the half-year	22,534	25,716
Changes in value of Cash flow hedges	<u>(512)</u>	100
Net income/(loss) recognised directly in equity	(512)	100
Profit/(Loss) for the half-year	<u>(57)</u>	405
Total recognised income and expense for the year	(569)	505
Equity issued	16	1,461
Option based payments	<u>-</u>	13
	16	1,474
Total equity at the end of the half-year	21,981	27,695

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Cheviot Bridge Limited and controlled entities
Statement of cash flows for the period ended 31 December 2008

	Half-year	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	17,999	21,355
Payments to suppliers and employees (inclusive of goods and services tax)	(17,127)	(21,348)
Income tax paid	(40)	(504)
Interest received	30	13
Borrowing costs	(323)	(337)
Net cash inflow (outflow) from operating activities	539	(821)
Cash flows from investing activities		
Payment for purchase of controlled entity, net of cash acquired	-	(1,788)
Proceeds from disposal of controlled entities	5	500
Payments for property, plant & equipment	(280)	(372)
Proceeds on disposal of plant & equipment	11	64
Loan to Other entities	-	-
Net cash inflow (outflow) from investing activities	(269)	(1,596)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,519
Capital raising expenses	-	(58)
Proceeds from Borrowings	257	2,404
Repayment of borrowings	(536)	(774)
Net cash inflow (outflow) from financing activities	(279)	3,091
Net increase / (decrease) in cash held	(9)	674
Cash at the beginning of the reporting period	465	433
Cash at the end of the reporting period	456	1,107

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Cheviot Bridge Limited and controlled entities
Notes to the consolidated financial statements

Note 1 Basis of preparation of half year reports

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Cheviot Bridge Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment information

a) Description of Segments

Industry Segments

The consolidated entity operates predominantly in one industry segment that being the provision of wine industry services into the following divisions

1. Wine Sales –Marketing, sale and distribution of wines
2. Wine Services - Viticulture management (operation and management of vineyards)

Geographical Segments

The consolidated entity operates in one geographical segment, that being Australia.

b) Primary reporting format – business segments

Half year ended 31.12.2008	Wine Sales	Wine Services	Total continuing operations	Discontinued operations	Consolidated
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Segment revenue					
Sales to external customers	9,351	5,301	14,652	-	14,652
Unallocated revenue			107	-	107
Consolidated revenue			14,759	-	14,759
Segment result	561	475	1,036	-	1,036
Unallocated revenue less unallocated expense			(1,093)	-	(1,093)
Loss before income tax			(57)	-	(57)
Income tax expense			-	-	-
Loss for the period			(57)	-	(57)

Half year ended 31.12.2007	Wine Sales	Wine Services	Total continuing operations	Discontinued operations	Consolidated
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Segment revenue					
Sales to external customers	11,831	4,557	16,388	283	16,671
Unallocated revenue			196	-	196
Consolidated revenue			16,584	283	16,867
Segment result	893	436	1,329	472	1,801
Unallocated revenue less unallocated expense			(1,222)	-	(1,222)
Profit before income tax			107	472	579
Income tax expense			(32)	(142)	(174)
Profit for the period			75	330	405

Cheviot Bridge Limited and controlled entities
Notes to the consolidated financial statements

Note 3 Revenue

	Half-year	
	2008 \$'000	2007 \$'000
Revenue from continuing operations		
<i>Sales revenue</i>		
Sale of goods	9,351	11,831
Services	5,301	4,557
	14,652	16,388

Note 4 Other income

	Half-year	
	2008 \$'000	2007 \$'000
<i>Other revenue</i>		
Revenue from outside the operating activities	107	196
	107	196

Note 5 Discontinued operation

(a) Description

During the half-year, there were no disposals of entities.

On 18 September, 2007, the Group announced its intention to sell the financial services operations consisting of the Cheviot Asset Management Pty Limited and the Cheviot Kirribilly Limited to Tidewater Investments Limited (a related party to Mr. Andrew Brown - Director). The division was sold on 3 December, 2007 with effect from 1 October, 2007 and the division disposed of is reported in this financial report as a discontinued operation. On 31 March, 2008, Terrace Vale Wines Pty Ltd was sold to Mr. Paul Batchelor – Director of the company.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the three months ended 30 September, 2007 for the entities Cheviot Asset Management Pty Ltd and Cheviot Kirribilly Limited and for Terrace Vale Wines Pty Ltd for the half year ended 31 December, 2007.

Cheviot Bridge Limited and controlled entities
Notes to the consolidated financial statements

	Half year	
	2008 \$'000	2007 \$'000
Revenue	-	283
Expenses	-	(540)
Profit before income tax	-	(257)
Income tax expense	-	77
Profit after income tax of discontinued operations	-	(180)
Gain on sale of division before income tax	-	729
Income tax expense	-	(219)
Gain on sale of division after income tax	-	510
Profit from discontinued operations	-	330
Net cash inflow from ordinary activities	-	20
Net cash inflow(outflow) from investing activities	-	(24)
Net cash (outflow) from financing activities	-	-
Net increase in cash generated by the division	-	(4)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 September, 2007 for Cheviot Asset Management Pty Ltd and Cheviot Kirribilly Ltd and as at 31 March 2008 for Terrace Vale wines Pty Ltd are:

	Half year	
	2008 \$'000	2007 \$'000
Property, Plant & Equipment	-	23
Trade receivables	-	433
Total assets	-	456
Trade creditors	-	207
Total liabilities	-	207
Net assets	-	249

(d) Details of the sale of the division

	Half year	
	2008 \$'000	2007 \$'000
Consideration received or receivable:		
Cash	-	500
Equity in Tidewater Investments Limited	-	500
Total disposal consideration	-	1,000
Costs directly related to disposal	-	(26)
Carrying amount of net assets sold	-	(249)
Gain on sale before income tax	-	729
Income tax expense	-	(219)
Gain on sale after income tax	-	510

In consequence to the sale, Cheviot Asset Management Pty Limited ("CAM") and Cheviot Bridge Limited ("Cheviot") have entered into a Co-operation Agreement which, inter alia, provides for Cheviot to share the transaction fee payable to CAM for growth in assets under management for the period to 30 September, 2009.

