Terra Vitae Vineyards Limited

Retrunked Seddon Vineyards Sauvignon Blanc
vines producing high yields after three years

Annual Report

For the year ended 30 June 2022

Terra Vitae Vineyards Limited

Financial Statements

For the year ended 30 June 2022

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Chairman's Report 2022

Terra Vitae Vineyards Limited

On behalf of your Board of Directors I have pleasure in presenting the Annual Report of Terra Vitae Vineyards Ltd for the year ended June 30, 2022.

Unlike last year, the company enjoyed good seasonal weather during the spring, which in Marlborough included good weather before and during flowering. This set the province up for a fantastic crop across all varieties, aided by good growing conditions into the autumn, which enabled the vines to carry heavier crops than normal. Your vineyards enjoyed great weather with very little rain during harvest and this along with a well-organized harvest plan, resulted in a quick harvest of a record tonnage of grapes in our Marlborough vineyards. The Hawke's Bay vineyards also enjoyed good flowering conditions in the spring. However, at the beginning of harvest there were some weather events causing most of the Keltern chardonnay fruit to be picked early. The Syrah at Twyford Gravels managed to hang on and be picked in great condition.

The company's investment in irrigation dams in Marlborough, a new well in Hawke's Bay and in frost machines, together with new pruning techniques, has taken a lot of risk out of the production of grapes. The business of growing grapes is so dependent on the weather during the seasons. This winter Marlborough has had three large flood events, and this has caused many vineyards in the region to have a percentage of vines standing in water for weeks. Our two vineyards have had some flooding damage, and some ponding in small areas at the Seddon Vineyard, where some pumping was required to drain the ponded areas. Another procedure we have been carrying out is called trunk renewal. Considerable research on what is known as Trunk Disease started in Europe in the early 1990's and the rest of the word, including New Zealand, were quick to recognize the issue. To our benefit, Villa Maria was quick to set up plans and programs to deal with it. We have identified those vines affected and retrunked where possible. The result of the technique used is revitalizing the original vines, some of which had suffered from decreasing yields. Interestingly in the 2022 vintage the yields from vines which had been re-trunked two years earlier were huge.

Currently we are in the process of removing vines from an 18.5-hectare area, which was already planted in vines when we bought the Higgins Road property in 2007. The area has been performing poorly in recent years and it was coming to the point that it was nearly costing more to maintain than the revenue we were receiving from it. It was originally planted in 3-metre rows and we will replant it this spring with superior clones of Sauvignon Blanc vines and irrigate with subsurface drippers. The sub surface irrigation uses a lot less water per vine than the drippers through less evaporation.

On our post-harvest announcement on April 12, we advised the market and our web site

Terra Vitae announces record 2022 harvest result

The Board of Terra Vitae are pleased to advise that a record harvest of 5633 tonnes was achieved for the 2022 vintage. This is 20% higher than the previous record of 4693 tonnes in 2016. The 2022 harvest included a higher than budgeted first harvest of 190 tonnes for the new Middlemiss vineyard. A combination of favourable flowering conditions, the benefit of the improved irrigation systems and close management of the vines in a year of high disease pressure has had a large impact on this pleasing result. The additional harvest tonnage, together with an uplift in grape prices for 2022 will have a material positive effect on the final profit result for the year ending June 30.

The chart below shows each vineyard's production in tonnes and dollars for the past three seasons

	Yield 2022	Yield 2021	Yield 2020	Crop Value 2022	Crop Value 2021	Crop Value 2020
Seddon/Middlemiss	3951	2125	2918	$8,952,269	$4,267,893	$5,699,259
Taylors Pass	1057	674	794	$2,446,203	$1,395,895	$1,627,318
Keltern	453	276	371	$939,479	$617,380	$810,115
Twyford Gravels	172	137	147	$376,037	$366,207	$356,428
Totals	**5633**	**3212**	**4230**	**$12,713,988**	**$6,647,375**	**$8,493,120**

Financial Results

This has been an exceptional result due to a combination of ideal weather conditions at critical times and much of our input costs being incurred before some hefty increases flowed through from suppliers. We cannot expect to have all the stars align every year, but we do everything within our power to provide the best return for our shareholders.

In the Income Statement we have separated out the operating performance from the fair value adjustments in the Income Statement. This year the total gross income from 5,633 tonnes of grape sales was $12,713,988 (2021 grape sales from 3212 tonnes was $6,647,375) and after expenses the operating profit was $3,227,445 (2021 loss was $943,949) After adjusting for fair valuation movements, the net profit before tax was $4,037,775 (2021 loss was $748,729)

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.

	2022	2021	2020
Profit/ (loss) before tax	$ 4,037,775	$ (748,729)	$ 910,736
Depreciation	$ 2,655,865	$2,189,355	$2,008,499
Interest	$ 1,292,117	$1,211,419	$1,147,436
EBITDA	**$ 7,985,757**	**$2,652,045**	**$4,066,671**

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

Dividend

Your board has resolved to declare a fully imputed dividend of 2.0 cents per share ($800,000) payable on 9 December 2022 with a record date 25 November 2022.

New Middlemiss Block

I am happy to report that the issues reported on last year were resolved and the Block produced well above budget in the Pinot Noir and the Sauvignon Blanc. The decision to install drainage in the lower areas when the vineyard was developed two years ago has turned out to be a good one. It proved invaluable this winter with the volume of rainfall experienced. As I write this report, pruning in the Middlemiss block, and in fact in the whole vineyard, has been completed and the recommended fertilizer is due to be applied to this block and the rest of the vineyard shortly. The block is on track to achieve its maiden profit in 2024

Share Trading

The company continues to list its shares on the Unlisted Market. There were 1,249,050 shares traded in the twelve months to June 30, 2022 on that platform, with the price ranging from 46 cents to 66 cents. This compares to net assets of 158.95 cents per share (last year it was 91.35 cents per share.)

Indevin

The change of ownership of Villa Maria to Indevin has gone very smoothly for Terra Vitae and they continue to provide the same management support and viticultural advice to our vineyard managers that the previous owners did. Villa Maria and Indevin Chairman and owner Greg Tomlinson was appointed to the Terra Vitae Board a year ago and his contribution has been significant and appreciated by the Board. Villa Maria continues to hold 21.89% of the shares of Terra Vitae.

