Terra Vitae Vineyards Limited

Higgins Rd, Riesling block ready for pruning June 2013, with Mount Tapuaenuku in the background

Annual Report

For the year ended 30 June 2013

Terra Vitae Vineyards Limited

Financial Statements

For the year ended 30 June 2013

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Terra Vitae Vineyards Limited
Chairman's Report

I am pleased to present on behalf of the Board of Directors the Annual Report of Terra Vitae Vineyards Ltd (TVV) for the year ended 30th June 2013

The last twelve months in the wine industry has seen some extremely positive developments. These include an increase in prices paid for grapes, partly due to the shortage caused by last season's poor harvest, coupled with some stronger wine prices. This has resulted in a lift in land and vineyard values as the market adjusted to the new prices being paid for grapes and the feeling in Marlborough that there is very little suitable land left for further plantings. This has led to a general feeling of confidence following the 2008 crash. As a result of the huge amount of effort and investment the industry has made in the traditional market place and more recently in Asia, especially China, there has been a lift in demand for New Zealand wine in the export markets coupled with a lift in price. Total revenue from wine exports was $1.21b, up 5% on the previous year with some good growth in exports to USA (13%), Canada (10%), China (6%) and Germany (25%). The volume of exports is dominated by Sauvignon Blanc at 84.5%.

Alongside this, the country had some great weather following flowering, carrying on to an excellent summer and autumn for vineyards, with near perfect weather over harvest. This resulted in our total tonnage exceeding budget by 3% and us harvesting excellent fruit enabling us to achieve premium prices in many cases. Our total production and gross revenue figures for the 2012 and 2013 seasons were;

Production figures for the 2012/2013 season:

Vineyard	Yield 2012	Yield 2013	Crop Value 2012	Crop Value 2013
Seddon	790	837	$1,310,782	$1,472,840
Higgins Road	1426	1775	$2,015,387	$2,654,572
Taylors Pass	695	806	$1,105,363	$1,417,453
Keltern	242	323	$393,750	$600,962
Twyford Gravels	58	77	$282,120	$240,486
Totals	3211	3818	$5,107,402	$6,386,312

This year our total gross income from grape sales was $6,386,312, some 25% greater than last year's gross of $5,107,402 and after expenses we made an operating profit of $569,790. On top of this is added the increase of the valuation of our vineyards of $1,580,373 making a profit before tax of $2,150,163. The IFRS accounting standard under which we have to report valuation movements in vines in the profit and loss statement are as equally distortionary when reporting increases or decreases in valuation.

Naturally your board is delighted to report the $569,790 operating profit. Because we have been reporting losses for the last four years there was the need to spend a large portion of this profit on catch up maintenance and machinery replacement, which had been deferred during the last four years. Next year's budget is showing a reasonable operating surplus and your board will be looking to returning to paying dividends if that eventuates. The industry is in much better shape now, with the supply and demand back into equilibrium and the huge effort the industry has made to create more demand out in the world markets, helped by a huge focus on quality.

Your vineyards are producing well, especially the Higgins Road addition with its fertile soils and well laid out block being a star performer this year. The Hawke's Bay Region has in recent years been affected by a virus which is a problem in most wine regions throughout the world. It has affected both of our vineyards in that region. A lot of research has gone into the problem and new protocols have been developed. The vines are rouged when they are found to be affected. This has meant that we have been replanting vines in the gaps after the soil is sterilised and planted vines that have been clinically tested to be virus free. The virus is spread by the mealy bug. At the Keltern vineyard we are taking the opportunity to replace some of the less profitable varieties with chardonnay which is proving to be well suited to that vineyard and producing better returns per ha than some of the existing varieties.

Awards

Some of the awards achieved over the last year from wine produced from your vineyards are listed below.

VM Single Vineyard Keltern Chardonnay

2011	*Easter Show Wine Awards*	*Gold*
2011	*Bragato Wine Awards*	*Pure Gold*
2011	*NZ International Wine Show*	*Gold*
2011	*Air NZ Wine Awards*	*Pure Gold*
2012	*Spiegelau Int Wine Competition*	*Gold*

VM Single Vineyard Seddon Pinot Noir

2009	*Winestate*	*5 Stars*
2010	*NZ International Wine Show*	*Gold*
2011	*Winestate*	*5 Stars*

VM Single Vineyard Seddon Pinot Gris

2010	*Michael Cooper's Buyers Guide*	*5 Stars*
2011	*Spiegelau Int Wine Competition*	*Gold*

VM Single Vineyard Taylors Pass Sauvignon Blanc

2012	*Decanter World Wine Awards*	*Gold*

VM Single Vineyard Taylors Pass Chardonnay

2010	*Winestate*	*5 Stars*
2011	*Easter Show Wine Awards*	*Gold*

VM Single Vineyard Taylors Pass Pinot Noir

2010	*Michael Cooper's Buyers Guide*	*5 Stars*
2011	*Winestate*	*5 Stars*

The past season has been climatically good for growing grapes. As predicted by the scientists the bunch numbers at flowering were below average. We had left extra canes and buds on at pruning twelve months ago to try and counter the prediction of lower crops. We had some vital rains in late December early January, which had a great effect on yields and this was followed by near perfect weather for growing grapes over the summer, right up to and including harvest. This resulted in higher yields than were predicted and fruit of outstanding quality. People are quietly saying that 2013 is going to produce some great wine. I have tasted some and it is outstanding! All the vineyards are well through pruning and the predictions this year are for an average to good fruit set, so the vines are being pruned with that in mind. We are having a run of good weather as I write this so good progress is being made with pruning.

