Terra Vitae Vineyards Limited

August 2011 - The Riesling block at Higgins Road Vineyard looking north towards Blenheim

ANNUAL REPORT
for the year ended 30 June 2011

Terra Vitae Vineyards Limited

Financial Statements

For the year ended 30 June 2011

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Terra Vitae Vineyards Ltd

Chairman's Report

On behalf of your Board of Directors I have pleasure in presenting the Annual Report of Terra Vitae Vineyards Ltd (TVV) for the year ended 30th June 2011.

The global financial turmoil continues to affect worldwide consumer confidence and spending. Along with this and the overhang of the 2008 oversupply of sauvignon blanc, it has meant that the recovery of the industry from the 2009 dramatic fall in grape and wine prices, has taken much longer than was hoped. As a result of this, the whole industry has been very proactive in the world market place, gaining more markets and endeavouring to hold the prices as much as possible. The long term demand versus supply is improving. As the market grows, the global demand will eventually get ahead of supply. All this depends on where the $NZ sits in relation to our main trading partners in these very volatile times. Sales have grown and New Zealand's four top wine markets in order of size are New Zealand, United Kingdom, Australia and the United States of America. An emphasis on quality and yield restrictions has meant that New Zealand wine has held a good price point position in the world markets.

Subject to currency movements and an improvement of the global financial issues, we can expect a gradual improvement of grape prices over the next three to five years. This, along with our Higgins Road vineyard reaching full production, has meant that we are budgeting a modest trading profit for the year ending 30 June 2012. We would also hope that the drop in property values we have been reporting since 2009 will have levelled out and begin to be positive.

This year saw the Company gross $5,466,492 across your vineyards as against $4,094,473 last year and after expenses, an operating loss of $216,831 ($511,240 last year). Under the IFRS rules, the valuation drop, based on property sales (and carried out by an independent registered valuer), resulted in a $4,567,332 drop in value of all our vineyards being charged to profit & loss, which drags the total reported loss before income tax to $4,784,163. The budgeted expenses forecast in 2007 when we bought and developed the Higgins Road block have proven to be very accurate with the material difference being in the price received for the grapes sold, being below forecast.

As disappointed your Board is at the last three years of negative results, we remain optimistic for the future of the industry and of TVV. They have been difficult times for the Board and our staff, but everyone has kept very focussed on continuing to manage TVV's assets in the best way possible with a long term vision. Due to the reduction in value of the vineyards over the past year, there has been a minor breach of our banking covenants as at 30 June 2011. I want to record here the support of our bankers who have indicated in recent discussions that they intend to continue to support the Company during this challenging time for the industry.

Marlborough has once again performed well, while our Hawke's Bay vineyards have produced good grapes, but struggled with climatic and other issues. Marlborough dominates the production of grapes in New Zealand with approximately 245,000 tonnes being produced (of which 205,000 is sauvignon blanc) compared with 35,000 tonnes in Hawke's Bay and nearly 15,000 in Gisborne. The average yield for 2011 in New Zealand was 9.6 tonnes per hectare, which is the same as what Terra Vitae achieved for the 2011 vintage. A summary of each vineyard's yield follows:

Vineyard	Yield 2010	Yield 2011	Crop Value 2010	Crop Value 2011
Seddon	778	941	$1,244,691	$1,490,678
Higgins Road	684	1395	$956,797	$1,975,081
Taylors Pass	801	896	$1,263,475	$1,348,187
Keltern	219	285	$351,453	$460,765
Twyford Gravels	101	68	$278,057	$191,781
Totals	2583	3585	$4,094,473	$5,466,492

The bench marking performance measuring, begun last year, has enabled efficiencies to be measured in the individual vineyards with the knowledge gained from within the Company and from industry benchmarking. This along with the ability of our vineyards to produce better than average style wines, means that we have received a better than 'industry average price' for our grapes this year.

The investment made in mechanical equipment, especially at Higgins Road, has shown a very positive contribution to the bottom line. This has resulted in lower pruning costs, lower labour costs and when time allows, additional income gained from using the equipment in other vineyards within the Villa Maria Group.

Award wines produced from TVV's vineyards include;

VM SV Keltern Chardonnay 2010
NZ International Wine Show 2011 - Gold medal, Champion Chardonnay Trophy, Champion Wine of Show Trophy
Bragato Wine Awards 2011 - Pure Gold medal, Champion Chardonnay Trophy, Sustainability Trophy and Champion Wine of Show Trophy

VM SV Keltern Chardonnay 2009
Bragato Wine Awards 2011 - Pure Gold medal
Cuisine - 5 stars and Top 10 (May 2011)

VM SV Taylors Pass Chardonnay 2009
Royal Easter Show 2011 - Gold medal

VM SV Taylors Pass Chardonnay 2007
International Wine Challenge UK 2011 - Gold, Trophy (Champion NZ Chardonnay)
NZ International Wine Show 2011 - Gold

VM SV Taylors Pass Pinot Noir 2007
NZ International Wine Show 2011 - Gold
Wine Enthusiast - 90 points

VM SV Seddon Pinot Gris 2009
Royal Easter Show 2011 - Gold medal

My congratulations goes to Sir George Fistonich, owner and Managing Director of Villa Maria Estate, who has just received the International Wine Challenge's highest honour at the awards dinner in London, where he accepted the prestigious Lifetime Achievement Award. Sir George joins an exclusive group of high profile figures from the wine world who have previously received this award, most recently including Peter Lehmann, Peter Lehmann Wines (2009) and Miguel Torres, Bodegas Torres (2010).

Our share price sits around 29c with the year's range being between 25c and 38c. There have been few trades during the last 12 months, which is understandable when the n.t.a. value is 65c.

A successful field day was enjoyed by a good number of shareholders on February 26 in Hawke's Bay. Both vineyards were looking well maintained, which was a credit to the managers and their staff. The vines were carrying excellent quality fruit and it was disappointing that wet weather soon after the field day put a lot of pressure on the quality of the fruit and at times early picking had to take place as the quality rapidly deteriorated. The field day ended with an enjoyable lunch at the wonderful Esk Valley winery. If there is good interest we will be looking at holding a field day in Marlborough in February/March 2012.

In conclusion I want to record my thanks to Sir George Fistonich, Alastair Maling, Ollie Powrie, the Villa Maria team and our vineyard managers, Carl, Garrie, Mark and Phil for the work they do for Terra Vitae. Finally I want to thank my fellow board members for their large contribution to the running of TVV and our secretary/ manager Alan O'Sullivan for his assistance to me. Alan's professional contribution and efficiency is huge and much appreciated and recognised by myself and the Board.

Our Annual Meeting is being held at 2.30 pm on the 21st of November at Villa Maria, Auckland. I look forward to hopefully meeting many of you there.

D S Ferraby

Chairman – Terra Vitae Vineyards Limited

Terra Vitae Vineyards Limited

Directors' Report & Responsibility Statement

The Board of Directors have pleasure in presenting the annual report of Terra Vitae Vineyards Limited, incorporating the financial statements and the independent auditors' report, for the year ended 30 June 2011.