NZ Winegrowers Statistics

As growers we pay a levy to NZ Winegrowers Inc. and amongst the “industry good” work they do they are currently working on 30 research projects relating to the wine industry. 0ne of their many successes is lifting New Zealand’s vineyard area to 96% Sustainable Production. This is recognised in the international markets as well as in this country and Terra Vitae have been part of this standard for a long time.

Some interesting statistics from NZ Winegrowers Inc. which have changed in the last year are;

- The number of wineries has increased by 12 to 744
- The number of growers has decreased by 26 to 706
- The total producing hectares of vines has increased by 1280ha. to 41603ha.
- The total value of export wine has increased from $1.87b to $1.95b

Acknowledgments and AGM

Your Board has had a busy year again, and in addition to the normal affairs it deals with, it was involved in decisions and planning in completion of the Middlemiss Block development, changes in the senior management of the Hawke’s Bay and Marlborough Vineyards with Paul Robinson and Deane Caughey assuming those roles, and in very recent times farewelling Ollie Powrie.

Andrew Pearson advised the Board that he wished to resign from his directorship at the upcoming annual meeting. This is an opportunity for me, on behalf of the Board and shareholders of Terra Vitae, to thank Andrew for his input over the last 20 years. With his expertise as a financial adviser and *accountant, his contribution has been huge and will be sorely missed. His local knowledge of the Hawke's Bay will be missed as well. Thank You Andrew. This year Joe Ferraby retires by rotation as a director and has indicated he is willing to stand again.*

Our AGM is set to be held in Auckland on 6 December 2022 at 2.30pm. I look forward to meeting 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 from grapes of the Terra Vitae vineyards.

Finally, I want to thank the Villa Maria viticulture team lead by Deane Caughey, Paul Robinson and formerly Ollie Powrie, our vineyard managers Ian Buck, Matt Duggan, and Cameron Price. The vineyard managers play a huge part in the success of Terra Vitae by managing the vineyards to the very high industry standard which they do. An important person in our vineyards' operation is Mark Allen, who provides advice, regularly visits the vineyards, and liaises with the managers bringing with him incredible knowledge of each vineyard and of other vineyards throughout both the provinces. He also provides advice on the latest leading-edge practices and new technologies in viticulture. His advice to our managers plays a very important part in the operation of the four vineyards. The Board thanks Mark for the huge part he plays in overseeing our vineyards.

The key person in the business is Alan O'Sullivan who professionally manages the business to run smoothly in every facet of the whole business including secretarial duties, banking relationship, paying suppliers, and assisting me in my role. Thank you, Alan, for your attention to detail and the huge amount of work you do for TVV.

Finally thank you Greg, Andrew, Milan, Sir George, and your alternate Fabian Yukich, for your governance over the last 12 months. It has not been easy having to work around covid and zoom meetings.

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 2022.

Principal Activity

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

Results	**2022**	**2021**
	$	**$**
Profit/(Loss) for the year	2,903,519	(545,372)
Total Equity of the Company	63,579,817	36,538,713
Total Assets of the Company	99,132,995	71,379,220

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 of which Gregory Tomlinson is chairman, are interested transactions. Details of these are given in Note 26 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	10,000	shares
G Tomlinson	-	shares

Gregory Tomlinson was appointed to the Board on 30 September 2021 following the acquisition of Villa Maria Estate Limited by Indevin Limited. Mr Tomlinson is chairman of Villa Maria Estate Limited and Indevin Limited.

Terra Vitae Vineyards Limited

Directors' Report Continued

Significant Events

The Covid 19 pandemic continued to create turmoil globally, however our industry was privileged to be able to again complete our grape harvest and pruning as an "essential business". The support of the Government, NZ Winegrowers, our labour contractors and most importantly, our management and staff ensured that the vintage ran as safely and smoothly as was possible under very difficult conditions.

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 2022 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 7 to 35 for issue on 21 September 2022

For and on behalf of the Board.

D Ferraby Director	A Pearson Director
Wednesday, 21 September 2022	Wednesday, 21 September 2022

Terra Vitae Vineyards Limited
Income Statement
For the year ended 30 June 2022

	Notes	**2022**	2021
		$	$
Revenue from Contracts with Customers			
Sale of Grapes	7a	12,713,988	6,647,375
Services rendered-Harvesting		123,371	239,206
		12,837,359	6,886,581
Production Costs	8	4,676,450	3,869,926
Depreciation on Bearer Plants	8	1,481,929	1,095,392
Depreciation on Land Development and Plant	8	760,532	660,947
Total Cost of Sales		6,918,911	5,626,265
Gross profit		5,918,448	1,260,316
Other Income			
Sundry income	7b	18,781	49,000
Interest		10	42
Dividends		2,045	-
Total Other Income		20,836	49,042
Operating Expenses			
Administrative costs	8	292,279	284,912
Depreciation on Other Assets	8	413,404	433,016
Finance costs	8	1,292,117	1,211,419
Other expenses	8	367,045	320,687
Loss on disposal of fixed assets		346,994	3,272
Total operating expenses		2,711,839	2,253,307
Total Expenses		2,711,839	2,253,307
Profit/(Loss) from Operations		3,227,445	(943,949)
Valuation movements			
Fair value of Swap Agreements	17	810,330	195,220
		810,330	195,220
Profit/(Loss) before income tax		4,037,775	(748,729)
Income tax (expense)/credit	9	(1,134,256)	203,357
Profit/(Loss) for the year		2,903,519	(545,372)
Profit/(Loss) for the year is attributable to:			
Ordinary equity holders of the company		2,903,519	(545,372)
Basic and diluted earnings/(loss) per share	28	0.07	(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 2022

	Notes	**2022**	2021
		$	$
Profit/(Loss) for the year		2,903,519	(545,372)
Other comprehensive income			
*Revaluation of land, land developments, buildings and other assets	20	25,431,090	3,323,630
Income tax relating to revaluation	16	(893,505)	(234,816)
Other comprehensive income/(loss) for the year, net of tax		24,537,585	3,088,814
Total comprehensive income/(loss) for the year, net of tax		27,441,104	2,543,442
Attributable to:			
Ordinary equity holders of the company		27,441,104	2,543,442

* - represents the net movement in revaluation reserve to the extent it does not reverse a previous revaluation loss.

