Terra Vitae Vineyards Limited

Seddon Vineyard Water Storage Dam
October 2018

Annual Report

For the year ended 30 June 2018

Terra Vitae Vineyards Limited

Financial Statements

For the year ended 30 June 2018

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Chairman's Report 2018

Terra Vitae Vineyards Limited

On behalf of your Board of Directors I have pleasure in presenting the Annual Report for the year ended June 30 2018.

Financial Results

We have separated out the operating performance from the fair value adjustments and one off development expenses in the Income Statement. This year the total gross income from grape sales was $8,495,468 and after expenses the operating profit was $1,428,591 (2017 $520,562) After deducting valuation movements and redevelopment expenses, the 2018 net profit before tax was $1,395,193 (2017 $303,228).

Your Board has resolved to declare a fully imputed dividend of 1.5 cents per share ($600,000) payable on 7 December 2018 with a record date of 23 November 2018. The remaining amount will be used to reduce bank debt, continue with the capital upgrade projects, including completing the Twyford replant program, completing the building of water storage dams and the associated realignment of irrigation mainline piping at Higgins Road and Taylors Pass and hold a buffer in the accounts for working capital. Your Board believes that reporting profit before income tax, interest and depreciation (EBITDA) provides a good comparison from year to year. The performance on that basis for the past three years is detailed below:

	2018	2017	2016
Profit Before Tax	$1,395,193	$ 303,228	$1,751,406
Depreciation	$1,888,541	$1,796,544	$2,084,715
Interest	$1,258,081	$1,485,634	$1,592,011
EBITDA*	**$4,541,815**	**$3,585,406**	**$5,428,132**

*EBITDA is a term that does not have a standardised meaning prescribed by generally accepted accounting practice, and therefore may not be comparable to similar information published by other entities.

The 2017 -2018 year has been a good one for Terra Vitae Vineyards Ltd, with the vineyards producing 12% above target. Our crop value was 6% up on target which was a good result given the atrocious weather during harvest in both provinces. The wine makers tell us that that there are going to be excellent wines produced from the grapes across both regions, which should result in us receiving some additional price premiums based on wine quality for the 2018 vintage.

Following New Zealand's 2017 crop of 396,000 tonnes, the 2018 crop was 419,000 tonnes, up 5.8%. Our large Higgins Road/Seddon vineyard produced close to maximum in Sauvignon Blanc, and was above target in most of the other varieties. The extremely wet conditions in both provinces caused a lot of problems with disease (botrytis and powdery mildew), getting the fruit ripe and towards the end battling with botrytis and being able to get harvesters and trucks onto the vineyards without getting them stuck!

In my post to the Market on May 9, 2018 I said:

The Board of Terra Vitae advises that, subject to final pricing including extra payments for reserve grade wines, we will exceed our budgeted tonnage and our budgeted harvest income for the year ending June 30 2018. This result will be achieved in spite of a most difficult harvest due to repeated rainfall events during harvest in both the Marlborough and Hawke's Bay regions. The care and attention of our vineyard managers and advisors throughout the growing season, from pruning through to picking, enabled us to get the result we achieved.

In Hawke's Bay, the Keltern Vineyard produced well with some early harvesting to avoid a total loss from the heavy rains which arrived a few days before harvesting was due to start. The younger vines from the replanted areas yielded well and on target. Twyford also had a good season, with a total yield above budget. Yield volumes are continuing to be affected by the number of vines having been removed due to the presence of virus and the re-planting program, which is now complete. We will continue to see an uplift in yield over the next three years as the vineyard comes back into full production.

Overall the company produced a total of 4,441 tonnes as against last year's 4,141 tonnes and the chart below shows each vineyards production in dollars and tonnes and compares those figures with 2017.

Vineyard	Yield 2018	Yield 2017	Crop Value 2018	Crop Value 2017
Seddon / Higgins Rd	2836	2936	$5,212,931	$5,243,377
Taylors Pass	1071	819	$2,019,376	$1,551,211
Keltern	443	319	$919,716	$680,197
Twyford Gravels (currently replanting)	91	67	$343,445	$211,716
Totals	4441	4141	$8,495,468	$7,686,501

I have previously spoken about the huge crop produced on some Marlborough's vineyards, mainly in Sauvignon Blanc and that, in some cases, the crops are not thinned. Our viticulture advisors and managers have indicated to us that these huge crops are likely to affect the following season's crop and that those vineyards that did not thin their crops to sustainable yields, could produce very poor crops in in following seasons. This has proved to be the case in many of the vineyards in the Marlborough region. These grapes are then made into very poor quality wine which makes its way (normally in bulk) onto many markets around the world with a label on it calling itself Marlborough Sauvignon Blanc. This will potentially damage the great reputation that Marlborough Sauvignon Blanc has in many offshore markets. I have previously reported that Terra Vitae has adopted a long term view to maximising the returns from its vineyards, concentrating on sustainable yields of good quality grapes and the long term health of the vines. This approach remains in place.

Taylors Pass has been increasingly affected by the irrigation flows onto the vines. Problems were found with some of the dripper lines and leaks in the mainline pipes. There is a program now running to replace some of the mainline pipes and to progressively replace the suspect dripper lines. It is planned to place the new dripper lines below the surface, which not only protects them but also uses less water as there is no evaporation. The Pellencs at Seddon and Taylors Pass, besides being used at harvest time, are also used to thin crops by 'shaking' the bunches soon after veraison (the change in colour of berries) to remove trash which reduces the susceptibility to botrytis, and where necessary, the machines are being used to thin the crops at the same time.

The wet season caused high powdery mildew disease pressure, however the vineyards coped well through good management practices and having updated spraying machines, enabling a regular spray program. The viticulture team, along with their advisors, were on top of the disease and kept it under control. There were vineyards in both regions who did not keep disease under control, which in some cases, meant that the fruit was so badly affected by powdery mildew that the grapes were rejected by the wineries at harvest time.