Principal Activity

The principal activity of the Company continued to be the growing of grapes for the wine industry.

Results	**2011**	**2010**
	$	**$**
Profit / (loss) for the year	(4,221,649)	(4,457,033)
Total Equity of the Company	26,013,135	30,802,786
Total Assets of the Company	56,985,311	61,119,015

Auditors

In accordance with section 196(1) of the Companies Act 1993 the auditors, CST Nexia Audit, continue in office.

Interested Parties

All transactions conducted by the Company with Villa Maria Estate Limited, Vineyard Plants Limited and Vine Test Lab Limited, companies of which Sir G Fistonich is a current director, are interested transactions. Details of these are given in Note 25 to the financial statements.

Directors' remuneration

During the year the Company paid the following directors' fees as approved by the shareholders:

D Ferraby	$24,000
G Fistonich	$12,000
A Pearson	$12,000
M Brajkovich	$12,000
	$60,000

Directors' Loans

There were no loans by the Company to the directors during the year.

Directors' Indemnity and Insurance

The Company has arranged policies of Directors Liability Insurance to ensure that generally, Directors will incur no monetary loss as a result of actions taken against them as Directors.

Directors' Shareholding

The Directors' current shareholdings in the Company are as follows:

D Ferraby	30,000
G Fistonich	503,240
A Pearson	61,000
M Brajkovich	26,000

Terra Vitae Vineyards Limited

Directors' Report Continued

Significant Events

No significant events occurred during the year under review.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the balance sheet as at 30 June 2011 and the income statement, statements of comprehensive income, changes in equity and cash flows for the Company for the year then ended.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept, which enable with reasonable accuracy, the determination of the financial position of the Company and the compliance of the financial statements with the Financial Reporting Act 1993 and the Companies Act 1993.

The Directors consider that they have taken adequate steps to safeguard assets of the Company. The financial statements have been prepared on a going concern basis. Subject to note 2(ii) nothing has come to the attention of the directors to indicate that the Company will not remain a going concern in the foreseeable future.

The Board of Directors of the Company authorised these financial statements presented on pages 6 to 34 for issue on 12 October 2011.

For and on behalf of the Board.

D Ferraby
Director

A Pearson
Director

12 October 2011

12 October 2011

Terra Vitae Vineyards Limited
Income Statement
For the year ended 30 June 2011

	Notes	**2011 $**	2010 $
Revenue			
Sale of Grapes		5,466,492	4,094,473
Interest Income		1,543	241
Dividends		250	-
Services rendered-Harvesting Income		212,172	166,919
		5,680,457	4,261,633
Cost of sales	8	2,908,168	3,080,925
Gross profit		2,772,289	1,180,708
Other Income			
Sundry income	7	40,460	26,464
Fair value movement in biological assets	7	-	-
Total Other Income		40,460	26,464
Operating Expenses			
Administrative costs	8	203,955	193,106
Depreciation	8	633,614	607,745
Finance costs	8	1,972,840	545,733
Other expenses	8	219,171	371,827
Fair value movement in land	8	2,647,978	2,986,525
Fair value movement in other property, plant and equipment	8	1,037,354	456,885
Fair value movement in biological assets	8	882,000	201,177
Total operating expenses		7,596,912	5,362,998
Total Expenses		7,596,912	5,362,998
Profit/(loss) before income tax		(4,784,163)	(4,155,826)
Income tax (expense)/credit	9	562,514	(301,207)
Profit/(loss) for the year		(4,221,649)	(4,457,033)

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

Terra Vitae Vineyards Limited
Statement of Comprehensive Income
For the year ended 30 June 2011

	Notes	**2011** **$**	2010 $
Profit (loss) for the year		(4,221,649)	(4,457,033)
Other comprehensive income			
Revaluation of land and buildings*	19	(513,439)	(2,263,434)
Income tax relating to components of other comprehensive income	16	(54,563)	15,499
Other comprehensive income for the year, net of tax		(568,002)	(2,247,935)
Total comprehensive income for the year, net of tax		(4,789,651)	(6,704,968)
Attributable to:			
Owners of the parent		(4,789,651)	(6,704,968)
Basic and diluted earnings/(loss) per share	27	-0.11	-0.11

* - represents the net increase (decrease) in the revaluation reserve

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Terra Vitae Vineyards Limited
Balance Sheet
As at 30 June 2011

	Notes	**2011** $	2010 $
Current assets			
Cash and cash equivalents	10	4,336	4,376
Prepayments and other receivables	11	82,943	71,389
Related party receivables	25e	3,745,545	2,762,094
Current tax receivable	9	463	62
Total current assets		3,833,287	2,837,921
Non-current assets			
Property, plant and equipment	12	35,561,924	39,808,994
Biological assets	14	17,590,000	18,472,000
Other financial assets	13	100	100
Total non-current assets		53,152,024	58,281,094
Total assets		56,985,311	61,119,015
Current liabilities			
Interest bearing liabilities	17	25,654,357	-
UDC Finance Limited		37,912	-
Trade and other payables	15	361,843	336,937
Related party payables	25e	87,079	121,295
Total current liabilities		26,141,191	458,232
Non-current liabilities			
Interest bearing liabilities	17	-	24,780,138
UDC Finance Limited		261,078	-
Deferred tax liability	16	4,569,906	5,077,859
Total non-current liabilities		4,830,984	29,857,997
Total liabilities		30,972,176	30,316,229
Net assets		26,013,135	30,802,786
Equity			
Share capital	18a	28,800,000	28,800,000
Retained earnings		(9,686,938)	(5,465,289)
Asset revaluation reserve - property, plant & equipment	19	6,900,073	7,468,075
Total equity		26,013,135	30,802,786

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

Terra Vitae Vineyards Limited
Statement of Changes in Equity
For the year ended 30 June 2010

	Notes	Share capital $	Asset revaluation reserve $	Retained earnings $	Total $
Balance as at 1 July 2009		**28,800,000**	**9,716,010**	**(1,008,255)**	**37,507,755**
Profit for the period		-	-	(4,457,033)	(4,457,033)
Other comprehensive income		-	(2,247,935)	-	(2,247,935)
Total comprehensive income for the year		-	(2,247,935)	(4,457,033)	(6,704,968)
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	-	-
Other movements		-	-	-	-
Dividends paid	20	-	-	-	-
Balance as at 30 June 2010		**28,800,000**	**7,468,075**	**(5,465,289)**	**30,802,786**
Balance as at 1 July 2010		**28,800,000**	**7,468,075**	**(5,465,289)**	**30,802,786**
Profit for the period		-	-	(4,221,649)	(4,221,649)
Other comprehensive income		-	(568,002)	-	(568,002)
Total comprehensive income for the year		-	(568,002)	(4,221,649)	(4,789,651)
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	-	-
Other movements		-		-	-
Dividends paid	20	-	-	-	-
Balance as at 30 June 2011		**28,800,000**	**6,900,073**	**(9,686,938)**	**26,013,135**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Terra Vitae Vineyards Limited
Statement of Cash Flows
For the year ended 30 June 2011