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 2022

	Notes	**2022** $	2021 $
Current assets			
Cash and cash equivalents	10	78,313	362,367
Prepayments and other receivables	11	21,831	20,759
Goods & Services Tax		49,444	51,203
Related party receivables	26e	8,799,063	4,591,617
Fair value of derivative financial instruments	17	248,831	-
Current tax receivable	9	-	16,752
Total current assets		9,197,482	5,042,698
Non-current assets			
Property, plant and equipment	12	83,677,763	62,111,753
Right of use assets	13	5,742,833	4,221,682
Fair value of derivative financial instruments	17	511,830	-
Other financial assets	14	3,087	3,087
Total non-current assets		89,935,513	66,336,522
Total assets		99,132,995	71,379,220
Current liabilities			
Interest bearing liabilities	18	183,709	175,029
Lease liabilities	13	124,708	112,180
Current tax payable	9	1,223,916	-
Trade and other payables	15	340,758	306,899
Fair value of derivative financial instruments	17	-	49,670
Related party payables	26e	111,735	141,414
Total current liabilities		1,984,826	785,192
Non-current liabilities			
Interest bearing liabilities	18	24,301,312	25,429,104
Lease liabilities	13	3,509,610	3,634,318
Deferred tax liability	16	5,757,430	4,991,893
Total non-current liabilities		33,568,352	34,055,315
Total liabilities		35,553,178	34,840,507
Net assets		63,579,817	36,538,713
Equity			
Share capital	19a	28,800,000	28,800,000
Accumulated losses		(2,545,607)	(5,049,126)
Asset revaluation reserve	20	37,325,424	12,787,839
Total equity		63,579,817	36,538,713

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 2022

	Notes	Share capital $	Asset revaluation reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2020		**28,800,000**	**9,699,025**	**(3,903,754)**	**34,595,271**
Loss for the period		-	-	(545,372)	(545,372)
Other comprehensive loss		-	3,088,814	-	3,088,814
Total comprehensive loss for the year		-	3,088,814	(545,372)	2,543,442
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	5,174	5,174
Dividends paid	21	-	-	(605,174)	(605,174)
Balance as at 30 June 2021		**28,800,000**	**12,787,839**	**(5,049,126)**	**36,538,714**
Balance as at 1 July 2021		**28,800,000**	**12,787,839**	**(5,049,126)**	**36,538,714**
Profit for the period		-	-	2,903,519	2,903,519
Other comprehensive income		-	24,537,585	-	24,537,585
Total comprehensive income for the year		-	24,537,585	2,903,519	27,441,104
Transactions with owners					
Foreign investor tax credit (FITC)		-	-	2,722	2,722
Dividends paid	21	-	-	(402,722)	(402,722)
Balance as at 30 June 2022		**28,800,000**	**37,325,424**	**(2,545,607)**	**63,579,818**

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 2022

	Notes	**2022**	2021
		$	$
Operating Activities			
Cash was provided from:			
Receipts from customers		8,624,163	8,123,949
Interest received		10	42
Dividends received		2,045	-
Other income received		18,781	49,000
Cash was disbursed to:			
Payments to suppliers		(5,303,416)	(4,397,129)
Interest paid		(1,136,529)	(1,025,979)
Lease interest paid		(155,588)	(185,440)
Income taxes paid		(38,296)	(512,011)
Net cashflows from operating activities	23	2,011,169	2,052,432
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment		-	-
Cash was applied to:			
Purchase of property, plant and equipment		(663,931)	(4,221,197)
Net cashflow from investing activities		(663,931)	(4,221,197)
Financing activities			
Cash was provided from:			
Increase/(repayment) of bank borrowings		(1,119,112)	3,211,189
Cash was applied to:			
Repayment of Equipment Finance Loans		-	-
Lease liabilities repaid		(112,180)	(85,896)
Payment of Dividend		(400,000)	(600,000)
Net cashflows from financing activities		(1,631,292)	2,525,293
Net increase/(decrease) in cash and cash equivalents		(284,054)	356,529
Cash and cash equivalents at beginning of year		362,367	5,839
Cash and cash equivalents at end of the year	10	78,313	362,367

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 2022

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 21 September 2022. 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 Generally Accepted Accounting Practice in New Zealand (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 also 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 and derivative financial instruments, 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 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 company derives revenue from the transfer of goods at a point in time. The primary source of revenue for the company is from the sale of grapes harvested. Revenue is recognised when the grapes are delivered to the customer and the company has no unfulfilled obligation that could affect the customers acceptance of the grapes. Delivery occurs when the grapes are passed onto the delivery vehicle in the vineyard. Payment is received for the grape in instalments between January and October of each vintage.

(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) Services Rendered - Harvesting
The company derives revenue from providing harvesting services to Villa Maria at market rates at a point in time. Revenue is recognised when the harvesting work is completed.

(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.

2 Summary of Significant Accounting Policies (continued)

(h) Leases

At the inception of a contract, the company assesses whether a contract contains a lease. A contract is 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 company applies a single recognition and measurement approach for all leases, except for leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right of Use Assets Policy

The company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets related to land, land developments and buildings are subsequently shown at fair value, based on annual valuations by external valuers, less subsequent depreciation. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the right-of-use asset and the net amount is restated to the revalued amount of the asset. All other right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

(ii) Lease Liability

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the company uses the interest rate implicit in the lease when that is readily determinable. If the implicit interest rate is not readily determinable the company uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the interest and reduced by the amount of lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

Right-of-use asset depreciation and lease liability interest that are directly attributable to bringing new vineyards to working condition for their intended use are capitalised up until the time the vineyards become commercially productive.

(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 and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for expected credit losses. 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 installment date for payment under this agreement is 30 September each year.