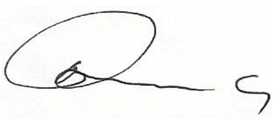
The company's shares have traded on Unlisted and in the last twelve months 314,000 shares have traded ranging in price from 21 cents to 33 cents This compares to a NTA value of 72 cents (last year 67c).

This year's field day held in Hawke's Bay was enjoyed by a good number of shareholders in ideal weather. Lunch was held at the magnificent new addition to the Villa Maria stable, Te Awa winery. The vineyard managers Phil Holden and Mark Dixon had their vineyards looking pristine and the vines were carrying some great fruit. Once again the vineyard staff and Villa Maria staff at the vineyards and at lunch played a big part in making the day such a success and we thank them for the effort they all went to. Thank you also to the managers of our vineyards, Mark, Phil, Garrie and Ian and their staff for all the effort they put into the vineyards over the last twelve months and the contribution they all made to what has turned out to be a successful year. This year we had some changes of vineyard managers. Carl Jackson left us in October to pursue a change in career. Carl managed Seddon Vineyard for a number of years and successfully managed the huge development of the Higgins Road vineyard. Garrie Armstrong moved from Taylors Pass to manage the large Seddon/Higgins Road vineyard and we were very fortunate to secure Ian Buck to manage Taylors Pass vineyard. Ian has come with a huge amount of experience and has fitted into Taylors Pass very well. After this year's harvest at Keltern, Mark Dixon decided on a change of career also. We are in the process of formalising a new management structure for Keltern. Thank you Carl and Mark for your input during your time with Terra Vitae and all the best with your new careers. Thank you also Alastair Maling, Ollie Powrie, John van der Linden and Stuart Dudley for the professional way they oversee the management of our vineyards.

In conclusion I want to thank my fellow Board members for their support to me and governance of your company on your behalf. I also want to thank Alan O'Sullivan for his support of me and the efficient way in which he manages the affairs of Terra Vitae.

Our Annual Meeting is to be held on Monday November 18 at 2.30pm at the Villa Maria winery in Auckland. At the conclusion of the annual meeting we will have an update of the industry from Sir George Fistonich and a presentation from our vineyard managers. Following that I look forward to meeting as many of you as possible over afternoon tea and some sampling of many of the wines produced on your vineyards.

D S Ferraby



Chairman
Terra Vitae Vineyards Limited.

<u>Late addition</u>

Subsequent to the preparation of the Annual Report including my above report to you, the Seddon area experienced a severe earthquake, along with a large number of aftershocks. Our primary concern when the initial earthquake took place was for the safety of the managers and their families and the many contractors who were on site at the time. Fortunately there were no injuries and whilst there has been some damage to the managers' houses at both Seddon and Taylors Pass, they only incurred minor damage and are quite liveable. Our initial surveys of the vineyards show that there has been some damage to tracks and some subsidence of the river banks in areas of the Seddon Vineyard close to the Awatere River and Richmond Brook creek; however we do not expect this to affect the performance of the vineyards, this year nor in the long term.

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 2013.

Principal Activity

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

Results	**2013**	**2012**
	$	**$**
Profit / (loss) for the year	1,547,299	502,294
Total Equity of the Company	28,632,976	26,665,539
Total Assets of the Company	59,895,386	57,491,725

Auditors

In accordance with section 196(1) of the Companies Act 1993, the directors are proposing that Hayes Knight Audit NZ be appointed as auditors for the ensuing year.

Related Parties

All transactions conducted by the Company with Villa Maria Estate Limited, Vineyard Plants Limited and Vine Test Lab Limited, companies of which Sir George Fistonich is a current director, are interested transactions. All transactions conducted by the Company with Farmlands Cooperative Limited of which David Ferraby 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 statement of financial position as at 30 June 2013 and the income statement, statements of other 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 35 for issue on 23 August 2013.

For and on behalf of the Board.