For the last two years I have been talking about the company assessing the business case to lessen the risk to our vines by building storage ponds to hold water when the river drops below the allowable level, for us to irrigate directly from. Another difficulty we have is that in each summer there are thunderstorms in the mountains in the upper reaches of the Awatere River, which makes the river very dirty, while at the same time, we will have not had a drop of rain on our vineyards. We are unable to use the Awatere river water when it is muddy, as it is destructive to our pumps and the sediment blocks our drippers which supply the water to the vines.

I am pleased to report that the 150,000 cubic metre pond at Seddon is in its final stage of development as I write this, with the plastic liner having been installed late September. Water is now being pumped into it in preparation for this year's irrigation season. It is expected that the Taylors Pass Vineyard pond will be built over the summer. We are in the final stage of planning and choosing the contractors for it. The ponds will make a huge difference to managing the vineyards through the dry summers, and the yields the vineyards produce.

Part of the 53ha Keltern Vineyard has 8ha of Maori lease land and the 21 year lease comes up for renewal April 1 2019. At a meeting with the 7 owners along with a facilitator, it became apparent that two thirds of the family who own the land did not want to continue with the lease after April 1 2019. The other third wished to continue. We will be working with this group who have indicated that they would like to renew the lease of their 2.5ha for a further 21 years. That process has already begun.

In late February, a very successful field day was held at the Hawke's Bay vineyards, finishing with a very enjoyable lunch at the Te Awa Winery and an opportunity to inspect the brand new winery that had just been completed in time for the vintage. This coming year it is planned to hold a degustation dinner with presentations by wine makers on various wines including some made from grapes grown on Terra Vitae's vineyards. This is planned to be held in February and the date will be confirmed in late November.

Awards

A small sample of some of the awards achieved over the last year from wine produced from your vineyards is listed below.

Brand	Variety	Vineyard	Vintage	Competition/Source	Award	Award Year
VM Single Vineyard	Chardonnay	Keltern	2016	Royal Easter Show Wine Awards	Gold	2018
				Hawkes Bay A&P Wine Awards	Gold	2017
				Six Nations Wine Challenge	Gold	2018
				International Wine & Spirit Competition	Gold	2017
VM Single Vineyard	Chardonnay	Keltern	2017	NZ International Wine Show	Gold	2018
				Hawkes Bay A&P Wine Awards	Gold	2018
VM Single Vineyard	Pinot Noir	Seddon	2014	Royal Easter Show Wine Awards	Gold	2018
				Marlborough Wine Show	Gold	2017
VM Single Vineyard	Pinot Noir	Seddon	2015	Marlborough Wine Show	Gold	2017
VM Single Vineyard	Pinot Gris	Seddon	2016	Winestate Magazine Australia	5/5 Stars	2017
VM Single Vineyard	Pinot Noir	Taylors Pass	2015	Royal Easter Show Wine Awards	Gold	2018
VM Single Vineyard	Sauvignon Blanc	Taylors Pass	2017	Royal Easter Show Wine Awards	Gold	2018
VM Single Vineyard	Chardonnay	Taylors Pass	2016	Royal Easter Show Wine Awards	Gold	2018
				Marlborough Wine Show	Gold	2017
VM Single Vineyard	Pinot Noir	Taylors Pass	2014	Winestate Magazine Australia	5/5 Stars	2017
VM Single Vineyard	Pinot Noir	Taylors Pass	2016	NZ International Wine Show	Gold	2018

Share Trading

The company continues to list its shares on the Unlisted Market. There were 2,371,200 shares traded in the twelve months to 30 June 2018, with the price ranging from 38 cents to 50 cents. This compares to Net Assets of 90.2 cents (last year 87.4 cents).

Industry Statistics

On reading the New Zealand Winegrowers Report recently, I noted some continuing growth figures in our industry which are worth highlighting here. They show how much the industry has changed over the past ten years:

Year	**2018**	2009	Change
Number of Wineries	697	643	+8%
Number of Growers	699	1073	-35%
Producing Area (ha)	37,969	31,964	+19%
Average yield (tonnes per ha)	11.1	8.9	+25%
Tonnes Crushed	419,000	285,000	+47%
Export Value ($NZ billion)	$1.705	$992	+72%

The New Zealand Winegrowers Report 2018 also reported on some of the Key Performance Indicators for Wine Sales for the year ended 30 June 2018. These statistics indicate stability in established markets and continued growth in the industry as a whole and highlight the reliance on Sauvignon Blanc as a variety.

Sales	**$**	**Change**
Sales to USA	$522m	+1%
Sales to AUS	$367m	-1%
Sales to UK	$387m	0%
Sales to Canada	$128m	+20%
Sales to Netherlands	$51m	+13%
Sales to China	$37m	+15%
Total Value of Exports	$1.705b	+3%
Domestic Sales Volume	52.7mL	+1%
Sauvignon Blanc (Export volume share)	86%	

Directors and AGM

This year Joe Ferraby retired by rotation as a director and indicated he was willing to stand again. As there were no other nominations received by the due date, Joe is duly re-elected as per the constitution.

Our AGM is set to be held at the Villa Maria Winery in Auckland on November 26 at 2.30pm and I look forward to meeting with many of you there. Following the AGM we will be serving afternoon tea and Villa Maria will have a tasting of a range of wines including wines from the Terra Vitae vineyards.