The company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Expected credit losses are measured by assessing trade receivables based on the days past due and assessed against historical credit loss rates, adjusted for any material expected changes to the future risk. Collectability of trade receivables is reviewed on an ongoing basis. Trade receivable balances which are known to be uncollectible are written off where the company has no reasonable expectation of recovering the balance. During the 2022 financial year, no allowance has been made for doubtful debts and no amounts have been written off, as the company has no evidence that any amounts owed to it will be uncollectible.

2 Summary of Significant Accounting Policies (continued)

(k) Investments and other financial assets
The Company classifies its financial assets in the following categories:
- financial assets at fair value through profit or loss
- measured at amortised cost

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Financial assets at fair value through profit or loss
Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. The company's derivatives are recognised in this category. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non current.

(ii) Amortised cost
The group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

These assets are subsequently measured at amortised cost using the effective interest method.

Initial recognition
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(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 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 accumulated depreciation or accumulated impairment losses. 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

2 Summary of Significant Accounting Policies (continued)

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 lease liabilities and unwinding of discount on provisions.

(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) 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. Vines purchases subsequent to 1 July 2015 are initially measured at cost and depreciated over their expected remaining useful life. The useful lives of bearer plants are reviewed annually and their carrying value considered for impairment. They are subsequently measured at cost less accumulated depreciation and accumulated impairment costs.

(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.

(u) Derivative financial instruments
The company uses derivative financial instruments in the form of interest rates swaps as one mechanism to economically hedge some of its risks associated with changes in interest rates. These financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured to fair value at balance date. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

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3 New Standards and Interpretations

Certain new Standards, Interpretations and Amendments to existing standards have been published that are mandatory for later periods and which the Company has not early adopted. The key items include:

•Classification of Liabilities as Current or Non-current (Amendments to NZ IAS 1) – To clarify the classification of debt and other liabilities with an uncertain settlement date in the statement of financial position, including the settlement of debt by converting to equity – mandatory for annual periods beginning on or after 1 January 2023.
•Disclosure of Accounting Policies (Amendments to NZ IAS 1 and IFRS Practice Statement 2) - Entities are now required to disclose their 'material' accounting policies instead of 'significant' accounting policies. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and that accounting policy information may be material because of its nature, even if the related amounts are immaterial – mandatory for annual periods beginning on or after 1 January 2023. The amendments are applied prospectively with earlier application permitted.

The directors have completed an initial assessment of the new standards and do not expect the adoption of these standards to have a material financial impact on the financial statements of the Company but may affect disclosure.

They will work through a full analysis of each standard and will provide further information on the expected impact of adoption of these standards in future reports ahead of their effective dates. The Company does not expect to adopt these standards before their effective date.

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.

4 Critical Accounting Estimates and Judgements

(i) Valuation of land and buildings
Land owned and Leased by the Company (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 owned land, land development and buildings at 30 June 2022 is $66,269,954 (2021: $43,176,406). The increase in their carrying value, net of impairment losses or reversals, for the year ended 30 June 2022 is $23,093,548 (2021: increase of $4,289,536). (Refer to note 12.) The fair value of leased land at 30 June 2022 is $5,711,049 (2021: $4,115,045). The increase in its carrying value, net of impairment losses or reversals, for the year ended 30 June 2022 is $1,596,004. (2021: $637,668).

(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 generating positive operating cashflows and expects to continue to do so.

5. The Directors of Terra Vitae consider that this sale of the shares in Villa Maria to Indevin Limited has had a positive impact on the relationship between the Company and its major customer Villa Maria. It is governed by a long term Vineyard Management and Grape Purchase Agreement between the two companies, which will remain in force.

6. Terra Vitae is considered an essential service in relation to Covid -19. During the 2022 vintage, there have been requirements to continue certain health and safety operating practices, however the company has largely continued to operate unaffected. Should further lockdowns happen in future, the company does not expect these to have any significant impact on profitability.

(iv) Leases
The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if the option is reasonably certain to be exercised. When the company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. The company considers all facts and circumstances, including its past practice and any costs that will be incurred to change the asset if an option to extend is not taken, in assessing the lease term. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. In relation to the company's lease of the land in relation to the Middlemiss vineyard, and extension option at the end of the initial term of the lease has not been considered reasonably certain, as detailed in note 13.

To determine the value of the lease liability, the future lease payments are discounted using the interest rate implicit in the lease or, if not available, the company's incremental borrowing rate is used. The company's incremental borrowing rate is the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The company revises the discount rate used if there is a change in the assessed lease term.

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 its 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 2022, of the total borrowings of $23,923,311, $13,600,000 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

Of the $10,323.311 of borrowings at variable rates, $10,200,000 is economically hedged by interest rate swaps . Effectively, the company therefore has only $123,311 of borrowings where the net interest payable (after taking the effect of interest rate swaps into account) is at a variable rate (2021: $94,393), accordingly no reasonable change in floating rates would have a significant impact on interest costs. However, the fair value of interest rate swaps is required to be recognised, and varies depending on market interest rates. The company has estimated the sensitivity of the fair value of interest rate swaps based on reasonably possible changes in interest rates as noted below.

	Impact on 2022 reported	
Change	**Post tax profit**	**Equity**
1% increase	377,660	377,660
1% decrease	(377,660)	(377,660)

(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 managed by the payment plan, which includes advance and deferred payments from January to October each year. In relation to other financial assets, 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:

	2022	2021
Counter party		
Villa Maria Estate Limited	$ 8,799,063	$ 4,591,617

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

5 Financial Risk Management (continued)

(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. 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 2022				
Trade payables	$ 452,493	$ -	$ -	$ -
Bank borrowings	$ 1,527,743	$ 1,821,826	$ 27,528,336	
Interest rate swap payments	$ 1,365	$ 73,264	$ 308,400	

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2021				
Trade payables	$ 448,313	$ -	$ -	$ -
Bank borrowings	$ 1,172,236	$ 1,083,749	$ 27,524,520	$ -
Interest rate swap payments	$ 94,450	$ 94,450	$ 155,765	$ -

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 $24,107,020 (2021: $24,867,393) with a fair value of $23,221,137 (2021: $25,328,460). 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.

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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.