	Notes	**2011** $	2010 $
Operating Activities			
Cash was provided from:			
Receipts from customers		4,695,213	4,142,913
Interest received		1,543	303
Dividends received		250	0
Other income received		40,460	25,214
Income tax refunded		62	12,812
Cash was disbursed to:			
Payments to suppliers		(3,352,160)	(3,690,212)
Interest paid		(1,972,840)	(545,733)
Income taxes paid		(463)	0
Net cashflows from operating activities	22	(587,935)	(54,703)
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment		-	1,250
Cash was applied to:			
Purchase of property, plant and equipment		(585,315)	(793,173)
Payments of interest capitalised to property, plant and equipment		-	(1,299,542)
Purchase of biological assets		-	(6,585)
Net cashflow from investing activities		(585,315)	(2,098,050)
Financing activities			
Cash was provided from:			
Proceeds of bank borrowings		874,219	2,152,722
Proceeds from other loans		298,990	
Cash was applied to:			
Repayment of bank borrowings		0	-
Payment of dividend		0	0
Net cashflows from financing activities		1,173,209	2,152,722
Net increase/(decrease) in cash and cash equivalents		(41)	(32)
Cash and cash equivalents at beginning of year		4,376	4,408
Cash and cash equivalents at end of the year	10	4,336	4,376

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

Terra Vitae Vineyards Limited grows grapes for sale to wine producers. The company is a limited liability company incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The address of its registered office and principal place of business is 10 Birman Close, Half Moon Bay, Auckland, New Zealand. The company is a profit oriented entity. The Company is an issuer in terms of the Financial Reporting Act 1993.

These financial statements were authorised for issue by the Board of Directors on 12 October 2011. The entity's owners do not have the power to amend the financial statements after issue.

2 (i) Summary of Significant Accounting Policies

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other financial reporting standards as applicable to profit oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

Entity reporting
The financial statements are for Terra Vitae Vineyards Limited as a separate legal entity.

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for the revaluation of biological assets and some classes of property, plant & equipment, which are stated at fair value.

Accounting estimates and judgements
The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM, being the Board of Directors, are responsible for the allocation of resources to operating segments and assessing their performance.

(c) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2 (i)Summary of Significant Accounting Policies (continued)

(d) Revenue recognition
Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services, net of Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Sale of grapes
The primary source of revenue for the company is from the sales of grapes harvested. Revenue is recognised when the significant risks and rewards of ownership have passed to the customer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the customer at the time of delivery of the grapes.

(ii) Interest income
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iv) Fair value of grape vines
Changes in the fair value less estimated point of sale costs of grape vines are recognised in the Income Statement in the year they arise.

(e) Income tax
The income tax expense comprises both current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Deferred tax is recognised in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxation authority.

(f) Goods and Services Tax (GST)
The Income Statement has been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a net basis and 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 part of the operating cash flows.

(g) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts.

2 (i)Summary of Significant Accounting Policies (continued)

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependant on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the reduction of the liability.

(i) Impairment of non-financial assets

Assets with finite useful lives are subject to depreciation and amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The value in use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Trade & other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment. Trade receivables are due for settlement as per the terms of the Vineyard Management and Grape Purchase Agreement with Villa Maria Estate Ltd. The last date for payment under this agreement is 30 September, four months after the date of invoice. Collectibility of trade receivables is reviewed on an ongoing basis.

An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against an allowance account for trade receivables. Other receivables are recognised at amortised cost, less any provision for impairments.

(k) Investments and other financial assets

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date. These are classified as non-current. The company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes g and j)

(ii) Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 (i)Summary of Significant Accounting Policies (continued)

Purchases and sales of investments are recognised on trade date or the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The Company has accounted for its available for sale financial assets at cost because there is no quoted market price available, and the range of reasonable fair value estimates using valuation techniques is significant and the probabilities of the various estimates cannot be reasonably assessed.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(m) Property, plant and equipment

Land, land development and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and land development. The valuations are undertaken more frequently if there is a material change in the fair value, relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land, land development and buildings are credited to an asset revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the Income Statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Freehold buildings	25 - 33 years
Land development	33 years
Motor vehicles	3 - 10 years
Plant	2 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the entity.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. When revalued assets are sold, it is company policy to transfer the amounts included in the asset revaluation reserve in respect of those assets to retained earnings.

2 (i)Summary of Significant Accounting Policies (continued)

(n) Borrowings
Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Borrowing costs
Borrowing costs for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Once the asset is brought into productive use, capitalisation of the borrowing costs ceases. All other borrowing costs are expensed when incurred, including; interest on bank overdraft, interest on short term and long-term borrowings, interest on finance leases and unwinding of discount on provisions.

The Company did not capitalise any borrowing costs in the current year.

(p) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Due to their short term nature, they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 20 days after the end of the month of recognition.

(q) Dividends
Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(r) Biological assets
Grape vines
Grape vines are measured at their fair value less estimated point of sale costs. Point of sale costs include all costs that would be necessary to sell the asset, excluding costs necessary to get assets to markets. The fair value of vineyards, including land, grape vines and other vineyard infrastructure, is determined by an independent valuer, and is based on current market prices in an active market. An active market is a market where the items traded within the market are homogenous, willing buyers and sellers can normally be found at any time, and prices are available to the public. This includes use of recent arms length transactions and reference to other vineyards that are substantially the same. The fair value of land and other vineyard infrastructure is deducted from the fair value of vineyards, to determine the fair value of grape vines.

(s) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share
(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2 (ii) Going Concern

The Directors have considered the Company's future position and have established that it can reasonably be considered a going concern. The Directors have taken into account a number of factors in forming this view including the following:

1. The Company was established to grow premium grapes under a long term contractual arrangement with Villa Maria. This agreement is current with rights of renewal up until 2058.

2. The Vineyard Management and Grape Purchase Agreement requires Villa Maria to purchase all grapes grown on the Company's vineyards at market prices (subject to minimum quality specifications). The Company therefore expects to sell all its grapes harvested in the foreseeable future to Villa Maria.

3. The vineyards are in two regions at four locations providing some diversity and protection against the effects of climatic and geological events.

4. The vineyards are fully developed, in full production and the varieties grown are, in the main, in line with the current demand for the wine produced and the mix of varieties is considered appropriate.

5. The wine industry's export volumes have continued to grow (13% for the year ended July 2011) as opposed to no projected growth in producing vineyards from 2010 to 2014. Whilst the 2011 harvest was larger than expected for the industry, the stronger than expected sales performance of New Zealand Sauvignon Blanc has seen a reduction in wineries inventories. An increase of only 15m litres or 9% in sales volume is required to sell the 2011 vintage. This redress of the supply imbalance created from the large 2008 vintage eliminates the major factor which has been suppressing grape prices. The Directors have considered this position in projecting an increase in revenue in future years.