Finally I want to thank the Villa Maria viticulture team lead by Ollie Powrie, Stuart Dudley and Jonathan Hamlet along with our managers, Ian Buck, Kevin Searles and Cameron Price for the work they do in managing the vineyards to such a high industry standard and the outstanding fruit they produce off the vineyards year after year. I especially want to thank Mark Allen, not only for the advisory work he does as our viticulture advisor in the four vineyards, but also for taking on the job of project managing the whole process of the designing and building of the dam and the redesign of the irrigation pipes to and from the Seddon vineyard. He is now project managing the design and build of the Taylors Pass dam. Thank you Mark.

Thank you also Alan O’Sullivan, our company secretary, who puts a huge effort into keeping the whole business running smoothly from accounting to banking relationships, shareholder queries and assisting me in my tasks. Alan is a key part of the team. Thank you Sir George, Andrew and Milan for the part you play in governing the company and the guidance you give to me.

Joe Ferraby

Chairman

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 2018.

Principal Activity

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

Results	**2018**	**2017**
	$	**$**
Profit for the year	1,004,398	218,067
Total Equity of the Company	36,067,835	34,938,039
Total Assets of the Company	62,661,523	61,737,307

Auditors

The directors are proposing that RSM Hayes Audit 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 24 to the financial statements.

Directors' remuneration

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

David Ferraby	$36,000
Sir George Fistonich	$18,000
Andrew Pearson	$18,000
Milan Brajkovich	$18,000
	$90,000

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	shares
G Fistonich	503,240	shares
A Pearson	61,000	shares
M Brajkovich	26,000	shares
F Yukich	-	shares

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 present fairly, in all material respects, the statement of financial position as at 30 June 2018 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 to the periods 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 Markets Conduct Act 2013 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 4(iii) 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 8 to 37 for issue on 12 October 2018

For and on behalf of the Board.

D Ferraby
Director

Friday, 12 October 2018

A Pearson
Director

Friday, 12 October 2018

Terra Vitae Vineyards Limited
Income Statement
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue			
Sale of Grapes		8,495,468	7,686,501
Interest		1,807	4,907
Dividends		597	-
Services rendered-Harvesting Income		160,398	168,948
		8,658,270	7,860,356
Production Costs	8	3,531,548	3,632,898
Depreciation on Bearer Plants	8	1,190,452	1,098,620
Depreciation on Land Development and Plant	8	598,985	598,761
Total Cost of Sales		5,320,985	5,330,279
Gross profit		3,337,285	2,530,077
Other Income			
Sundry income	7	53,524	58,974
Total Other Income		53,524	58,974
Operating Expenses			
Administrative costs	8	233,943	212,732
Depreciation on Other Assets	8	99,104	99,163
Finance costs	8	1,258,081	1,485,634
Other expenses	8	293,207	263,460
Loss on sale of fixed assets		77,883	7,500
Total operating expenses		1,962,218	2,068,489
Profit from Operations		1,428,591	520,562
Plus valuation adjustments, impairments and development costs			
Fair value movement in other property, plant and equipment	8	(27,370)	(37,864)
Redevelopment expenses	8	(6,028)	(109,681)
Impairment of Bearer Plants	8	-	(69,789)
		(33,398)	(217,334)
Profit before income tax		1,395,193	303,228
Income tax expense	9	(390,795)	(85,161)
Profit for the year		1,004,398	218,067
Profit for the year is attributable to:			
Ordinary equity holders of the company		1,004,398	218,067
Basic and diluted earnings per share	26	0.03	0.01

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 2018

	Notes	**2018** **$**	2017 $
Profit for the year		1,004,398	218,067
Other comprehensive income			
*Revaluation of land, land developments, buildings and other assets	18	809,164	1,455,834
Income tax relating to revaluation	15	(83,766)	(19,833)
Other comprehensive income for the year, net of tax		725,398	1,436,001
Total comprehensive income for the year, net of tax		1,729,796	1,654,068
Attributable to:			
Ordinary equity holders of the company		1,729,796	1,654,068

* **-** represents the net increase 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 2018

	Notes	**2018** $	2017 $
Current assets			
Cash and cash equivalents	10	8,716	6,052
Prepayments and other receivables	11	107,871	157,804
Related party receivables	24e	5,091,952	4,546,806
Total current assets		5,208,539	4,710,662
Non-current assets			
Property, plant and equipment	12	57,449,186	57,022,847
Other financial assets	13	3,798	3,798
Total non-current assets		57,452,984	57,026,645
Total assets		62,661,523	61,737,307
Current liabilities			
Interest bearing liabilities	16	449,732	249,592
Current tax payable	9	529,388	59,151
Trade and other payables	14	358,012	369,562
Related party payables	24e	82,352	85,288
Total current liabilities		1,419,484	763,593
Non-current liabilities			
Interest bearing liabilities	16	19,637,802	20,271,328
Deferred tax liability	15	5,536,402	5,764,347
Total non-current liabilities		25,174,204	26,035,675
Total liabilities		26,593,688	26,799,268
Net assets		36,067,835	34,938,039
Equity			
Share capital	17a	28,800,000	28,800,000
Retained earnings		(3,054,380)	(3,458,778)
Asset revaluation reserve	18	10,322,215	9,596,817
Total equity		36,067,835	34,938,039

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 2018

	Notes	Share capital $	Asset revaluation reserve $	Retained earnings $	Total $
Balance as at 1 July 2016		**28,800,000**	**8,160,816**	**(3,076,845)**	**33,883,971**
Profit for the period		-	-	218,067	218,067
Other comprehensive income		-	1,436,001	-	1,436,001
Total comprehensive income for the year		-	1,436,001	218,067	1,654,068
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	9,914	9,914
Dividends paid	19	-	-	(609,914)	(609,914)
Balance as at 30 June 2017		**28,800,000**	**9,596,817**	**(3,458,778)**	**34,938,039**
Balance as at 1 July 2017		**28,800,000**	**9,596,817**	**(3,458,778)**	**34,938,039**
Profit for the period		-	-	1,004,398	1,004,398
Other comprehensive income		-	725,398	-	725,398
Total comprehensive income for the year		-	725,398	1,004,398	1,729,796
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	4,897	4,897
Dividends paid	19	-	-	(604,897)	(604,897)
Balance as at 30 June 2018		**28,800,000**	**10,322,215**	**(3,054,380)**	**36,067,835**