7a Revenue from Contracts with Customers

	2022	2021
	$	$
Grape Sales		
Marlborough	11,398,472	5,663,789
Hawke's Bay	1,315,516	983,587
Total grape sales	12,713,988	6,647,376
Harvesting Income		
Marborough	123,371	239,206
Total Harvesting Income	123,371	239,206

7b Sundry Income

Grazing Income	17,381	5,900
Rental Income	1,400	7,127
Contracting Income	0	35,974
Total sundry income	18,781	49,000

8 Expenses

Cost of sales		
Fertilizer	353,634	159,501
Frost Control	44,799	96,540
Pesticides	352,479	389,651
Herbicides	55,313	21,935
Irrigation Running	82,551	79,530
Labour & Contractor Costs	2,745,082	2,228,649
Machinery Running	176,819	108,381
Pellenc Tractor Maintenance	76,874	57,018
Harvesting Costs	171,173	140,366
Rates	105,288	83,299
Repairs & Maintenance	291,648	280,802
Vine Removal Costs	2,652	38,101
Short Term Lease Expenses	23,200	20,800
Other Vineyard Expenses	194,938	165,353
	4,676,450	3,869,926
Operating Expenses		
Administrative Costs		
Remuneration of auditors		
RSM Hayes Audit: audit of financial statements	39,693	28,530
RSM Hayes Audit: audit of share register	1,000	1,000
Bank Fees	1,044	2,199
Management Consulting	27,976	25,258
Administrative Services	67,429	51,670
Share Register Charges	36,346	34,162
Company Secretarial	50,004	50,004
Insurance	45,958	50,957
Travel Expenses	3,522	11,560
Shareholder Meeting Expenses	1,263	9,619
Other Administrative Costs	18,044	19,953
	292,279	284,912
Depreciation		
Bearer Plants	1,481,929	1,095,392
Land Development	334,439	258,209
Plant	426,093	402,738
Land Development and Plant	760,532	660,947
Buildings	50,852	50,741
Motor Vehicles	115,061	91,196
Buildings Office Equipment and Motor Vehicles	165,913	141,937
Total PPE Depreciation	2,408,374	1,898,276

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Right of Use Assets		
Middlemiss Land	172,639	179,457
Tractors	74,852	111,622
	247,491	291,079
Total depreciation	2,655,865	2,189,355

8 Expenses (Continued)	**2022**	2021
	$	$
Finance Costs		
Bank Interest	1,136,529	1,025,979
Interest on Lease Liabilities	155,588	185,440
Interest Paid	1,292,117	1,211,419
Other Expenses		
Grape Growers Levy	104,890	50,665
Directors Fees	90,000	90,000
Legal Expenses	13,703	26,631
Vineyard Management Fee	158,452	153,391
	367,045	320,687
Valuation Adjustments and Redevelopment Costs		
Fair Value Adjustments		
Fair value movement in Interest Rate Swap Agreement	(810,330)	(195,220)
	(810,330)	(195,220)

9 Income Tax

	2022	2021
	$	$
(a) Income tax (credit)/expense		
Current Tax		
Current tax on profits for the year	1,262,224	38,434
Deferred tax		
Origination and reversal of temporary differences	(127,968)	(241,791)
	1,134,256	(203,357)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	4,037,775	(748,729)
Tax at the New Zealand tax rate of 28%	1,130,577	(209,644)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Permanent differences	3,679	6,287
Income tax (credit)/expense	1,134,256	- 203,357
Included under Current Liabilities		
Income tax receivable/(payable) at beginning of year	16,754	(456,823)
Income Tax Expense in respect of current period	(1,262,224)	(38,434)
Net Income Tax Paid/(Refunded)	-	512,011
Income tax receivable/(payable) at year end	(1,245,470)	16,754
The weighted average applicable tax rate was 28%		
(c) Imputation credit account		
Balance at beginning of year	674,797	788,337
Prior period adjustment	7	81,365
Tax payments/(refunds)	34,909	50,000
Credits attached to interest & dividends received	105	12
Imputation credits attached to dividends received	573	-
Imputation credits attached to dividends paid	(152,833)	(228,163)
Tax payable at year end	-	(16,754)
Amount of Imputation credits available for use in subsequent years	557,558	674,797

10 Cash and Cash Equivalents

Bank balances	78,313	362,367
Deposits at call	-	-
Total cash and cash equivalents	78,313	362,367

At present, available funds are mainly applied to the company's "All in One Facility" with Rabobank and the Transactional Account with ASB in order to minimise interest expenditure.

11 Prepayments and Other Receivables

Prepayments	16,081	20,759
Other Receivables	5,750	0
Total prepayments and other receivables	21,831	20,759

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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)	(valuation)				
At 1 July 2020							
Cost/Valuation	30,499,188	8,350,531	1,540,758	5,103,340	597,677	20,651,484	66,742,978
Accumulated depreciation	-	(1,272,849)	(230,758)	(2,755,414)	(396,103)	(5,467,193)	(10,122,317)
Carrying amount	30,499,188	7,077,682	1,310,000	2,347,926	201,574	15,184,291	56,620,661
Year ended 30 June 2021							
Opening carrying amount	30,499,188	7,077,682	1,310,000	2,347,926	201,574	15,184,291	56,620,661
Additions	-	1,957,961	10,296	796,517	304,216	1,696,057	4,765,047
Disposals (net)	-	-	-	(5,908)	-	-	(5,908)
Revaluation Increases/(decreases)	2,485,000	104,784	40,445	-	-	-	2,630,229
Depreciation	-	(258,209)	(50,741)	(402,738)	(91,196)	(1,095,392)	(1,898,276)
Closing carrying amount	32,984,188	8,882,218	1,310,000	2,735,797	414,594	15,784,956	62,111,753
At 1 July 2021							
Cost/Valuation	32,984,188	10,413,276	1,591,500	5,609,407	901,893	22,347,542	73,847,806
Accumulated depreciation	-	(1,531,058)	(281,500)	(2,873,610)	(487,299)	(6,562,586)	(11,736,053)
Carrying amount	32,984,188	8,882,218	1,310,000	2,735,797	414,594	15,784,956	62,111,753
Year ended 30 June 2022							
Opening carrying amount	32,984,188	8,882,218	1,310,000	2,735,797	414,594	15,784,956	62,111,753
Additions	-	99,080	5,869	231,759	145,825	181,398	663,931
Disposals (net)	-	(288,557)	-	(63,438)	-	-	(351,995)
Revaluation Increases/(decreases)	22,240,000	1,242,464	179,983	-	-	-	23,662,447
Depreciation	-	(334,439)	(50,852)	(426,093)	(115,061)	(1,481,929)	(2,408,374)
Closing carrying amount	55,224,188	9,600,766	1,445,000	2,478,025	445,358	14,484,425	83,677,762
At 30 June 2022							
Cost/Valuation	55,224,188	11,402,073	1,777,352	5,696,163	1,036,168	21,450,063	96,586,007
Accumulated depreciation	-	(1,801,307)	(332,352)	(3,218,140)	(590,813)	(6,965,638)	(12,908,250)
Carrying amount	55,224,188	9,600,766	1,445,000	2,478,023	445,355	14,484,425	83,677,757