6. The majority of the losses reported in the past three years have been the result of fair value adjustments to the vineyards, which has had no effect on the cash flow of the business. The company continues to reduce its operating loss before fair value adjustments. Operating losses before fair value adjustments in the past three years have been $216,831 (2011), $511,240 (2010) and $619,900 (2009). A modest operating profit before fair value adjustments is forecast for 2012.

7. The Directors have entered into discussions with the Company's bankers to provide additional short term banking facilities for June and July 2012 as was successfully arranged in 2011. The Directors expect that these will be in place before the end of the calendar year. The Company is also negotiating a temporary variation to the Vineyard Management and Grape Purchase Agreement whereby part of the funds due in May 2012 are received at an earlier date. The Directors anticipate that the expected short term temporary increase in facility limits combined with the early receipt of part of the revenue will be adequate to meet the Company's cash flow requirements provided the Company achieves its targeted production levels of at least 3,700 tonnes at forecast prices. In the event that the targeted production level or price is not achieved, the Directors may consider the sale of less productive assets to provide additional working capital.

8. The Company operates in an industry that is cyclical and subject to the effects of both international and local economic conditions, however the Directors view is that the industry is at the bottom of the current cycle. The Directors consider that risk is being prudently managed in the circumstances.

3 (A) New Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Company include:

NZ IFRS 9 Financial Instruments (Effective for annual periods beginning on or after 1 January 2013) : The first phase of IFRS 9 Financial Instruments addresses the classification and measurement of financial assets. The IASB's work on the other phases is ongoing and includes classification and measurement of financial liabilities, impairment of financial instruments, hedge accounting and derecognition of financial instruments, with a view to replacing IAS 39 Financial Instruments: Recognition and Measurement in its entirety by early 2011.

Phase 1 of IFRS 9 applies to all financial assets within the scope of IAS 39. The key requirements of IFRS 9 are as follows:

At initial recognition, all financial assets are measured at fair value.

NZ IAS 24 Related Party Disclosures (Effective for annual periods beginning on or after 1 January 2011) : The revised NZ IAS 24 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
(a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
(b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and
(c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

NZ IFRS 7 Amendments to Financial Instruments (Effective for annual periods beginning on or after 1 July 2011) : The amendments to NZ IFRS 7 enhance the transparency of disclosure requirements for the transfer of financial assets.

For transferred financial assets that are derecognised in their entirety but where the entity has a continuing involvement in them, the amendments require disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

For transferred financial assets that are not derecognised in their entirety, the amendments require disclosure of information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities.

All the information will need to be presented in a single note in an entity's financial statements.

3 (A) New Standards and Interpretations Issued but Not Yet Effective (continued)

Amendments to New Zealand Accounting Standards arising from the Annual Improvements Project (2010) (Effective for annual periods beginning on or after 1 January 2011)

The amendments to NZ IFRS 7 emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments.

The Amendments to quantitative and credit risk disclosures are, as follows:
• Clarify that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk
• Require, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk)
• Remove the disclosure requirement of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired
• Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired
• Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date

The amendments to NZ IAS 1 clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

The amendments to NZ IAS 34 provides guidance to illustrate how to apply disclosure principles in NZ IAS 34 and add disclosure requirements around:
• The circumstances likely to affect fair values of financial instruments and their classification
• Transfers of financial instruments between different levels of the fair value hierarchy
• Changes in classification of financial assets
• Changes in contingent liabilities and assets

3 (B) New Accounting Standards and Interpretations

Annual Improvements Project
In 2008 and 2009 various amendments to NZ IFRS were issued as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

- NZ IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

- NZ IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in NZ IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Company as the annual impairment test is performed before aggregation.

- NZ IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal Company's classified as held for sale or discontinued operations are only those set out in NZ IFRS 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations.

Other amendments resulting from the Annual Improvements Project to the following standards did not have any impact on the accounting policies, financial position or performance of the Company.

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and profit within the next financial year are discussed

(i) Valuation of grape vines
Vines are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. The fair value of the vines at 30 June 2011 is $17,590,000 (2010: $18,472,000). The decrease in their fair value for the year ended 30 June 2011 is $882,000 (2010: $201,177). (Refer to note 14.)

(ii) Valuation of land and buildings
Land (including land development) and buildings are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. The fair value of land, land development and buildings at 30 June 2011 is $33,328,999 (2010: $37,716,000). The decrease in their fair value, net of impairment losses or reversals, for the year ended 30 June 2011 is $4,198,773 (2010 $4,316,000). (Refer to note 12.)

(iii) Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(iv) Recovery of Deferred Tax Assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next five years. Deferred tax assets, including those arising from unrecouped tax losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised on the statement of financial position and the amount of other tax losses not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(v) Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Under note 2(ii), management has detailed the strategies and plans in place to demonstrate the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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5 Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (price risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and agricultural risk.

Risk management is carried out by the Board of Directors. The Board identifies and evaluates financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, investment of excess liquidity and agricultural risk.

(a) Market risk
(i) Foreign exchange risk
The Company has no direct currency risk. No assets or liabilities are held in foreign currency and the Company's purchases and sales are in New Zealand dollars.

(ii) Price risk
The Company sells its entire grape harvest under a Vineyard Management and Grape Purchase Agreement with Villa Maria Estate Limited. The price paid for the grapes is based on the average price paid for each variety by similar sized companies in each region. These prices are verified with the Company's Independent Consultant and other industry sources. Various quality factors are also taken into account in assessing the final price paid. As the selling price is set on an annual basis, the Company is exposed to movement in the price paid.

(iii) Cash flow and fair value interest rate risk
The Company's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's long term borrowings from Rabobank have both a variable and fixed interest rate portion. At 30 June 2011 approximately 21% (2010 20%) of borrowings had interest rates fixed for a minimum of 3 years.

Sensitivity Analysis
The following table shows the sensitivity of the Company's after tax profit and equity from changes in the interest rates on its variable long term borrowings. It has been assumed that a movement of 1% or more in the variable rate would result in the variable interest rate borrowings being fixed at a rate lower than the existing variable rate.

		+[1]% change in interest rate			
		Impact on post tax profit		Impact on equity	
	Carrying amount	2011	2010	2011	2010
Variable portion of long term borrowings	$28,576	$200	$3,711	$200	$3,711
	(2010: $530,138)				

		-[1]% change in interest rate			
		Impact on post tax profit		Impact on equity	
	Carrying amount	2011	2010	2011	2010
Variable portion of long term borrowings	$28,576	-$(200)	-$(3,711)	-$(200)	-$(3,711)
	(2010: $530,138)				

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Notes to the financial statements
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5 Financial Risk Management (continued)

(b) Credit risk

Credit risk is managed on a regular basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. As part of the company's financial risk policy, limits on exposures have been set and are monitored on a regular basis. Credit risk is therefore not significant. The company does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

The Company has only one significant debtor at the balance sheet date:

	2011	2010
Counter party		
Villa Maria Estate Limited	$ 3,745,545	$ 2,762,094

There was no outstanding balance at the time of authorising the financial statements. The balance is therefore not impaired.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

At 30 June 2011		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables		$ 486,834	-	-	-
Bank borrowings		$25,654,357	-	-	$ -
UDC Finance		$ 37,912	$ 41,387	$ 219,691	

At 30 June 2010		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables		$ 458,232	-	-	-
Bank borrowings		-	-	-	$ 24,780,138

5 Financial Risk Management (continued)

(d) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Refer to the accounting policies for fair value estimation methods.