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 2018

	Notes	**2018**	2017
		$	$
Operating Activities			
Cash was provided from:			
Receipts from customers		8,144,426	8,609,660
Interest received		1,807	4,907
Dividends received		597	-
Other income received		53,524	58,974
Income tax refunded		4,846	215
Cash was disbursed to:			
Payments to suppliers		(4,068,693)	(3,999,155)
Interest paid		(1,258,081)	(1,485,634)
Income taxes paid		(231,407)	(191,326)
Net cashflows from operating activities	21	2,647,019	2,997,641
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment		29,000	17,000
Cash was applied to:			
Purchase of property, plant and equipment		(1,639,969)	(676,809)
Net cashflow from investing activities		(1,610,969)	(659,809)
Financing activities			
Cash was applied to:			
Repayment of bank borrowings		(183,794)	(1,482,587)
Repayment of finance leases		(249,592)	(251,461)
Payment of Dividend		(600,000)	(600,000)
Net cashflows from financing activities		(1,033,386)	(2,334,048)
Net increase in cash and cash equivalents		2,664	3,785
Cash and cash equivalents at beginning of year		6,052	2,268
Cash and cash equivalents at end of the year	10	8,716	6,052

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 a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013.

These financial statements were authorised for issue by the Board of Directors on 12 October 2018. The entity's owners do not have the power to amend the financial statements after issue.

2 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 Markets Conduct Act 2013.

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 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.

Change in accounting policies

There have been no changes in accounting policies from the prior year.

(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 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.

(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.

(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.

2 Summary of Significant Accounting Policies (continued)

Leases of plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest charges. The corresponding lease payments, net of finance charges, are included in interest bearing liabilities. The interest is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

(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. 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 of disposal 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 31 October each year. Collectability 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. 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).

(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.

2 Summary of Significant Accounting Policies (continued)

(m) Property, plant and equipment

Land, land developments and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings and land developments. 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 developments 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 developments	33 years
Motor vehicles	3 - 10 years
Plant	2 - 20 years
Vines (Bearer Plants)	1 - 27 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.

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.

2 Summary of Significant Accounting Policies (continued)

(r) Bearer Plants

Grape vines

Grape vines were initially measured at their deemed cost based on the previously assessed fair value at 1 July 2015, and are depreciated over their expected remaining useful life. The useful lives of bearer plants are reviewed annually and their carrying value considered for impairment by reference to a valuation by an independent valuer.

(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.

(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.

3 New Standards and Interpretations

Standards not yet in effect

The company has reviewed all new standards and interpretations and amendments in issue and not yet adopted and does not expect these standards to have any material impact on the financial statements of the Company, except for the revision to accounting standards noted below.

NZ IFRS 15 *Revenue from Contracts with Customers* is expected to be effective for periods commencing on or after 1 January 2018. NZ IFRS 15 introduces a new model for the recognition of revenue, and contains more detailed requirements than the previous standard. The company does not expect material changes to measurement but will need to provide different disclosures of revenue disaggregation under the new standard.

NZ IFRS 16 – *Accounting for Leases* will require lessees to recognise a lease liability reflecting future lease payments and a 'right-of use asset' for virtually all lease contracts – there is no distinction between operating and finance leases for lessees. Under NZ IFRS 16 a contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard is effective for periods beginning on or after 1 January 2019. The company is yet to assess the impact of the new standard, however as a minimum the lease commitments disclosed in Note 23 will require recognition as a lease liability and corresponding rights of use of the asset.

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 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 2018 is $37,125,691 (2017: $35,989,997). The increase in their carrying value, net of impairment losses or reversals, for the year ended 30 June 2018 is $1,135,694 (2017: increase of $1,192,001). (Refer to note 12.)

4 Critical Accounting Estimates and Judgements (continued)

(ii) Estimation of useful lives of assets
The estimation of the useful lives of assets (including grape vines) has been based on historical experience and current asset replacement plans. 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.

(iii) Going concern
During the current period, the Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future.

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 2115.

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 company is trading profitably and expects to continue to do so.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2018

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 the vast majority of it's 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, however no financial instruments are held that are exposed to this risk at balance sheet date.

(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 2018, of the total borrowings of $19,186,350, $19,090,000 was held under fixed rate agreements of varying periods of time. None of those borrowings had interest rates fixed for more than 5 years.

Sensitivity Analysis
As the company has only $96,350 of borrowings at variable rates (2017 $4,397), no change in floating rates would have a significant impact on profit or equity.

(b) Credit risk
Credit risk is managed on a regular basis. Credit risk arises from outstanding receivables from debtors. As part of the company's financial risk policy, the company closely monitors compliance with the defined payment plan set out in the Grape Supply Agreement and other trading terms set with other customers. 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:

	2018	**2017**
Counter party		
Villa Maria Estate Limited	$ 5,091,952	$ 4,546,806

The outstanding balance at the time of authorising the financial statements was within the trading terms. The balance is not considered 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.

Terra Vitae Vineyards Limited
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For the year ended 30 June 2018

5 Financial Risk Management (continued)

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. Interest payable has been calculated at balance date rates, assuming bank borrowings at balance date are held to maturity.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2018				
Trade payables	$ 440,364	$ -	$ -	$ -
Bank borrowings	$ 1,101,759	$ 1,088,083	$ 3,229,403	$ 19,689,992
Obligations Under Finance Leases	$ 449,732	$ 451,452	$ -	
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 30 June 2017				
Trade payables	$ 454,850	$ -	$ -	$ -
Bank borrowings	$ 1,246,662	$ 1,111,158	$ 3,341,557	$ 20,977,518
Obligations Under Finance Leases	$ 204,707	$ 643,636	$ 302,434	

Payments due in less than one year are expected to be met within existing facility limits. Management intend to renew or replace the existing bank debt facility upon expiry.