D Ferraby
Director

A Pearson
Director

23 August 2013

23 August 2013

Terra Vitae Vineyards Limited
Income Statement
For the year ended 30 June 2013

	Notes	**2013** **$**	2012 $
Revenue			
Sale of Grapes		6,386,812	5,107,402
Interest		2,125	8,910
Dividends		1,280	250
Services rendered-Harvesting Income		187,271	219,157
		6,577,488	5,335,719
Cost of sales	8	3,216,826	2,504,057
Gross profit		3,360,662	2,831,662
Other Income			
Sundry income	7	38,742	89,385
Fair value movement in biological assets	7	1,603,383	1,828,710
Total Other Income		1,642,125	1,918,095
Operating Expenses			
Administrative costs	8	206,023	210,499
Depreciation	8	601,617	619,083
Finance costs	8	1,781,986	1,959,724
Other expenses	8	239,988	361,951
Fair value movement in other property, plant and equipment	8	23,010	718,540
Total operating expenses		2,852,624	3,869,797
Total Expenses		2,852,624	3,869,797
Profit/(loss) before income tax		2,150,163	879,960
Income tax (expense)/credit	9	(602,864)	(377,666)
Profit/(loss) for the year		1,547,299	502,294
Profit/(loss) for the year is attributable to:			
Ordinary equity holders of the company		1,547,299	502,294

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

Terra Vitae Vineyards Limited
Statement of Other Comprehensive Income
For the year ended 30 June 2013

	Notes	**2013** **$**	2012 $
Profit (loss) for the year		1,547,299	502,294
Other comprehensive income			
Revaluation of land and buildings*	19	189,475	156,765
Revaluation of other assets*	19	338,441	-
Income tax relating to components of other comprehensive income	16	(107,776)	(6,654)
Other comprehensive income for the year, net of tax		420,140	150,111
Total comprehensive income for the year, net of tax		1,967,439	652,405
Attributable to:			
Ordinary equity holders of the company		1,967,439	652,405
Basic and diluted earnings/(loss) per share	27	0.04	0.01

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

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

Terra Vitae Vineyards Limited
Statement of Financial Position
As at 30 June 2013

	Notes	**2013** **$**	2012 $
Current assets			
Cash and cash equivalents	10	-	4,336
Prepayments and other receivables	11	62,449	25,513
Related party receivables	25e	4,291,555	3,629,356
Current tax receivable	9	644	2,461
Total current assets		4,354,648	3,661,666
Non-current assets			
Property, plant and equipment	12	34,493,122	34,443,959
Biological assets	14	21,046,000	19,386,000
Other financial assets	13	1,616	100
Total non-current assets		55,540,738	53,830,059
Total assets		59,895,386	57,491,725
Current liabilities			
Interest bearing liabilities	17	65,771	148,170
Trade and other payables	15	242,559	111,245
Related party payables	25e	69,301	79,150
Total current liabilities		377,631	338,565
Non-current liabilities			
Interest bearing liabilities	17	25,219,911	25,533,394
Deferred tax liability	16	5,664,868	4,954,227
Total non-current liabilities		30,884,779	30,487,621
Total liabilities		31,262,410	30,826,186
Net assets		28,632,976	26,665,539
Equity			
Share capital	18a	28,800,000	28,800,000
Retained earnings		(7,637,348)	(9,184,645)
Asset revaluation reserve - property, plant & equipment	19	7,470,324	7,050,184
Total equity		28,632,976	26,665,539

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Terra Vitae Vineyards Limited
Statement of Changes in Equity
For the year ended 30 June 2013

	Notes	Share capital $	Asset revaluation reserve $	Retained earnings $	Total $
Balance as at 1 July 2011		**28,800,000**	**6,900,073**	**(9,686,939)**	**26,013,135**
Profit for the period		-	-	502,294	502,294
Other comprehensive income		-	150,111	-	150,111
Total comprehensive income for the year		-	150,111	502,294	652,405
Balance as at 30 June 2012		**28,800,000**	**7,050,184**	**(9,184,646)**	**26,665,540**
Balance as at 1 July 2012		**28,800,000**	**7,050,184**	**(9,184,646)**	**26,665,540**
Profit for the period		-	-	1,547,299	1,547,299
Other comprehensive income		-	420,140	-	420,140
Total comprehensive income for the year		-	420,140	1,547,299	1,967,439
Balance as at 30 June 2013		**28,800,000**	**7,470,324**	**(7,637,348)**	**28,632,978**

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 2013

	Notes	**2013** **$**	2012 $
Operating Activities			
Cash was provided from:			
Receipts from customers		5,911,884	5,442,748
Interest received		2,125	8,910
Dividends received		1,280	250
Other income received		38,742	89,385
Income tax refunded		2,461	463
Cash was disbursed to:			
Payments to suppliers		(3,578,297)	(3,129,688)
Interest paid		(1,781,986)	(1,959,724)
Income taxes paid		(644)	(2,461)
Net cashflows from operating activities	22	595,565	449,883
Investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		(145,886)	(98,100)
Other adjustments		(1,516)	
Purchase of biological assets		(56,617)	(80,000)
Net cashflow from investing activities		(204,019)	(178,100)
Financing activities			
Cash was applied to:			
Repayment of bank borrowings		(384,378)	(257,404)
Payment of other loans		(11,504)	(14,379)
Net cashflows from financing activities		(395,882)	(271,783)
Net increase/(decrease) in cash and cash equivalents		(4,336)	-
Cash and cash equivalents at beginning of year		4,336	4,336
Cash and cash equivalents at end of the year	10	-	4,336

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

Terra Vitae Vineyards Limited
Notes to the financial statements
for the year ended 30 June 2013

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 23 August 2013. 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 Statement of Financial Position 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 statement of financial position. 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.