The carrying value of cash and cash equivalents, trade receivables and trade payables are assumed to approximate their fair values due to the short term nature of these financial instruments.

The carrying value of bank borrowings are assumed to approximate their fair values. The fair values of balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. The fair values of balances due after 12 months equal their carrying balances, as the interest rates on these borrowings are fixed at market rates.

(e) Financial risk management strategies related to agricultural activity.
The Company is exposed to financial risks in respect of agricultural activities. The agricultural activities of the Company primarily consist of the ownership of vineyards to produce grapes that are then sold to Villa Maria Estate Limited for the production of wine. The primary risk borne by the Company is caused by the length of time between when the cash is expended on the purchase or planting and maintenance of grape vines and on harvesting grapes and the ultimate realisation of proceeds from the sale of the grapes. The realisation of proceeds from the sale of grapes is however governed by the Vineyard Management and Grape Purchase Agreement that stipulates the exact time that the money is expected to be received. The Company also takes reasonable measures to ensure that the current year's harvest is not affected by disease, drought, frost, or other factors that may have a negative effect upon yield and quality. These measures include consultation with experts in viticulture, frost protection measures, and ensuring that each vineyard is managed according to the Vineyard Management and Grape Purchase Agreement.

6 Segment Information

The company operates in one industry segment being the cultivation of vineyards and the harvest of grapes. The company operates in one geographic segment, being New Zealand.

Management have determined the operating segments based on the reports reviewed by the Board that are used to make decisions.

The Company manages three vineyards in the Marlborough region and two vineyards in the Hawkes Bay region, both in New Zealand. The five vineyards have the same economic, procurement and cultivation methods and the same end customer and are considered a single segment as defined by NZ IFRS 8. The segment result is equivalent to the financial information as presented.

7 Other income

	2011 **$**	2010 $
Sundry Income		
Profit on sale of property, plant & equipment	-	1,250
Sundry income	40,460	25,214
Total sundry income	40,460	26,464

8 Expenses

Cost of sales		
Fertilizer	64,403	60,210
Frost Control	30,594	130,787
Pesticides	197,917	187,235
Herbicides	22,149	30,372
Irrigation Running	50,225	97,919
Labour & Contractor Costs	1,850,447	1,860,093
Machinery Running	92,362	89,852
Pellenc Tractor Maintenance	72,292	63,232
Harvesting Costs	109,399	139,731
Rates	59,484	55,923
Repairs & Maintenance	163,389	165,278
Other Vineyard Expenses	195,507	200,293
	2,908,168	3,080,925

Additional notes on income & expenses

Harvesting Income - is the value of harvesting work performed by the company for the use of the Seddon, Taylors Pass and Keltern Pellenc Harvesters on non-company vineyards.

Sundry Income - is made up of rental income from the residences owned by the company and from grazing of sheep on the Company vineyards.

Frost Control - includes costs of running frost fighting pumps and equipment including wind machines, diesel pots and the hire of helicopters.

Irrigation Running - includes repairs & maintenance to the irrigation system, power charges and water rates.

Labour & Contractor Costs - Includes the cost of employing both permanent and seasonal labour on the company vineyards.

Machinery Running - includes the fuel cost of running vineyard machinery and hireage of vineyard machinery.

Harvesting Costs - includes both the cost of employing contract harvesters during peak times and hand harvesting costs for reserves.

Repairs & Maintenance - Includes the maintenance of machinery, trellissing, vineyard tracks and buildings.

Other Vineyard Expenses - the major costs included are Bird Control, Lease costs, FBT and ACC levies, Plant & Soil Analysis, Communications, Motor Vehicle expenses and Power (other than irrigation).

Administrative Costs		
Remuneration of auditors - audit of financial statements	15,600	17,185
Bank Fees	7,570	137
Management Consulting	10,018	9,141
Administrative Services	53,454	54,570
Share Register Charges	19,750	19,750
Company Secretarial	30,000	30,000
Insurance	35,745	24,905
Travel Expenses	9,050	12,185
Shareholder Meeting Expenses	6,207	7,803
Other Administrative Costs	16,561	17,430
	203,955	193,106

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Operating Expenses (continued)	**2011**	2010
	$	$
Depreciation		
Land Development	229,902	248,840
Buildings	35,649	32,540
Plant	300,118	256,667
Office Equipment	616	305
Motor Vehicles	67,330	69,394
	633,614	607,746
Finance Costs		
Interest Paid	1,972,840	545,733
Other Expenses		
Grape Growers Levy	40,712	30,690
Directors Fees	60,000	60,000
Legal Expenses	5,181	693
Vineyard Management Fee	113,278	111,275
Loss on Disposal of Biological Assets	-	169,169
	219,171	371,827
Fair Value Movement in Land		
Keltern	18,978	-
Twyford	202,000	-
Taylors Pass	758,000	-
Seddon	-	-
Higgins Road	1,669,000	2,986,525
	2,647,978	2,986,525
Fair Value Movement in other property, plant & equipment		
Keltern	177,855	-
Twyford	203,773	-
Taylors Pass	474,097	-
Seddon	-	-
Higgins Road	181,629	456,885
	1,037,354	456,885
Fair Value Movement in biological assets (note 14)		
Keltern	147,000	481,831
Twyford	64,000	322,000
Taylors Pass	370,000	720,000
Seddon	213,000	295,000
Higgins Road	88,000	(1,617,654)
	882,000	201,177
Total Operating Expenses	7,596,912	5,362,999

9 Income Tax

(a) Income tax expense		
Current Tax		
Current tax on profits for the year	(211,275)	(211,246)
Adjustments in respect of prior years	-	(12,112)
Deferred tax		
Origination and reversal of temporary differences	(551,443)	229,960
Temporary differences not recognised (tax losses)	200,204	600,000
Impact of change in tax rates	-	(305,395)
	(562,514)	301,207

9 Income tax expense (continued)

	2011	2010
	$	$
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(4,784,163)	(4,155,826)
Tax at the New Zealand tax rate of 30%	(1,435,249)	(1,246,748)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fair value changes in Property, Plant & Equipment	794,393	-
Deferred tax movement (reserves)	-	15,499
Deferred tax movement	78,342	968,381
Impact on change in Building depreciation	-	202,333
Change in tax rate	-	(305,395)
Permanent differences	-	667,137
Income tax expense	**(562,514)**	**301,207**