(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 at balance date was $19,186,350 (2017 $19,370,144) with a fair value of $19,608,593 (2017: $19,741,075). The fair values of balances with fixed interest rates have been estimated with reference to market rates for instruments with the same or similar terms that could have been taken out at balance date. Balances with floating rates are assumed to approximate their fair value. This estimate is a level 2 estimate in accordance with NZ IFRS 13: Fair Value Measurement.

(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 Hawke's 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

	2018	2017
	$	$
Sundry Income		
Grazing Income	20,370	15,452
Rental Income	22,800	30,444
Contracting Income	10,354	13,078
Total sundry income	53,524	58,974

8 Expenses

Cost of sales		
Fertilizer	176,426	182,579
Frost Control	48,173	29,444
Pesticides	252,294	237,870
Herbicides	23,579	18,700
Irrigation Running	54,975	78,109
Labour & Contractor Costs	2,087,617	2,196,323
Machinery Running	112,770	83,730
Pellenc Tractor Maintenance	83,400	54,010
Harvesting Costs	124,458	124,376
Rates	67,319	69,407
Repairs & Maintenance	212,875	286,490
Vine Removal Costs	19	263
Operating Lease Expenses	142,851	138,660
Other Vineyard Expenses	144,792	132,937
	3,531,548	3,632,898

Additional notes on income & expenses

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

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

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

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 reserve quality grapes.

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

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

8 Expenses (Continued)

Operating Expenses	**2018 $**	2017 $
Administrative Costs		
Remuneration of auditors		
RSM Hayes Audit: audit of financial statements:	23,000	21,200
RSM Hayes Audit: audit of share register:	1,000	1,000
Bank Fees	1,222	612
Management Consulting	5,143	5,009
Administrative Services	36,461	40,152
Share Register Charges	33,125	22,567
Company Secretarial	50,000	50,000
Insurance	41,065	42,620
Travel Expenses	6,672	4,842
Shareholder Meeting Expenses	16,687	14,523
Other Administrative Costs	19,568	10,207
	233,943	212,732
Depreciation		
Bearer Plants	1,190,452	1,098,620
Land Development	236,864	210,902
Plant	362,121	387,860
Land Development and Plant	598,985	598,762
Buildings	43,448	42,780
Office Equipment	179	1,493
Motor Vehicles	55,477	54,890
Buildings Office Equipment and Motor Vehicles	99,104	99,163
	1,888,541	1,796,545
Finance Costs		
Interest Paid	1,258,081	1,485,634
Other Expenses		
Grape Growers Levy	57,344	52,421
Directors Fees	90,000	90,000
Legal Expenses	27,165	4,325
Vineyard Management Fee	118,698	116,714
	293,207	263,460

Valuation Adjustments and Redevelopment Costs

Redevelopment Expenses		
Twyford Gravels - Preliminary redevelopment works (non-capital)	6,028	7,306
Twyford Gravels - Carrying value of Bearer Plants removed	-	102,375
Taylors Pass - Disposal of Irrigation System	-	-
	6,028	109,681
Fair Value Movement in other property, plant & equipment		
Twyford Gravels-Non-Biological Assets	27,370	37,864
	27,370	37,864
Impairment of Bearer Plants		
Twyford Gravels	-	69,789
	-	69,789

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9 Income Tax

	2018	2017
	$	$
(a) Income tax (credit)/expense		
Current Tax		
Current tax on profits for the year	702,505	263,497
Adjustments in respect of prior years	-	-
Deferred tax		
Origination and reversal of temporary differences	(311,710)	(178,337)
	390,795	85,161

(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	1,395,193	303,228
Tax at the New Zealand tax rate of 28%	390,654	84,904
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fair value changes in Property, Plant & Equipment		
Permanent differences	141	257
Income tax (credit)/expense	390,795	85,161

Included under Current Liabilities		
Income tax receivable/(payable) at beginning of year	(59,151)	13,235
Income Tax Expense in respect of current period	(702,505)	(263,497)
Net Income Tax Paid/(Refunded)	232,268	191,111
Income tax receivable/(payable) at year end	(529,388)	(59,151)

The weighted average applicable tax rate was 28%

(c) Imputation credit account		
Balance at beginning of year	14,161	56,384
Tax payments/(refunds)	226,560	179,830
Credits attached to interest & dividends received	535	1,368
Imputation credits attached to dividends received	167	0
Imputation credits attached to dividends paid	(228,437)	(223,421)
Amount of Imputation credits available for use in subsequent years	12,986	14,161

10 Cash and Cash Equivalents

Bank balances	8,716	6,052
Total cash and cash equivalents	8,716	6,052

At present, funds are generally applied to the company's "All in One Facility" with Rabobank in order to minimise interest expenditure.