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

(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 Statement of Financial Position. For the statement of cash flows presentation purposes, cash and cash equivalents also include bank overdrafts.

(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 statement of financial position (notes j and g)

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

(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 reporting date.

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 reporting 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.

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

Gains and losses on disposals are determined by comparing proceeds with the 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.

(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 reporting 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.

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

(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, with 98% 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 (51% during the four years 2009-2013) as opposed to 12% growth in producing vineyard area over the same period. The 2013 harvest was well above the 2012 vintage but only 5% above that achieved in 2011, which was a more typical year. Wine Producers have, through growth in existing markets and establishment of new markets, more than matched the small increase in supply of grapes. The shortfall in Sauvignon Blanc grapes resulting from the lower 2012 harvest put upward pressure on grape prices for the 2013 vintage. A further small improvement in prices is expected in future years. The Directors have considered this position in projecting an increase in revenue in future years.

6. The majority of the losses reported in the four years 2009-2012 were the result of fair value adjustments to the vineyards, which has had no effect on the cash flow of the business. The company has now returned to profit and is budgeting for further improvements in subsequent years.

7. The Directors anticipate that the timing of receipt of revenue will be adequate to meet the Company's cash flow requirements provided the Company achieves close to its targeted production levels of 3,700 tonnes at forecast prices. In the event that the targeted production level or price is not achieved, the Directors will negotiate a temporary additional facility with its bankers to meet the shortfall.

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 has moved off the bottom of the current cycle and can look forward to improved trading conditions. 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. The Board has not yet assessed the impact these Standards and Interpretations will have on the Company. Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Company, include:

NZ IFRS 7 Amendments to NZ IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities (Application date for the Company is 1 July 2013) These amendments introduce disclosures, which provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on the Company's financial position.

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

NZ IFRS 7 Amendments to NZ IFRS 7 Financial Instruments: Disclosures — Transition Disclosures (Application date for the Company is 1 July 2013). These amendments to NZ IFRS 7 remove the requirement for the restatement of comparative period financial statements upon initial application of the classification and measurement requirements of NZ IFRS 9.

Instead, the amendments introduce additional disclosures on transition from the classification and measurement requirements of NZ IAS 39 Financial Instruments: Recognition and Measurement to those of NZ IFRS 9.

For entities adopting NZ IFRS 9 from 2013 onwards, these disclosures are required even if they choose to restate the comparative figures for the effect of applying NZ IFRS 9.

NZ IFRS 13 Fair Value Measurement (Application date for the Company is 1 July 2013) NZ IFRS 13 establishes a single source of guidance under NZ IFRS for determining the fair value of assets and liabilities. NZ IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under NZ IFRS when fair value is required or permitted by NZ IFRS. Application of this guidance may result in different fair values being determined for the relevant assets.

NZ IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Annual Improvements to NZ IFRSs 2009 — 2011 Cycle: Amendments to NZ IFRSs arising from the Annual Improvements Project (2009-2011) (Application date for the Company is 1 July 2013)

The following standards are amended by this standard:
NZ IAS 1: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

NZ IAS 16: Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

NZ IAS 32: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with NZ IAS 12 Income Taxes

NZ IFRS 9 (2009) Financial Instruments (Application date for the Company is 1 July 2015). NZ IFRS 9 (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace NZ IAS 39.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39. The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

• Two categories for financial assets being amortised cost or fair value
• Strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows
• Reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes

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

NZ IFRS 9 (2010) Financial Instruments (Application date for the Company is 1 July 2015). NZ IFRS 9 (2010) supersedes NZ IFRS 9 (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 as issued in 2009. The existing NZ IAS 39 Financial Instruments: Recognition and Measurement requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:

• The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
• The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

3 (B) Changes to Accounting Policies

NZ IFRS 7 Amendments to NZ IFRS 7 Financial Instruments: Disclosures 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.

Harmonisation Amendments: Amendments to NZ IFRS to Harmonise with IFRS and Australian Accounting Standards:
a) Remove the disclosures which have been relocated to FRS 44
b) Harmonise audit fee disclosure requirements in NZ IAS 1 with AASB 101
c) Harmonise imputation/franking credits' disclosure requirements in NZ IAS 12 with AASB 101
d) Introduce of the option to use the indirect method of reporting cash flows in NZ IAS 7
e) Introduce an accounting policy choice to use the cost model for investment property under NZ IAS 40
f) Remove the requirement to use an independent valuer and the related disclosure requirements currently in NZ IAS 16 and NZ IAS 40
g) Remove some New Zealand specific disclosures

NZ IAS 12 Amendments to NZ IAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets NZ IFRS:
These amendments update NZ IAS 12 to include:

• A rebuttable presumption that deferred tax on investment property measured using the fair value model in NZ IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.
• A requirement that deferred tax on non-depreciable assets, measured using the revaluation model in NZ IAS 16, should always be measured on a sale basis. The amendments incorporate NZ SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets into NZ IAS 12 for non-depreciable assets measured using the revaluation model in NZ IAS 16 Property, Plant and Equipment

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 below.