The fair value of bearer plants assessed by Logan Stone at 30 June 2022 was $29,228,000 (2021: $28,353,000)

12 Property, Plant and Equipment (continued)

If items of property plant and equipment that are revalued were stated on the historical cost basis, the amounts would be as follows:

	2022	**2021**
	$	$
Cost	32,278,520	32,173,571
Accumulated depreciation	(1,621,350)	(1,507,938)
Carrying amount	30,657,169	30,665,633

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 $23,093,548 in the carrying value of the land, buildings and land developments as at 30 June 2022. The revaluation increase, net of applicable deferred taxes was allocated partly to the asset revaluation reserve. 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 2022.

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	
	2022	**2021**
Hawke's Bay Soil Types		
Medium Silts	**57000-80000**	54000-60000
Gravels	**85000-115000**	85000-115000
Marlborough Soil Types		
Medium Silts	**135000-155000**	70000-90000

All of the Company's properties that are 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 grapes 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 2022, the company had a total of 427 hectares of vines. During the year ended 30 June 2022 the Company harvested 5633 tonnes of grapes (2021: 3212). 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 $12,713,988 (2021: $6,647,375). 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 2022. 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.

	2022	2021
Hawke's Bay		
	$ / per hectare	$ / per hectare
Red Varieties	**26000-59000**	25000-58000
White Varieties	**17000-40000**	17000-38000
Marlborough		
Sauvignon Blanc	**105000-120000**	85000-110000
Pinot Noir	**35000-63000**	51000-60000
Other White Varieties	**65000-95000**	57000-93000

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 2022.

13 Leases

Leases held by the company include a long-term land lease in relation the the Middlemiss vineyard, which allows the company to access prime viticultural land in Marlborough. Other leases are for equipment used in the day to day operations of vineyards operated by the Company.

a) Right of use assets	Land	Equipment	Total
Net book value at 1 July 2021	4,115,045	106,637	4,221,682
Additions		-	-
Revaluations	1,768,643	-	1,768,643
Disposals (net)	-	-	-
Depreciation	(172,639)	(74,853)	(247,492)
Net book value at 30 June 2022	5,711,049	31,784	5,742,833
Cost	6,063,145	223,774	6,286,919
Accumulated depreciation	(352,096)	(191,990)	(544,086)
Net book value at 30 June 2022	5,711,049	31,784	5,742,833

b) Lease liabilities	**2022** **$**	**2021** **$**
Balance at 1 July 2021	3,746,498	3,744,561
Interest expense	155,588	119,828
Capital repayments	(267,768)	(205,724)
Additions	-	87,833
Disposals	-	-
Balance at 30 June 2022	3,634,318	3,746,498
Current lease liability	124,708	112,180
Non-current lease liability	3,509,610	3,634,318
	3,634,318	3,746,498

c) Other disclosures

The company had total cash outflows for leases of $290,681 which includes $23,200 in relation to low value and short term leases which are expensed on a straight line basis over the duration of the lease.

Extension options only exist on the Middlemiss vineyard land lease, and none have been included in the determination of the lease liability as the company does not consider it is reasonably certain that these will be taken up at the end of the initial 25 year term. The total term of lease extensions not taken up is 25 years, which represents $6,136,174 of payments at current rates. Middlemiss lease also contains market rent review clauses, which will impact future lease payments. The lease liability does not include any adjustment for future market rent reviews.

The table below analyses the liquidity profile of the Company's lease liabilities into relevant maturity groupings based on the remaining lease period at the reporting date to the contractual maturity date based on current and in substance fixed lease payments.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 30 June 2022				
Lease liabilities	270,466	249,469	736,341	4,377,137
At 30 June 2021				
Lease liabilities	254,363	272,173	791,709	4,622,584

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2022

14 Other Financial Assets

	2022	2021
	$	$
Shares in Farmlands Co-operative	675	675
Shares in Ravensdown Fertiliser	2,412	2,412
	3,087	3,087

The above shares have been measured at fair value.

15 Trade and Other Payables

	2022	2021
	$	$
Trade payables	240,353	179,300
Accrued expenses	100,405	127,599
	340,758	306,899

16 Deferred Tax

The balance comprises temporary differences attributable to:

	Plant & equipment	Other	Vines	Land development	Buildings	Total
	$	$	$	$	$	$
Balance at 1 July 2020	(91,018)	77,642	(3,891,876)	(871,795)	(221,821)	(4,998,868)
Amounts charged to income statement	14,671	12,669	258,289	(53,386)	9,548	241,791
Amounts charged to equity		(194,152)		(29,340)	(11,324)	(234,816)
Balance at 30 June 2021	(76,347)	(103,841)	(3,633,587)	(954,521)	(223,597)	(4,991,893)
Balance at 1 July 2021	(76,347)	(103,841)	(3,633,587)	(954,521)	(223,597)	(4,991,893)
Amounts charged to income statement	6,294	(187,032)	328,740	(29,703)	9,669	127,968
Amounts charged to equity		(495,220)		(347,890)	(50,395)	(893,505)
Balance at 30 June 2022	(70,053)	(786,093)	(3,304,847)	(1,332,113)	(264,324)	(5,757,430)

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.