	2011	2010
Included under Current Assets		
Income tax receivable/(payable) at beginning of year	62	900
Adjustment for non-deductible expenses	-	-
Refund of FITC (2008)	-	12,050
Income Tax Expense in respect of current period	-	-
Net Income Tax Paid/(Refunded)	401	(12,888)
Income tax receivable at year end	**463**	**62**

The weighted average applicable tax rate was 30%

	2011	2010
(c) Imputation credit account		
Balance at beginning of year	353,579	366,467
Credit arising from transfer of credits on amalgamation	-	-
Tax payments/(refunds)	(62)	(12,950)
Credits attached to interest received	474	62
Debit arising from continuity breach due to amalgamation	-	-
Imputation credits attached to dividends received	112	0
Balance at end of year	354,103	353,579

10 Cash and Cash Equivalents

	2011	2010
Bank balances	4,336	4,376
Total cash and cash equivalents	4,336	4,376

11 Prepayments and Other Receivables

	2011	2010
GST Receivable	52,540	58,728
Prepayments	25,953	6,375
Other Receivables	4,450	6,286
Total prepayments and other receivables	82,943	71,389

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12 Property, Plant and Equipment

	Land	Land development	Buildings	Plant	Office equipment	Motor vehicles	Total
	$	$	$	$	$	$	$
At 1 July 2009							
Cost/Valuation	32,790,000	8,221,000	1,021,000	2,461,905	4,637	739,190	45,237,732
Accumulated depreciation	-	-	-	(699,270)	(4,104)	(418,729)	(1,122,103)
Carrying amount	32,790,000	8,221,000	1,021,000	1,762,635	533	320,461	44,115,629
Year ended 30 June 2010							
Opening carrying amount	32,790,000	8,221,000	1,021,000	1,762,635	533	320,461	44,115,629
Additions	1,006,525	574,520	91,179	335,730	-	-	2,007,954
Revaluation increases/(decreases)	(5,193,525)	(530,680)	17,361				(5,706,844)
Depreciation		(248,840)	(32,540)	(256,667)	(305)	(69,394)	(607,746)
Closing carrying amount	28,603,000	8,016,000	1,097,000	1,841,698	228	251,067	39,808,993
At 1 July 2010							
Cost/Valuation	28,603,000	8,016,000	1,097,000	2,796,727	4,637	739,190	41,256,554
Accumulated depreciation	-	-	-	(955,029)	(4,409)	(488,123)	(1,447,561)
Carrying amount	28,603,000	8,016,000	1,097,000	1,841,698	228	251,067	39,808,993
Year ended 30 June 2011							
Opening carrying amount	28,603,000	8,016,000	1,097,000	1,841,698	228	251,067	39,808,993
Additions	-	9,836	67,487	506,607	1,385	-	585,315
Impairment losses reversed/(recognised)							-
Revaluation increases/(decreases)	(3,606,000)	(598,934)	6,161	-	-	-	(4,198,773)
Depreciation		(229,902)	(35,649)	(300,118)	(616)	(67,330)	(633,615)
Closing carrying amount	24,997,000	7,197,000	1,134,999	2,048,187	997	183,737	35,561,921
At 30 June 2011							
Cost/Valuation	24,997,000	7,305,257	1,158,875	3,303,334	6,022	739,190	37,509,678
Accumulated depreciation	-	(108,257)	(23,876)	(1,255,147)	(5,025)	(555,452)	(1,947,758)
Carrying amount	24,997,000	7,197,000	1,134,999	2,048,187	997	183,738	35,561,921

12 Property, Plant and Equipment (continued)

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2011 **$**	2010 $
Cost	20,679,679	20,612,192
Accumulated depreciation	(158,844)	(129,974)
Carrying amount	20,520,835	20,482,218

All land owned by the company is pledged as security to Rabobank New Zealand Limited. In the event of a sale of all or part of any vineyard, under the Vineyard Management and Grape Purchase Agreement with Villa Maria Estate Limited, Villa Maria has first right of refusal to purchase . Where this right is not taken up, any Third Party will be bound by all the obligations of the company under the agreement insofar as they relate to the sale of the land. Further, such Third Party must be acceptable to Villa Maria, (acceptance not to be unreasonably withheld).

There has been a decrement of $5,080,773 in the fair value of the land, buildings and land improvements as at 30 June 2011. The revaluation decrement net of applicable deferred taxes was debited partly to asset revaluation reserve and also the income statement. The valuation was independently performed by Crighton Stone Limited, an associate of the New Zealand Institute of Valuers under the principle of highest and best use. Crighton Stone has confirmed that the valuation can be relied upon for the purpose of these financial statements at 30 June 2011.

Highest and best use is that use that is practically feasible, legally permissible and supported by market demand. It is that particular property use that indicates the highest likely competitive price for the real estate at a particular time. Determination of the property's current highest and best use is a necessary precursor of market value assessment.

Fair value is the amount for which the assets could have been exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arms length terms for land, buildings and vineyards comparable in size, location and varietal mix to those held by the Company.

The Company has been capitalising interest expense relating to the development of the Higgins property. The property has now been fully developed and the total annual interest cost has been expensed from the 2011 financial year onwards.

In line with prior years, the directors have not applied any adjustment to the market values, included in the valuation report, for the existing supply contract with Villa Maria Estate Limited.

13 Other Financial Assets

	2011	2010
	$	$
Shares in Ravensdown Fertiliser	100	100

The above shares in Ravensdown Fertiliser have been measured at cost because there is no quoted market price available, and the range of reasonable fair value estimates using valuation techniques is significant and the probabilities of the various estimates cannot be reasonably assessed.

14 Biological Assets

	2011	2010
	$	$
Grape Vines		
Carrying amount at 1 July	18,472,000	18,751,000
Fair value gains/(losses) on grape vines during the year	(882,000)	(201,177)
Purchases/(Disposal) of grape vines	-	91,346
Other movements	-	(169,169)
Carrying value at 30 June	17,590,000	18,472,000

The company grows and harvests grapes. Harvesting of vines is from March to May each year. The vineyards are situated in Hawkes Bay and Marlborough.

As at 30 June 2011, the company had a total of 373 hectares of vines. The fair value of the vines are determined at each balance date. All grapes have been harvested and sold by balance date and therefore have nil value at year end. During the year the company sold grapes to Villa Maria Estate Limited at fair value of $5,466,492 (2010 $4,094,473). The amount shown under "Related party receivables" relate to the amount outstanding at balance date in respect of these sales.

The fair value less estimated point of sale costs of the vines and the land have been determined in accordance with an independent valuation performed at each annual reporting date by Crighton Stone Registered Valuers. The basis of valuation is Valuation Standard Number 1 - Market Value Basis of Valuation and Practice Standard Number 3 - The Valuation of Rural Properties.