(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 2013 is $21,046,000 (2012: $19,386,000). The increase in their fair value for the year ended 30 June 2013 is $1,603,383 (2012: $1,828,710). (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 2013 is $32,859,000 (2012: $32,529,000). The increase in their fair value, net of impairment losses or reversals, for the year ended 30 June 2013 is $283,519 (2012: ($561,775)). (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.

(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.

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 2013 approximately 0% (2012 16%) 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	2013	2012	2013	2012
Variable portion of long term borrowings	$131,836 (2012: $146,953)	$949	$1,058	$949	$1,058
		-[1]% change in interest rate			
		Impact on post tax profit		Impact on equity	
	Carrying amount	2013	2012	2013	2012
Variable portion of long term borrowings	$131,836 (2012: $146,953)	-$(949)	-$(200)	-$(949)	-$(200)

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 reporting date:

	2013	2012
Counter party		
Villa Maria Estate Limited	$ 4,291,555	$ 3,629,356

The outstanding balance at the time of authorising the financial statements was within the trading terms. 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2013				
Trade payables	$ 311,860	$ -	$ -	$ -
Bank borrowings	$ -	$ -	$25,012,575	$ -
UDC Finance	$ 65,771	$ 62,771	$ 144,565	$ -

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2012				
Trade payables	$ 241,612	$ -	$ -	$ -
Bank borrowings	$ 96,953	$ -	$25,300,000	$ -
UDC Finance	$ 51,217	$ 55,925	$ 177,469	$ -

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

	2013	2012
	$	$
Sundry Income		
Insurance Claim Proceeds	-	49,000
Grazing Income	6,982	5,931
Rental Income	27,567	25,006
Contracting Income	4,192	9,448
Total sundry income	38,742	89,385
Fair Value Movement in biological assets (note 14)		
Keltern	(56,617)	(38,000)
Twyford	176,000	17,710
Taylors Pass	102,000	273,000
Seddon	254,000	291,000
Higgins Road	1,128,000	1,285,000
	1,603,383	1,828,710

8 Expenses

Cost of sales		
Fertilizer	122,052	69,533
Frost Control	159,209	49,189
Pesticides	168,091	159,972
Herbicides	16,255	21,408
Irrigation Running	101,611	106,608
Labour & Contractor Costs	1,870,035	1,492,835
Machinery Running	108,436	98,627
Pellenc Tractor Maintenance	129,724	74,200
Harvesting Costs	126,003	102,724
Rates	50,013	60,364
Repairs & Maintenance	160,644	101,314
Other Vineyard Expenses	204,753	167,283
	3,216,826	2,504,057

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.

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, trellising, 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).

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2013

Operating Expenses	**2013**	2012
	$	$
Administrative Costs		
Remuneration of auditors - audit of financial statements	20,400	21,800
Bank Fees	361	5,365
Management Consulting	7,115	11,390
Administrative Services	41,478	46,344
Share Register Charges	18,000	18,000
Company Secretarial	29,000	30,000
Insurance	46,853	44,520
Travel Expenses	8,095	8,056
Shareholder Meeting Expenses	7,364	6,504
Other Administrative Costs	27,357	18,520
	206,023	210,499
Depreciation		
Land Development	185,913	208,597
Buildings	35,475	35,088
Plant	310,637	304,604
Office Equipment	1,616	665
Motor Vehicles	67,976	70,129
	601,617	619,083
Finance Costs		
Interest Paid	1,781,986	1,959,724
Other Expenses		
Grape Growers Levy	49,772	38,244
Directors Fees	60,000	60,000
Legal Expenses	13,068	2,511
Bad Debts	3,870	-
Vineyard Management Fee	113,278	113,278
Loss on Disposal of Assets	-	147,918
	239,988	361,951
Fair Value Movement in other property, plant & equipment		
Keltern	12,008	178,725
Twyford	11,002	(1,346)
Taylors Pass		158,397
Seddon		220,256
Higgins Road		162,508
	23,010	718,540
Total Operating Expenses	2,852,624	3,869,797