11 Prepayments and Other Receivables

GST Receivable	62,694	49,645
Prepayments	34,702	63,978
Other Receivables	10,475	44,181
Total prepayments and other receivables	107,871	157,804

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12 Property, Plant and Equipment

	Land	Land development	Buildings	Plant and Office Equipment	Motor vehicles	Bearer Plants (Vines)	Total
	$	$	$	$	$		$
	(valuation)	(valuation/cost)	(valuation)				
At 1 July 2016							
Cost/Valuation	27,265,000	7,009,139	1,323,545	4,595,777	312,225	20,950,000	61,455,686
Accumulated depreciation	-	(693,141)	(106,547)	(2,004,298)	(244,250)	(1,486,909)	(4,535,145)
Carrying amount	27,265,000	6,315,998	1,216,998	2,591,479	67,975	19,463,090	56,920,540
Year ended 30 June 2017							
Opening carrying amount	27,265,000	6,315,998	1,216,998	2,591,479	67,975	19,463,090	56,920,540
Additions	-	20,916	6,797	320,395	259,883	69,555	677,545
Disposals (net)	-	-	-	(24,500)	-	(102,375)	(126,875)
Impairments	-	-	-	-	-	(69,879)	(69,879)
Revaluation Increases/(decreases)	1,385,000	18,986	13,984	-	-	-	1,417,970
Depreciation	-	(210,902)	(42,780)	(389,352)	(54,890)	(1,098,620)	(1,796,544)
Closing carrying amount	28,650,000	6,144,998	1,194,999	2,498,022	272,968	18,261,771	57,022,757
At 1 July 2017							
Cost/Valuation	28,650,000	6,921,416	1,312,305	4,867,173	572,107	20,672,452	62,995,452
Accumulated depreciation	-	(776,418)	(117,306)	(2,369,151)	(299,139)	(2,410,590)	(5,972,605)
Carrying amount	28,650,000	6,144,998	1,194,999	2,498,022	272,967	18,261,861	57,022,847
Year ended 30 June 2018							
Opening carrying amount	28,650,000	6,144,998	1,194,999	2,498,022	272,967	18,261,861	57,022,847
Additions	-	660,625	54,262	785,963	31,746	107,373	1,639,969
Disposals (net)	-	(80,675)	-	-	-	(26,208)	(106,883)
Impairments	-	-	-	-	-	-	-
Revaluation Increases/(decreases)	510,000	272,609	(814)	-	-	-	781,794
Depreciation	-	(236,864)	(43,448)	(362,300)	(55,477)	(1,190,452)	(1,888,541)
Closing carrying amount	29,160,000	6,760,693	1,204,998	2,921,685	249,237	17,152,574	57,449,186
At 30 June 2018							
Cost/Valuation	29,160,000	7,595,721	1,344,241	5,632,672	531,354	20,487,847	64,751,835
Accumulated depreciation	-	(835,028)	(139,243)	(2,710,987)	(282,118)	(3,335,272)	(7,302,648)
Carrying amount	29,160,000	6,760,693	1,204,998	2,921,685	249,237	17,152,574	57,449,186

The fair value of bearer plants assessed by Logan Stone at 30 June 2018 was $26,390,000 (2017: $26,085,000)

The carrying value of assets held under finance leases at balance date is $1,248,440 (2017: 1,429,540) and is included within Plant and Equipment

The carrying value of Land Development includes work in progress costs of water storage ponds totalling $587,994.

12 Property, Plant and Equipment (continued)

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

	2018 $	2017 $
Cost	20,941,446	20,887,184
Accumulated depreciation	(316,179)	(275,242)
Carrying amount	20,625,267	20,611,942

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 $1,135,694 in the carrying value of the land, buildings and land developments as at 30 June 2018. The revaluation increase is net of applicable deferred taxes was allocated partly to asset revaluation reserve and also the income statement. The valuation was independently performed by Logan Stone Limited, (a PIQA approved valuation practice 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 2018.

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 determining fair value, the following range of comparable sales prices for each subject property are derived from location and productive based measures.

	$ / per hectare of land 2018	 2017
Hawke's Bay		
Medium Silts	**47000-50000**	47000-50000
Gravels	**80000-85000**	80000-85000
Marlborough		
Medium Silts	**55000-78000**	55000-75000

All of the Company's items of property that is revalued are considered to be a level 3 fair value estimate under NZ IFRS 13.

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.

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

12 Property, Plant and Equipment (continued)

Bearer plants and agricultural produce

As at 30 June 2018, the company had a total of 370 hectares of vines. During the year ended 30 June 2018 the Company harvested 4441 tonnes of grapes (2017: 4141). 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 $8,495,468 (2017: $7,615,641) and $0 to an independent winery (2017: $70,860). The amount shown under "Related party receivables" relate to the amount outstanding at balance date in respect of the sales to Villa Maria Estate Limited.

Assessment for impairment

The company's vines were independently valued by Logan Stone Registered Valuers as at 30 June 2018. Market valuations were completed based on a comparative sales approach less estimated point of sale costs, adjusted to reflect the locations, planting age and variety of the vines. The valuation was performed in accordance with the International Valuation Standard framework.

Fair value is determined by direct reference to recent market transactions on arm's length terms for vineyards comparable in size, location and varietal mix to those held by the Company. The fair value of land and other vineyard infrastructure is deducted from the fair value of the vineyards, to determine the fair value of the grape vines.

Assumed value ranges for the subject vineyards are shown below.

	2018	2017
Hawkes Bay		
	$ / per hectare	$ / per hectare
Red Varieties	**48000-72000**	48000-72000
White Varieties	**25000-38000**	25000-38000
Marlborough		
Sauvignon Blanc	**70000-104000**	70000-104000
Pinot Noir	**75000-95000**	75000-95000
Other White Varieties	**45000-76000**	45000-76000

The above ranges are based on market analysis which considers the production yields and quality of grapes produced. The higher the production levels and higher the quality of grapes produced, the higher the value.

The fair value assessed for bearer plants at all vineyards was higher than the carrying value and no impairment was required at 30 June 2018.

13 Other Financial Assets

	2018	2017
	$	$
Shares in Farmlands Co-operative	1,623	1,623
Shares in Ravensdown Fertiliser	2,175	2,175
	3,798	3,798

The above shares have been measured at cost.