15 Trade and Other Payables

	2011	2010
	$	$
Trade payables	308,676	267,575
Accrued expenses	53,167	69,362
	361,843	336,937

Trade payables are non-interest bearing and are generally settled between 30 to 60 days. As a result of their short term nature, trade payables and accruals are not discounted. The carrying amounts disclosed above is a reasonable approximation of fair value.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2011

16 Deferred Tax

The balance comprises temporary differences attributable to:

	Plant & equipment	Other	Vines	Land development	Buildings	Tax Losses	FITC	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2009	90,731	2,158	(4,880,789)	(1,004,893)	(78,988)	1,079,616	12,050	(4,780,115)
Other movements	-	-	-	-	-	-	-	-
Amounts charged to income statement	(30,726)	(2,158)	251,875	58,784	(202,332)	(376,636)	(12,050)	(313,243)
Amounts charged to equity	-	-	-	9,495	6,004	-	-	15,499
Balance at 30 June 2010	60,005	(0)	(4,628,914)	(936,614)	(275,316)	702,980	-	(5,077,859)
Balance at 1 July 2010	60,005	(0)	(4,628,914)	(936,614)	(275,316)	702,980	-	(5,077,859)
Other movements	-	-	-	-	-	-		-
Amounts charged to income statement	(21,429)	-	239,700	196,046	41,982	(2,909)	-	453,390
Amounts charged to equity	-	-	-	71,415	(16,852)	-	-	54,563
Balance at 30 June 2011	38,576	(0)	(4,389,214)	(669,153)	(250,186)	700,071	-	(4,569,906)

	2011 $	2010 $
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	738,647	762,985
- Deferred tax assets to be recovered within 12 months	-	-
	738,647	762,985
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(5,308,553)	(5,840,844)
- Deferred tax liabilities to be recovered within 12 months	-	-
	(5,308,553)	(5,840,844)
Deferred tax liability (net):	**(4,569,906)**	**(5,077,859)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company.

Tax losses amounting to $800,204 (2010: $600,000) have not been recognised due to uncertain future assessable income. The Company estimates that the tax effect of its recognisable losses is $700,000 (2010: $702,980), which is consistent with prior years, has been recognised and offset against the reported deferred tax liability and is available to be utilised against future assessable income. The ability to carrying forward losses for tax purposes is subject to the shareholders' continuity rules.

Following the Government's May 2010 budget announcement regarding the change in corporate tax rates from 30% to 28%, the Company estimates that the temporary differences anticipated to reverse after the commencement of the 2011/12 income tax year will reduce the deferred tax liability by nil (2010 $305,395). This adjustment was recognised in the income tax credit in the 2010 year.

17 Interest Bearing Liabilities

	2011	2010
Current	**$**	$
Secured		
Bank borrowings	25,654,357	-
Non-current		
Secured		
Bank borrowings	-	24,780,138
Total interest bearing borrowings	25,654,357	24,780,138

The carrying amount of the above borrowing approximates its fair value. The secured term loan has a total facility amount of $25,300,000 and a temporary additional facility of $800,000 until 31 July 2011 (2010: $25,300,000) of which at balance sheet date $441,424 was available for further drawdown (2010: $519,862). The secured term loan facility with Rabobank matures in 2017.

The weighted average interest rate on interest bearing borrowings outstanding at 30 June 2011 was:	7.84%	7.93%

Assets pledged as security
The bank loans and overdraft are secured by a registered first ranking mortgage in favour of Rabobank New Zealand Limited over the following properties;

- Keltern Vineyard Property
- Twyford Gravel Vineyard Property
- Taylors Pass Vineyard Property
- Seddon Vineyards Property
- Higgins Road Vineyard Property

Also securing the above bank loans is a general first ranking security agreement over all the assets and undertakings of Terra Vitae Vineyards Limited.

The entire amount was reclassified as a current liability due to a breach of one of the bank covenants at 30 June 2011. Please refer to note 18 for further details.

18 Contributed Equity

	2011	2010
	$	$
(a) Authorised share capital		
Share capital at the beginning of the year	28,800,000	28,800,000
Issue of shares	-	-
Share capital at the end of the year	28,800,000	28,800,000

(b) Movements in number of shares	**Number**	Number
Opening balance of ordinary shares issued	40,000,000	40,000,000
Issues of ordinary shares during the year	-	-
Closing balance of ordinary shares issued	40,000,000	40,000,000

(c) Ordinary shares
Ordinary shares carry one vote per share and entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. The shares have no par value and all shares are fully paid.

(d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratios at 30 June 2011 and 2010 were as follows:

	2011 **$**	2010 $
Total borrowings	-	24,780,138
Less cash and cash equivalents	4,336	4,376
Net debt	(4,336)	24,775,762
Total equity	26,013,135	30,802,786
Total capital	26,008,799	55,578,548
Gearing ratio	0%	45%

As part of the loan agreement with Rabobank entered into in 2007 and revised on 1 June 2009, the Company is required to maintain a minimum Quasi Equity of $40,000,000, where Quasi Equity = Total tangible assets - total liabilities (excluding Deferred Tax Liability). Tangible assets are defined as the tangible book value of assets plus the difference between the book value and the latest bank valuation for security purposes.

	2011 **$**	2010 $
Total Tangible assets (using latest bank valuation 30/6/09)	65,688,312	67,027,036
Total Liabilities	(30,972,176)	(30,316,229)
Add Back Deferred Tax Liability	4,569,906	5,077,859
Total Equity	39,286,042	41,788,666
Quasi Equity Ratio	60%	62%

The Company did not fulfil the Quasi Equity requirement as required in the loan agreement with Rabobank. Due to this breach of the covenant clause, and in accordance with the requirement of New Zealand Equivalent to International Accounting Standard Number 1 ("NZ IAS 1"), the outstanding balance at 30 June 2011 was reclassified as a current liability.

The bank has not requested early repayment of the loan as of the date when these financial statements were approved by the board of directors. Management expects that a revised loan agreement will be in place following the bank review of the loan facility in November 2011. The bank further intimated that the Company has operated its accounts to the satisfaction of the Bank and they do not anticipate that the facility will be placed on an "on demand" basis after the review, and expect that the expiry date will likely remain unchanged.

19 Reserves

Revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of land and buildings to the extent that they offset each other.

20 Dividends

Ordinary shares	**$**	**Per share**
Dividend paid during the year ended 30 June 2010	0	0.000
Dividend paid during the year ended 30 June 2011	0	0.000

The dividends are fully imputed.