9 Income Tax

	2013	2012
	$	$
(a) Income tax expense		
Current Tax		
Current tax on profits for the year	82,674	(161,314)
Adjustments in respect of prior years	-	-
Deferred tax		
Origination and reversal of temporary differences	520,190	384,425
Temporary differences not recognised (tax losses)	-	154,555
Impact of change in tax rates	-	-
	602,864	377,666
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	2,150,163	879,960
Tax at the New Zealand tax rate of 28%	602,046	246,389
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fair value changes in Property, Plant & Equipment		
Deferred tax movement (reserves)	-	-
Deferred tax movement		154,555
Impact on change in Building depreciation	-	(23,429)
Change in tax rate	-	-
Permanent differences	818	150
Income tax expense	602,864	377,666
Included under Current Assets		
Income tax receivable/(payable) at beginning of year	2,461	463
Adjustment for non-deductible expenses	-	-
Prior Period Resident Withholding Tax Credit	-	11
Income Tax Expense in respect of current period	-	-
Net Income Tax Paid/(Refunded)	(1,817)	1,987
Income tax receivable at year end	644	2,461
The weighted average applicable tax rate was 28%		
(c) Imputation credit account		
Balance at beginning of year	356,213	354,103
Tax payments/(refunds)	(2,461)	(474)
Credits attached to interest & dividends received	644	2,472
Imputation credits attached to dividends received	382	112
Amount of Imputation credits available for use in subsequent years	354,778	356,213

10 Cash and Cash Equivalents

Bank balances	-	4,336
Total cash and cash equivalents	-	4,336

11 Prepayments and Other Receivables

GST Receivable	42,098	-
Prepayments	14,406	19,312
Other Receivables	5,945	6,201
Total prepayments and other receivables	62,449	25,513

Terra Vitae Vineyards Limited
Notes to the financial statements
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12 Property, Plant and Equipment

	Land $	Land development $	Buildings $	Plant $	Office equipment $	Motor vehicles $	Total $
At 1 July 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	1,135,000	2,048,187	997	183,738	35,561,921
Year ended 30 June 2012							
Opening carrying amount	24,997,000	7,197,000	1,135,000	2,048,187	997	183,738	35,561,922
Additions/(Disposals)	-	5,459	-	10,210	-	30,435	46,104
Impairment losses				16,790			16,790
Revaluation	133,000	(734,862)	40,088	-	-	-	(561,774)
Depreciation		(208,597)	(35,088)	(304,604)	(665)	(70,129)	(619,083)
Closing carrying amount	25,130,000	6,259,000	1,140,000	1,770,583	332	144,044	34,443,959
At 1 July 2012							
Cost/Valuation	25,130,000	6,543,563	1,171,781	3,313,544	6,022	769,625	36,934,535
Accumulated depreciation	-	(284,563)	(31,781)	(1,542,961)	(5,690)	(625,581)	(2,490,576)
Carrying amount	25,130,000	6,259,000	1,140,000	1,770,583	332	144,044	34,443,959
Year ended 30 June 2013							
Opening carrying amount	25,130,000	6,259,000	1,140,000	1,770,583	332	144,044	34,443,959
Additions/(Disposals)	-	46,482	-	53,562	3,278	42,551	145,873
Impairment losses				-			-
Revaluation increases/(decreases)	143,000	315,431	46,475	-	-	-	504,906
Depreciation		(185,913)	(35,475)	(310,635)	(1,616)	(67,977)	(601,616)
Closing carrying amount	25,273,000	6,435,000	1,151,000	1,513,510	1,994	118,618	34,493,122
At 30 June 2013							
Cost/Valuation	25,273,000	6,719,564	1,182,781	3,367,106	9,300	812,176	37,363,927
Accumulated depreciation	-	(284,564)	(31,781)	(1,853,596)	(7,306)	(693,558)	(2,870,805)
Carrying amount	25,273,000	6,435,000	1,151,000	1,513,510	1,994	118,618	34,493,122

12 Property, Plant and Equipment (continued)

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

	2013 **$**	**2012** $
Cost	20,679,679	20,679,679
Accumulated depreciation	(225,462)	(192,153)
Carrying amount	20,454,217	20,487,526

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 an increase of $330,000 in the fair value of the land, buildings and land improvements as at 30 June 2013. The revaluation increase is net of applicable deferred taxes was debited partly to asset revaluation reserve and also the income statement. The valuation was independently performed by Logan Stone Limited, an associate of the New Zealand Institute of Valuers under the principle of highest and best use. Logan Stone has confirmed that the valuation can be relied upon for the purpose of these financial statements at 30 June 2013.

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.

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

	2013	2012
	$	$
Shares in Ravensdown Fertiliser	1,616	100

The above shares have been measured at the value set by Ravensdown Fertiliser Co-operative Limited.

14 Biological Assets

	2013	2012
	$	$
Grape Vines		
Carrying amount at 1 July	19,386,000	17,590,000
Fair value gains/(losses) on grape vines during the year	1,603,383	1,828,710
Purchases of grape vines	56,617	80,000
Disposal of grape vines	-	(112,710)
Carrying value at 30 June	21,046,000	19,386,000

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 2013, 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 $6,386,812 (2012 $5,107,402). 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 Logan 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

	2013	2012
	$	$
Trade payables	207,329	54,210
GST Liability	-	16,087
Accrued expenses	35,230	40,948
	242,559	111,245

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.