Cheviot Bridge Limited and controlled entities
Notes to the consolidated financial statements

Note 6 Expenses

	Half-year	
	2008	2007
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Cost of sales of goods and services	11,069	12,381
Employee benefits expense	2,166	2,674
Depreciation	208	183
Finance costs	339	325

Note 7 Dividends

No dividends have been proposed or paid during the half year.

Note 8 Equity securities issued

	Half-year		Half-year	
	2008	2007	2008	2007
	Shares	Shares	\$'000	\$'000
Opening balance at 1 July	100,000,260	89,147,403	43,834	42,373
Issues of ordinary shares during the half-year				
Shares issued in consideration for acquisition of the Kirribilly Entities on 3 July,2006				
On 17 July 2007	-	3,710,000	-	519
Shares issued on 20 August 2007	-	1,750,000	-	245
Shares issued on 7 September 2007	-	5,392,857	-	755
Shares issued to employees on 13 August 2008	327,240		16	-
Less transaction costs arising on share issues			-	(58)
Balance at 31 December	100,327,500	100,000,260	43,850	43,834
	2008	2007	2008	2007
	Options	Options	'\$000	\$'000
Opening balance at 1 July	5,825,000	30,656,599	568	538
December 2007 \$0.40 exercise price options lapsed	-	(24,831,599)	-	-
\$0.35 exercise price Management Options, subject to vesting provisions and exercisable 1/3 on or after each of 14 December 2006, 14 December 2007 and 14 December 2008 lapsed.	(4,050,000)		-	13
Balance at 31 December	1,775,000	5,825,000	568	551
Total Contributed Equity			44,418	44,385

Note 9 Contingent liabilities

Guarantees

A bank guarantee was been provided to secure operating leases for premises totaling \$72,892 (2007- \$72,892.)

Cheviot Bridge Limited and controlled entities
Notes to the consolidated financial statements

Note 10 Event occurring after reporting date

No matter or circumstance has arisen since 31 December 2008 that has significantly affected or may significantly affect:

- the Company's operations;
- the results of those operations;
- the Company's state of affairs.

Note 11 Earnings per share

	Half-year	
	2008	2007
	Cents	Cents
Basic earnings per share	(0.06)	0.42
Diluted earnings per share	(0.06)	0.42
	2008	2007
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	100,250,608	97,193,843
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	100,250,608	97,193,843
	2007	2007
	\$'000	\$'000
Earnings used in calculating basic earnings per share	(57)	405

Note 12 Borrowings

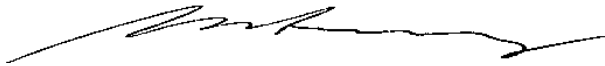
At 31 December 2008, the Company has a secured facility of \$6,933,000 utilised with a major trading bank ("Financier") which is subject to an annual review. The facility with the Financier requires the Company to meet covenants relating to specified minimum ratios of capital adequacy (as defined by the Company and the Financier), interest cover and a maximum ratio of operating leverage. As at 31 December 2008, the Company was in compliance with bank covenants. By 30 June 2009, based on internally budgeted results, the Company expects to remain in compliance with the covenanted ratios. In the event that results fall significantly short of those budgeted for the remainder of the financial year ended 30 June 2009, the Company may be required to seek waivers under its bank covenants or renegotiate its arrangements with its bankers.

Cheviot Bridge Limited and controlled entities
Directors declaration for the period ended 31 December 2008

In the directors' opinion:

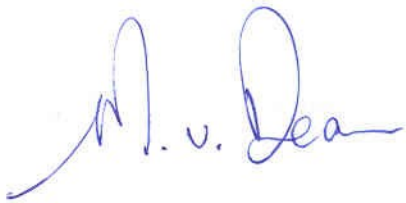
- (a) the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Cheviot Bridge Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



William Gurry – Chairman

25 February 2009
Melbourne



Maurice Dean – Managing Director


25 February 2009
Melbourne

Auditor's Independence Declaration

As lead auditor for the review of Cheviot Bridge Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cheviot Bridget Limited and the entities it controlled during the period.



Paul Lewis
Partner
PricewaterhouseCoopers

Melbourne
25 February 2009

**Independent auditor's review report to the members of
Cheviot Bridge Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cheviot Bridge Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Cheviot Bridge Limited Group (the consolidated entity). The consolidated entity comprises both Cheviot Bridge Limited (the company) and the entities it controlled during that half-year.

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 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 Cheviot Bridge 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

**Independent auditor's review report to the members of
Cheviot Bridge Limited (continued)**

Report on the Half-Year Financial Report (continued)

Auditor's Responsibility (continued)

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

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 Cheviot Bridge 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 *Corporations Regulations 2001*.


PricewaterhouseCoopers


Paul Lewis
Partner

Melbourne
25 February 2009