14 Trade and Other Payables

	2018	2017
	$	$
Trade payables	272,153	303,465
Accrued expenses	85,859	66,097
	358,012	369,562

15 Deferred Tax

The balance comprises temporary differences attributable to:

	Plant & equipment	Other	Vines	Land development	Buildings	Tax Losses	Total
	$	$	$	$	$	$	$
Balance at 1 July 2016	(76,434)	5,767	(5,049,913)	(716,408)	(206,962)	121,100	(5,922,850)
Amounts charged to income statement	(8,343)	557	309,441	(10,835)	8,616	(121,100)	178,336
Amounts charged to equity				(15,918)	(3,915)		(19,833)
Balance at 30 June 2017	(84,777)	6,324	(4,740,472)	(743,161)	(202,261)	-	(5,764,347)
Balance at 1 July 2017	(84,777)	6,324	(4,740,472)	(743,161)	(202,261)	-	(5,764,347)
Amounts charged to income statement	725	179	298,062	3,894	8,851	-	311,711
Amounts charged to equity				(83,994)	228		(83,766)
Balance at 30 June 2018	(84,052)	6,503	(4,442,410)	(823,261)	(193,182)	-	(5,536,402)

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.

16 Interest Bearing Liabilities

	2018	2017
Current	**$**	$
Secured		
Bank borrowings	-	-
Obligations under finance leases	449,732	249,592
	449,732	249,592
Non-current		
Secured		
Bank borrowings	19,186,350	19,370,144
Obligations under finance leases	451,452	901,184
	19,637,802	20,271,328
Total interest bearing borrowings	20,087,534	20,520,920

The carrying amount of the above borrowing approximates its fair value. The secured term loan has a total facility amount of $23,900,000 (2017: $23,900,000) of which at the reporting date, $4,713,650 was available for further drawdown (2017: $4,529,856). The secured term loan facility with Rabobank matures in December 2023.

	2018	2017
	$	$
The weighted average interest rate on interest bearing borrowings outstanding at 30 June 2018 was:	5.48%	7.07%

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.

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

Finance leases	**2018**	2017
	$	$
Minimum lease payments are due under finance leases as follows:		
No later than one year	483,785	307,725
Later than 1 year and no later than 5 years	474,336	960,665
Less: Future finance charges included in payments due	(56,937)	(117,614)
Present value of finance lease liabilities	901,184	1,150,776
The present value of finance lease liabilities is due for payment as follows:		
No later than one year	449,732	249,592
Later than 1 year and no later than 5 years	451,452	901,184
	901,184	**1,150,776**

Lease liabilities are secured over the assets to which they relate.

17 Contributed Equity

	2018	2017
	$	$
(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 2018 and 2017 were as follows:

	2018	2017
	$	$
Total borrowings	20,527,898	20,975,772
Less cash and cash equivalents	8,716	6,052
Net debt	20,519,182	20,969,720
Total equity	36,067,835	34,938,039
Total capital	56,587,017	55,907,759
Gearing ratio	36%	38%

As part of the loan agreement with Rabobank entered into in 2007 and last revised on 1 May 2018, 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.

	2018	2017
	$	$
Total Tangible assets (using latest bank valuation 30/6/18)	71,898,949	69,560,446
Total Liabilities	(26,593,688)	(26,799,268)
Add Back Deferred Tax Liability	5,536,402	5,764,347
Total Quasi Equity	50,841,663	48,525,525
Quasi Equity Ratio	71%	70%
Net Profit before tax per Income Statement	1,395,193	303,228
Adjust for valuation adjustments	27,370	37,864
Adjust for impairments	-	69,789
Add back Net Interest Expense	1,256,274	1,480,727
Add back depreciation	1,888,541	1,796,544
Add back redevelopment expenses and loss/(gain) on sale of assets	83,911	117,181
EBITDA	4,651,289	3,805,333
Debt Service Cover Ratio	3.70	2.57

All covenants were met for the year ended 30 June 2018.

18 Reserves

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

19 Dividends

		2018	2017
Ordinary shares		**$**	$
Dividend paid during the year ended 30 June 2018		600,000	600,000
Supplementary Dividend paid during the year ended 30 June 2018		4,897	9,914
Total Dividend paid per Statement of Changes in Equity		604,897	609,914
	Per share	0.015	0.015

On 17 August 2018 the directors declared a fully imputed dividend of 1.5 cent per share and a supplementary dividend for overseas shareholders of 0.264705 cents per share to be paid on 7 December 2018.

20 Financial Instruments by Category

30 June 2018

Assets as per Statement of Financial Position	Available for sale	Loans and receivables
	$	**$**
Trade and other receivables	-	5,102,427
Cash and cash equivalents	-	8,716
Other financial assets	3,798	-
	3,798	5,111,143

Liabilities as per Statement of Financial Position	Other financial liabilities at amortised cost
	$
Borrowings	20,087,534
Trade and other payables	440,364
	20,527,898

30 June 2017

Assets as per Statement of Financial Position	Available for sale	Loans and receivables
	$	**$**
Trade and other receivables	-	4,590,987
Cash and cash equivalents	-	6,052
Other financial assets	3,798	-
	3,798	4,597,039

Liabilities as per Statement of Financial Position	Other financial liabilities at amortised cost
	$
Borrowings	20,520,921
Trade and other payables	454,851
	20,975,772

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

	2018	2017
	$	$
Profit/(loss) after income taxation	**1,004,398**	**218,067**
Add non cash items:		
Depreciation	1,888,541	1,796,544
Other adjustments		
Movement in fair value of property, plant and equipment	27,370	37,864
Disposal of plant	77,883	7,500
Twyford Gravels redevelopment expenses (refer note 8)	-	7,306
Twyford Gravels bearer plants written off (refer note 8)	-	102,375
Twyford Gravels impairment of Bearer Plants (refer note 8)	-	69,789
	1,993,794	**2,021,378**
Change in goods and services taxation	(13,049)	(12,343)
Increase (decrease) in accounts payable	(14,486)	150,458
(Increase) decrease in prepayments & other receivables	62,982	(62,904)
(Increase)/decrease in taxes receivable/payable	470,237	72,386
Increase (decrease) in deferred tax liability	(311,711)	(178,336)
(Increase) decrease in amounts due from related parties	(545,146)	788,935
	(351,173)	**758,196**
Net cash flow from operating activities	**2,647,019**	**2,997,641**

22 Contingencies

As at 30 June 2018 the Company had no contingent liabilities or contingent assets (2017:Nil).