16 Deferred Tax

The balance comprises temporary differences attributable to:

	Plant & equipment	Other	Vines	Land development	Buildings	Tax Losses	Total
	$	$	$	$	$	$	$
Balance at 1 July 2011	38,576	-	(4,389,214)	(669,153)	(250,186)	700,071	(4,569,906)
Other movements	(1,186)	5,600	(576,357)	161,249	19,719	-	(390,975)
Amounts charged to income statement	-	-	-	-	-	-	-
Amounts charged to equity	-	-	-	-	6,654	-	6,654
Balance at 30 June 2012	37,390	5,600	(4,965,571)	(507,904)	(223,813)	700,071	(4,954,227)
Balance at 1 July 2012	37,390	5,600	(4,965,571)	(507,904)	(223,813)	700,071	(4,954,227)
Other movements	13,459	(168)	(506,022)	(224,721)	(18,291)	-	(735,743)
Amounts charged to income statement	-	-	-	-	-	(82,674)	(82,674)
Amounts charged to equity	-	-	-	94,763	13,013	-	107,776
Balance at 30 June 2013	50,849	5,432	(5,471,593)	(637,862)	(229,091)	617,397	(5,664,868)

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.

The Company has tax affected losses approximating $1,578,810 (2012:$1,661,484) to carry forward to offset future taxable income. It has not recognised a deferred tax asset for losses of $954,759 (2012:$954,759) due to uncertain future taxable income. The Company estimates that the tax effect of its recognisable losses is $624,051 (2012: $700,000), which has decreased due to utilisation of some tax losses in the current year. This has been recognised and offset against the reported deferred tax liability and is available to be utilised against future assessable income. The ability to carry forward its tax losses to reduce future taxable income is subject to the shareholder continuity rules.

17 Interest Bearing Liabilities

	2013	2012
Current	**$**	$
Secured		
Bank borrowings	-	96,953
Obligations under finance leases-UDC Finance	65,771	51,217
Non-current		
Secured		
Bank borrowings	25,012,575	25,300,000
Obligations under finance leases-UDC Finance	207,336	233,394
Total interest bearing borrowings	25,285,682	25,681,564

The carrying amount of the above borrowing approximates its fair value. The secured term loan has a total facility amount of $25,300,000 (2012: $26,100,000) of which at the reporting date, $287,425 was available for further drawdown (2012: $703,047). The secured term loan facility with Rabobank matures in 2015.

The weighted average interest rate on interest bearing borrowings outstanding at 30 June 2013 was:	6.48%	7.52%

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 Gravels 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 carrying amount of the Company's current and non-current borrowings approximate their fair value.

During the current and prior year, there were no defaults nor breaches of any of the loans.

18 Contributed Equity

	2013	2012
	$	$
(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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratios at 30 June 2013 and 2012 were as follows:

	2013 **$**	2012 $
Total borrowings	25,285,683	25,681,563
Less cash and cash equivalents	-	4,336
Net debt	25,285,683	25,677,227
Total equity	28,632,976	26,665,539
Total capital	53,918,659	52,342,766
Gearing ratio	47%	49%

As part of the loan agreement with Rabobank entered into in 2007 and revised on 17 April 2012, the Company is required to maintain a minimum Quasi Equity of $30,000,000, 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. In addition, the Company is required to maintain a minimum Quasi Equity ratio of 50% and a Debt Service Cover Ratio of not less than 1.2.

	2013 **$**	2012 $
Total Tangible assets (using latest bank valuation 30/6/13)	59,895,386	57,491,725
Total Liabilities	(31,262,410)	(30,826,186)
Add Back Deferred Tax Liability	5,664,868	4,954,227
Total Quasi Equity	34,297,844	31,619,766
Quasi Equity Ratio	57%	55%

	2013 **$**	2012 $
Net Profit per Income Statement	2,150,163	879,960
Adjust for Valuation Adjustments	(1,580,373)	(1,110,170)
Add back Net Interest Expense	1,779,861	1,950,814
Add back depreciation	601,617	619,083
Add back non-recurring item	-	147,918
EBITDA	2,951,268	2,487,605
Debt Service Cover Ratio	1.66	1.28

All covenants were met for the year ended 30 June 2013

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 2012	0.000	0.000
Dividend paid during the year ended 30 June 2013	0.000	0.000

On 23 August the directors resolved that no dividend would be paid for the year ended 30 June 2013.