17 Derivative Financial Instruments

	2022	2021
	$	$
Fair value of interest rates swaps - current	(248,831)	49,670
Fair value of interest rates swaps - term	(511,830)	0
Total value of derivative financial instruments	(760,661)	49,670

The company has entered into interest rate swap agreements under which the company settles the net difference between interest at variable rates (based on BKBM reference rate) and interest at fixed rates (average 1.66%) on a notional principal amount. Effectively, $10,200,000 (2021: $9,500,000) of variable rate debt facilities are economically hedged under this arrangment through two agreements of $3,000,000 each, which mature in February 2024 and 2025, one of $3,500,000 which matures in December 2025 and one of $700,000 which matures in November 2024. A forward arrangement has been entered into effective December 2023 for $3,500,000, maturing in December 2026.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2022

18 Interest Bearing Liabilities

	2022	2021
Current	**$**	$
Secured		
Bank borrowings	183,709	175,029
Non-current		
Secured		
Bank borrowings	24,301,312	25,429,104
Total interest bearing borrowings	24,485,021	25,604,133

The carrying amount of the above borrowing approximates its fair value. The facility was renegotiated during the year. The secured term loan has a total facility amount of $26,960,000 (2021: $27,126,000) of which at the reporting date, $3,036,689 was available for further drawdown (2021: $2,289,607). The secured term loan facility with Rabobank matures in December 2025. A reduction in the facility is required under the facility agreement if certain financial performance measures are exceeded. As a result a reduction in the facility of $400,000 is required within the next 12 months.

	2022	2021
	$	$
The weighted average interest rate on interest bearing borrowings outstanding at 30 June 2022 was:	4.62%	4.55%

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 and an assignment by way of security over the Middlemiss land lease.

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

19 Contributed Equity

	2022	2021
	$	$
(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.

19 Contributed Equity continued)

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 2022 and 2021 were as follows:

	2022	2021
	$	$
Total borrowings	28,571,832	29,798,182
Less cash and cash equivalents	78,313	362,367
Net debt	28,493,519	29,435,815
Total equity	63,579,817	36,538,713
Total capital	92,073,336	65,974,528
Gearing ratio	31%	45%

As part of the loan agreement with Rabobank entered into in 2007 and last revised on 13 April 2022, the Company is required to maintain a Debt Service Cover Ratio of 1.2 times and a Loan to Security Ratio no greater than 50% at all times. "Debt Service Cover Ratio" means in respect of a specified period, the ratio of EBITDA to Total Finance Costs. "Loan to Security Ratio" means Total Loan Limits with the Bank divided by Bank Security value (last Bank approved registered valuation).

	2022
Debt Service Cover Ratio	**$**
Net Profit Before Tax	4,037,775
Depreciation	2,408,374
Interest	1,136,529
EBITDA	7,582,678
Interest Cost	1,136,529
Lease Principal (excl residual)	175,029
Total Finance Costs	1,311,558
Actual Ratio	5.78
Covenant Minimum	1.20
Loan to Security Ratio	
Total Bank Facility	26,960,000
Total Facility	26,960,000
Security Value	103,189,000
Actual Ratio	26.13%
Covenant Maximum	50.00%

All covenants were met for the year ended 30 June 2022.

20 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.

21 Dividends

	2022	2021
Ordinary shares	**$**	$
Dividend paid during the year ended 30 June 2022	400,000	600,000
Supplementary Dividend paid during the year ended 30 June 2022	2,722	5,174
Total Dividend paid per Statement of Changes in Equity	402,722	605,174
Per share	0.010	0.015

On 28 September 2021 the directors declared a fully imputed dividend of 1.0 cent per share and a supplementary dividend for overseas shareholders of 0.17647 cents per share to be paid on 6 December 2021.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2022

22 Financial Instruments by Category

30 June 2022

Assets as per Statement of Financial Position	Fair value through profit or loss	At Amortised cost
	$	$
Trade and other receivables	-	8,799,063
Cash and cash equivalents	-	78,313
Fair value of interest rate swaps	-	760,661
Other financial assets	3,087	3,087
	3,087	9,641,124

Liabilities as per Statement of Financial Position	Financial liabilities at amortised cost
	$
Borrowings	24,485,021
Trade and other payables	452,493
Lease Liabilities	3,634,318
	28,571,832

30 June 2021

Assets as per Statement of Financial Position	Fair value through profit or loss	At Amortised cost
	$	$
Trade and other receivables	-	4,591,617
Cash and cash equivalents	-	362,367
Other financial assets	3,087	-
	3,087	4,953,984

Liabilities as per Statement of Financial Position	Financial liabilities at amortised cost
	$
Borrowings	25,604,133
Fair value of interest rate swaps	49,670
Trade and other payables	447,551
Lease Liabilities	3,746,498
	29,847,852

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

	2022	2021
	$	$
Profit/(loss) after income taxation	**2,903,519**	**(545,372)**
Add non cash items:		
Depreciation	2,655,865	2,189,355
Non-operating items		
Movement in fair value of property, plant and equipment	0	0
Movement in fair value of derivatives	(810,330)	(195,220)
Disposal of plant	351,994	3,272
	2,197,529	**1,997,407**
Working capital movements		
Change in goods and services taxation	1,759	61,090
Increase (decrease) in accounts payable	4,180	(3,104)
(Increase) decrease in prepayments & other receivables	(1,072)	23,857
(Increase)/decrease in taxes receivable/payable	1,240,668	(473,576)
Increase (decrease) in deferred tax liability	(127,968)	(241,791)
(Increase) decrease in amounts due from related parties	(4,207,446)	1,233,921
	(3,089,879)	**600,397**
Net cash flow from operating activities	**2,011,169**	**2,052,432**

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2022

24 Contingencies

As at 30 June 2022 the Company had no contingent liabilities or contingent assets (2021:Nil).

25 Capital and Operating Commitments

As at 30 June 2022 the total capital expenditure contracted for but not provided for was $0 (2021:$NIL).