23 Commitments

(a) Capital commitments

As at 30 June 2018 the total capital expenditure contracted for but not provided for was $622,291 (2017:$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 vehicle leases. The land lease is for a period of 21 years and expires in April 2019. Three tractors are leased under seven year operating leases with Custom Fleet NZ. These leases expire in 2021, 2022 and 2023.

	2018	2017
	$	$
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	138,632	142,851
Later than one year but not later than five years	340,694	499,796
Later than five years	4,191	27,191
	483,517	669,838

24 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, Fabian Yukich (alternate to Sir George Fistonich)

(b) Key management and personnel and compensation
Key management personnel compensation for the year ended 30 June 2018 and the year ended 30 June 2017 is set out below. The key management personnel for Terra Vitae are all the directors of the company.

	2018	2017
	$	$
Short term benefits (Directors' Fees)	90,000	90,000
Total	**90,000**	**90,000**

(c) Other transactions with key management personnel or entities related to them
There were no other transactions with key management personnel or entities related to them other than those detailed below.

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

	2018	2017
	$	$
Sales of grapes		
Villa Maria Estate Limited	8,495,468	7,615,641
Sales of Services		
Villa Maria Estate Limited	170,752	182,026
Purchases of services		
Villa Maria Estate Limited	118,698	116,714
Purchase of vines		
Vineyards Plants Limited	45,914	51,864
Purchases of virus testing services		
Vine Test Lab Limited	646	567
Purchases of farm supplies		
Farmlands Cooperative Limited (and its subsidiaries)	92,032	95,797

(e) Outstanding balances

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

	2018	2017
	$	$
Receivables		
Villa Maria Estate Limited	5,091,952	4,546,806
Payables		
Villa Maria Estate Limited	81,815	82,435
Vine Test Lab Limited	-	567
Farmlands Cooperative Limited (and its subsidiaries)	537	2,286
	82,352	85,288

24 Related Party Transactions (continued)

Relationships with related parties

Sir George Fistonich, a director of Terra Vitae Vineyards Limited, is also a director and beneficial owner 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. Milan Brajkovich, a director of Terra Vitae Vineyards Limited, is married to the Chairperson of Villa Maria Estate 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 100% 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 (and its subsidiaries), a company of which David Ferraby is a Director and Shareholder.

Andrew Pearson, a director of Terra Vitae Vineyards Limited, is also a director of Somsmith Nominees Limited which holds (in a non-beneficial custodial holding) 65,684 shares in Terra Vitae Vineyards Limited.

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

Outstanding balances are unsecured, except that Farmlands Co-operative Society Limited (and its subsidiaries) hold retention of title clauses over products supplied to Terra Vitae Vineyards Limited in the normal cause of business. Outstanding balances are repayable in cash.

25 Events Occurring After The Reporting Date

On 17 August 2018 the directors declared a fully imputed dividend of 1.5 cent per share and a supplementary dividend for overseas shareholders of 0.264705 cents per share to be paid on 7 December 2018.

26 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.

	2018	2017
	$	$
Profit/(loss) attributable to equity holders of the Company - in dollars	1,004,398	218,067
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share - in dollars	0.03	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

RSM Hayes Audit

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Opinion

We have audited the financial statements of Terra Vitae Vineyards Limited (the company), which comprise:

- the statement of financial position as at 30 June 2018;
- the income statement for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the financial statements on pages 8 to 33 present fairly, in all material respects, the financial position of the company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Report and Directors' Report & Responsibility Statement on pages 1 to 7, and the Shareholders' Information and Directory on pages 36 to 37 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSM

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, 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. In preparing the financial statements, the directors are responsible on behalf of the company for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:
https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page6.aspx

Who we report to

This report is made solely to Terra Vitae Vineyards Limited's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jason Stinchcombe.

RSM

RSM Hayes Audit
Auckland

12 October 2018

Terra Vitae Vineyards Limited
Shareholders' Information
For the year ended 30 June 2018

Ten Largest Shareholders as at 30 June 2018

Holder	Shares Held	% of Shares
Villa Maria Estate Limited	8,756,361	21.89%
Peter Rae Industries Ltd	810,000	2.03%
Custodial Services Ltd	652,800	1.63%
Sir George Fistonich	503,240	1.26%
Custodial Services Ltd	467,621	1.17%
Sky Hill Limited	449,900	1.12%
Sheather Family Account	318,500	0.80%
Custodial Services Ltd	301,000	0.75%
Goodwin Family Account	275,760	0.69%
Trevor Goodwin	250,000	0.63%
Total for top 10 Shareholders	12,785,182	31.96%

Shareholding Breakdown

Holding Range	Holders	Shares Held	% of Shares
< 25,000	196	1,852,969	4.63%
25,000 - 49,999	566	15,418,483	38.55%
50,000 - 99,999	113	6,723,950	16.81%
100,000 - 999,999	31	7,248,237	18.12%
> 1,000,000	1	8,756,361	21.89%
Totals	907	40,000,000	100.00%

Terra Vitae Vineyards Limited
Directory
For the year ended 30 June 2018

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

Registered Office and Principal place of Business
10 Birman Close
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