21 Financial Instruments by Category

30 June 2013

Assets as per Statement of Financial Position	Loans and receivables **$**
Trade and other receivables	4,297,501
Cash and cash equivalents	-
	4,297,501

Liabilities as per Statement of Financial Position	Other financial liabilities at amortised cost **$**
Borrowings	25,285,683
Trade and other payables	311,863
	25,597,546

30 June 2012

Assets as per Statement of Financial Position	Loans and receivables **$**
Trade and other receivables	3,635,557
Cash and cash equivalents	4,336
	3,639,893

Liabilities as per Statement of Financial Position	Other financial liabilities at amortised cost **$**
Borrowings	25,681,563
Trade and other payables	190,398
	25,871,961

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

	2013	2012
	$	$
Profit/(loss) after income taxation	**1,547,299**	**502,294**
Add non cash items:		
Depreciation	601,617	619,083
Other adjustments		
Movement in fair value of fixed assets	23,010	718,540
Movement in fair value of vines	(1,603,383)	(1,828,710)
Net loss on assets disposed	0	147,918
	(978,756)	**(343,169)**
Change in goods and services taxation	(58,185)	68,627
Increase (decrease) in accounts payable	136,760	(274,617)
(Increase) decrease in prepayments & other receivables	5,162	4,890
(Increase)/decrease in taxes receivable	1,817	(1,998)
Increase (decrease) in deferred tax liability	602,865	377,667
(Increase) decrease in amounts due from related parties	(662,188)	116,189
	26,231	**290,758**
Net cash flow from operating activities	**594,774**	**449,883**

23 Contingencies

As at 30 June 2013 the Company had no contingent liabilities or contingent assets (2012:Nil).

24 Commitments

(a) Capital commitments

As at 30 June 2013 the total capital expenditure contracted for but not provided for was $nil (2012:$nil).

(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 Ground Rental is reviewed every 5 years with the next review due during the 2014 financial year.

	2013	2012
	$	$
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	16,875	19,635
Later than one year but not later than five years	67,500	67,500
Later than five years	12,656	29,531
	97,031	116,666

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, Robert Ferguson.

(b) Key management and personnel and compensation
Key management personnel compensation for the year ended 30 June 2013 and the year ended 30 June 2012 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.

	2013	2012
	$	$
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.

	2013	2012
	$	$
Purchase of shares from key management personnel	-	**-**

25 Related Party Transactions (continued)

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

	2013	2012
	$	$
Purchases of services		
Villa Maria Estate Limited	113,278	113,278
Purchase of vines		
Vineyards Plants Limited	39,491	31,260
Sales of grapes		
Villa Maria Estate Limited	6,386,812	5,107,402
Purchases of virus testing services		
Vine Test Lab Limited	4,009	2,077
Purchases of farm supplies		
Farmlands Cooperative Limited	7,553	8,768

(e) Outstanding balances

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

	2013	2012
	$	$
Receivables		
Villa Maria Estate Limited	4,291,555	3,629,356
Payables		
Villa Maria Estate Limited	68,397	79,038
Vine Test Lab Limited	50	
Farmlands Cooperative Limited	854	112
	69,301	79,150

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 and Grape Purchase Agreement. Villa Maria Estate Limited holds 8,756,361 shares in Terra Vitae Vineyards Limited.

During the year, the Company purchased vines from Vineyards Plants Limited, a company which is owned 100% by Villa Maria Estate Limited. Sir George Fistonich is also a director of Vineyard Plants 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.

During the year, the Company purchased vineyard supplies from Farmlands Cooperative Limited, a company of which David Ferraby is a Director.

(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 Reporting Date

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

	2013	2012
Profit/(loss) attributable to equity holders of the Company - in dollars	1,547,299	502,294
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share - in dollars	0.04	0.01

(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 35, which comprise the statement of financial position as at 30 June 2013, and the income statement, statement of other 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.

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INDEPENDENT AUDITOR'S REPORT Continued

Opinion

In our opinion, the financial statements on pages 6 to 35:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of Terra Vitae Vineyards Limited as at 30 June 2013 and its financial performance and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- 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

23 August 2013

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 2013 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 23 August 2013 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 2013

Ten Largest Shareholders as at 30 June 2013

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 Account 2	346,421	0.87%
Sheather Family Account	238,000	0.60%
Hatch Mansfield Agencies Limited	227,760	0.57%
Thomas Alan Matthews	200,000	0.50%
T J Goodwin*A Goodwin*I R B Burgess	200,000	0.50%
Custodial Services Limited Account 3	194,000	0.49%
JB Were (NZ) Nominees Ltd	175,000	0.44%
Total for top 10 Shareholders	12,776,782	31.94%

Shareholding Breakdown

Holding Range	Holders	Shares Held	% of Shares
< 25,000	180	1,646,278	4.12%
25,000 - 49,999	630	16,969,433	42.42%
50,000 - 99,999	111	6,477,647	16.19%
100,000 - 999,999	26	4,214,281	10.54%
> 1,000,000	2	10,692,361	26.73%
Totals	949	40,000,000	100.00%

Terra Vitae Vineyards Limited
Directory
For the year ended 30 June 2013

Board of Directors
David Ferraby (Chairman)
Sir George Fistonich
Andrew Pearson
Milan Brajkovich
Robert Ferguson (Alternate Director to Sir George Fistonich)

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