On 10 October 2011 the directors resolved that no dividend would be paid for the year ended 30 June 2011.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2011

21 Financial Instruments by Category

30 June 2011

Assets as per Balance Sheet	Loans and receivables
	$
Trade and other receivables	3,749,995
Cash and cash equivalents	4,336
	3,754,331

Liabilities as per Balance Sheet	Other financial liabilities at amortised cost
	$
Borrowings	25,953,347
Trade and other payables	448,922
	26,402,269

30 June 2010

Assets as per Balance Sheet	Loans and receivables
	$
Trade and other receivables	2,768,380
Cash and cash equivalents	4,376
	2,772,756

Liabilities as per Balance Sheet	Other financial liabilities at amortised cost
	$
Borrowings	24,780,138
Trade and other payables	458,232
	25,238,370

22 Reconciliation of net operating surplus after taxation with cash flows from operating activities

	2011	2010
	$	$
Profit/(loss) after income taxation	**(4,221,649)**	**(4,457,033)**
Add non cash items:		
Depreciation	633,614	607,745
Other adjustments		
Movement in fair value of fixed assets	3,685,332	3,443,410
Movement in fair value of vines	882,000	201,177
Net loss on assets disposed	0	167,919
	5,200,946	**4,420,251**
Change in goods and services taxation	6,188	17,430
Increase (decrease) in accounts payable	(9,310)	(245,716)
(Increase) decrease in prepayments & other receivables	(17,742)	14,764
(Increase)/decrease in taxes receivable	(401)	837
Increase (decrease) in deferred tax liability	(562,516)	313,243
(Increase) decrease in amounts due from related parties	(983,451)	(118,479)
	(1,567,232)	**(17,921)**
Net cash flow from operating activities	**(587,935)**	**(54,703)**

23 Contingencies

As at 30 June 2011 the Company had no contingent liabilities or contingent assets (2010:Nil).

24 Commitments

(a) Capital commitments

As at 30 June 2011 the total capital expenditure contracted for but not provided for was $27,182 (2010:$47,747).

(b) Lease commitments : Company as lessee

Operating leases
Operating lease commitments comprise a long-term land lease of 8 ha at the Keltern Vineyard and a motor vehicle lease. The land lease is for a period of 21 years and expires in 2019. The motor vehicle lease is for a period of 4 years and expires in December 2011. The Ground Rental is reviewed every 5 years with the next review due in 2013.

	2011	2010
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows and are based on lease payments current at each balance date:		
Within one year	24,419	28,467
Later than one year but not later than five years	67,500	71,364
Later than five years	63,281	63,281
	155,200	163,112

25 Related Party Transactions

(a) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: Milan Brajkovich, David Ferraby, Sir George Fistonich, Andrew Pearson.

(b) Key management and personnel and compensation

Key management personnel compensation for the year ended 30 June 2011 and the year ended 30 June 2010 is set out below. The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the company.

	2011	2010
	$	$
Short term benefits (Directors' Fees)	60,000	60,000
Other long-term benefits	-	-
Termination benefits	-	-
Total	**60,000**	60,000

(c) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below.

	2011	2010
	$	$
Purchase of shares from key management personnel	-	-

25 Related Party Transactions (continued)

(d) Transactions with related parties
The following transactions occurred with related parties:

	2011 **$**	2010 $
Purchases of services		
Villa Maria Estate Limited	113,278	111,275
Purchase of vines		
Vineyards Plants Limited	-	6,585
Sales of grapes		
Villa Maria Estate Limited	5,466,492	4,094,473
Purchases of virus testing services		
Vine Test Lab Limited	5,180	10,072

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2011 **$**	2010 $
Receivables		
Villa Maria Estate Limited	3,745,545	2,762,094
Payables		
Villa Maria Estate Limited	87,079	121,295
	87,079	121,295

Relationships with related parties

Sir George Fistonich, a director of Terra Vitae Vineyards Limited, is also a director of Villa Maria Estate Limited, a company with which Terra Vitae Vineyards Limited has a Vineyard Management contract and Purchase Agreement. Villa Maria Estate Limited holds 8,756,361 shares in Terra Vitae Vineyards Limited.

During the year, the Company commissioned virus testing services from Vine Test Lab Limited, a company which is owned 50% by Sir George Fistonich. Sir George Fistonich is also a Director of Vine Test Lab Limited.

(f) Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

26 Events Occurring After The Balance Sheet Date

No events requiring adjustment or disclosure in the financial statements occurred after balance date.

27 Earnings Per Share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2011	2010
Profit/(loss) attributable to equity holders of the Company - in dollars	(4,221,649)	(4,457,033)
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share - in dollars	(0.11)	(0.11)

(ii) Diluted earnings per share
Diluted earnings per share is equal to basic earnings per share as above as there are no dilutive instruments issued by the Company.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Terra Vitae Vineyards Limited

Report on the Financial Statements

We have audited the financial statements of Terra Vitae Vineyards Limited on pages 6 to 34, which comprise the balance sheet as at 30 June 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Terra Vitae Vineyards Limited.

Opinion

In our opinion, the financial statements on pages 6 to 34:

- comply with generally accepted accounting practice in New Zealand;
- comply with New Zealand Equivalents to International Financial Reporting Standards;
- give a true and fair view of the financial position of Terra Vitae Vineyards Limited as at 30 June 2011 and its financial performance and its cash flows for the year then ended.

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INDEPENDENT AUDITOR'S REPORT Continued

Emphasis of Matter

We draw attention to Note 2(ii) to the financial statements concerning the Company's ability to continue as a going concern. As disclosed in Note 2 (ii), the financial statements have been prepared on a going concern basis, the validity of which depends upon renegotiation of the current banking facility to temporarily increase the facility limit and a variation to the Grape Purchase Agreement whereby cash due in May 2012 is received earlier during the 2012 financial year. These funding options are currently uncertain. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Terra Vitae Vineyards Limited as far as appears from an examination of those records.

CST Nexia Audit

CST Nexia Audit
Chartered Accountants
Manukau City

12 October 2011

Matters relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Terra Vitae Vineyards Limited for the year ended 30 June 2011 included on Terra Vitae Vineyards Limited's website. The directors are responsible for the maintenance and integrity of Terra Vitae Vineyards Limited's website. We have not been engaged to report on the integrity of Terra Vitae Vineyards Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related auditor's report dated 10 October 2011 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Terra Vitae Vineyards Limited
Shareholders' Information
For the year ended 30 June 2011

Ten Largest Shareholders as at 30 June 2011

Holder	Shares Held	% of Shares
Villa Maria Estate Limited	8,756,361	21.89%
National Nominees Limited	1,936,000	4.84%
George Vjeceslav Fistonich	503,240	1.26%
Custodial Services Limited #2	227,921	0.57%
Hatch Mansfield Agencies Limited	227,760	0.57%
T J Goodwin*A Goodwin*I R B Burgess	200,000	0.50%
JB Were (NZ) Nominees Ltd	175,000	0.44%
Sheather Family Account	173,000	0.43%
Murray Hamilton Blyth & Beverley Campbell Blyth	169,000	0.42%
Custodial Services Limited #3	157,000	0.39%
Total for top 10 Shareholders	12,525,282	31.31%

Shareholding Breakdown

Holding Range	Holders	Shares Held	% of Shares
< 25,000	167	1,503,635	3.76%
25,000 - 49,999	651	17,575,533	43.94%
50,000 - 99,999	105	6,142,750	15.36%
100,000 - 999,999	28	4,085,721	10.21%
> 1,000,000	2	10,692,361	26.73%
Totals	953	40,000,000	100.00%

Terra Vitae Vineyards Limited
Directory
For the year ended 30 June 2011

Board of Directors
David Ferraby (Chairman)
Sir George Fistonich
Andrew Pearson
Milan Brajkovich

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