26 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, Gregory Tomlinson and Fabian Yukich (alternate to Sir George Fistonich).

(b) Key management personnel compensation
Key management personnel compensation for the year ended 30 June 2022 and the year ended 30 June 2021 is set out below. The key management personnel for Terra Vitae are all the directors of the company.

	2022	2021
	$	$
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
Fabian Yukich is a Director and shareholder of Planina Advisory Limited

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

	2022	2021
	$	$
Sales of grapes		
Villa Maria Estate Limited	12,713,988	6,647,375
Sales of Services		
Villa Maria Estate Limited	163,805	379,924
Purchases of services		
Villa Maria Estate Limited	158,452	153,391
Reimbursement of expenses at cost		
Villa Maria Estate Limited	1,460,332	1,499,562
Purchase of Advisory Services		
Planina Advisory Limited	18,053	10,500
Purchase of vines		
Vineyards Plants Limited	-	798,220

(e) Outstanding balances

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

	2022	2021
	$	$
Receivables		
Villa Maria Estate Limited	8,799,063	4,591,617
Payables		
Villa Maria Estate Limited	111,735	141,414

26 Related Party Transactions (continued)

Relationships with related parties

Sir George Fistonich, a director of Terra Vitae Vineyards Limited, was until 30 September 2021 an indirect 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.

Gregory Tomlinson, a director of Terra Vitae Vineyards Limited, was from 30 September 2021 chairman 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.

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) 39,684 shares in Terra Vitae Vineyards Limited.

Fabian Yukich, a director of Terra Vitae Vineyards Limited, is also a director of Planina Advisory Limited, which provides advisory services to 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. Outstanding balances are repayable in cash.

27 Events Occurring After The Reporting Date

On 21 September 2022, the directors declared a fully imputed dividend of 2.0 cent per share and a supplementary dividend for overseas shareholders of 0.35294 cents per share to be paid on 9th December 2022.

28 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.

	2022	2021
	$	$
Profit/(loss) attributable to equity holders of the Company - in dollars	2,903,519	(545,372)
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share - in dollars	0.07	(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.

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Independent Auditor's Report

To the shareholders of Terra Vitae Vineyards Limited

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 2022;
- 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 7 to 32 present fairly, in all material respects, the financial position of the company as at 30 June 2022, 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)(New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have performed an assurance engagement on the Register of Shareholders of Terra Vitae Vineyards Limited. The provision of this service has not impaired our independence as auditor of Terra Vitae Vineyards Limited. Except in this regard, and other than in our capacity as auditor, the firm has no other relationship with, or interests in, Terra Vitae Vineyards Limited.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of land, land development and buildings

Why we considered this to be a key audit matter	How our audit addressed this key audit matter
As disclosed in note 12 of the financial statements, Land, land developments and buildings are carried at fair value based on independent valuation and are the most significant asset on your balance sheet. Land development excludes vines (bearer plants) which are separately recorded and not revalued. The valuation of these property assets is subjective as it is dependent on a wide range of factors including the nature of the property, soil type and geographic location. Management have engaged an independent valuer, to estimate the fair value at balance date. Valuations are inherently a subjective exercise and particularly in a specialised area in relation to vineyards. The valuations are very sensitive to changes in the underlying variables and therefore the estimations may have a material impact on the asset value recorded in your financial statements The valuation of these assets is a key audit matter due to the subjectivity of certain assumptions and the relative value of these assets to the company's balance sheet.	Due to the very specialised nature of the valuation, we engaged our own independent registered valuer to consider and challenge the appropriateness of certain key variables in the valuations used, including the relevance and accuracy of market data used for comparison to the properties and assessment of the overall valuation methodology. Other procedures in relation to the valuation of land, land development and buildings used in the financial statements included: ▪ Considering the valuer's qualifications expertise and objectivity, and whether the scope of their engagement was appropriate for the purpose of the company's financial reporting; ▪ We discussed the approach taken and key judgements made with the company's valuer; ▪ Reviewing title deeds to ensure Terra Vitae Vineyards Limited owned all freehold properties subject to valuation; ▪ Confirming the gain/(loss) on valuation resulting from the valuation estimate was correctly recorded; and ▪ Ensuring all appropriate items of property plant and equipment are revalued and correctly recorded in the financial statements in accordance with the requirements of NZ IAS 16. We also evaluated the related disclosures within the financial statements in relation to the requirements of both NZ IAS 16 *Property, Plant and Equipment* and NZ IFRS 13 *Fair Value Measurement.*

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 6, as well as the Shareholders' Information and Directory on pages 36 and 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.

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 economic 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://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2

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 its 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 Colin Henderson.

RSM

RSM Hayes Audit
Auckland

28 September 2022

Terra Vitae Vineyards Limited
Shareholders' Information
For the year ended 30 June 2022

Ten Largest Shareholders as at 30 June 2022

Holder	Shares Held	% of Shares
Villa Maria Estate Limited	8,756,361	21.89%
Custodial Services Limited	2,582,831	6.46%
Peter Rae Industries Limited	616,000	1.54%
Manatu Limited	550,000	1.38%
Sir George Vjeceslav Fistonich	503,240	1.26%
Ellerslie Land Holdings Limited	326,100	0.82%
Graeme Leslie Tee, Joanne Maree Steens & Alfred Phillip Dreifuss	304,710	0.76%
MGS Fund Limited	300,000	0.75%
Hatch Mansfield Agencies Limited	275,760	0.69%
Joanne Lee Quinn & Michelle Goodwin	250,000	0.63%
Total for top 10 Shareholders	14,465,002	36.16%

Shareholding Breakdown

Holding Range	Holders	Shares Held	% of Shares
< 25,000	229	2,338,476	5.85%
25,000 - 49,999	517	14,164,916	35.41%
50,000 - 99,999	105	6,363,900	15.91%
100,000 - 999,999	26	5,793,516	14.48%
> 1,000,000	2	11,339,192	28.35%
Totals	879	40,000,000	100.00%

Terra Vitae Vineyards Limited
Directory
For the year ended 30 June 2022

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

Registered Office and Principal place of Business
10 Birman Close
Half Moon Bay
Auckland 2012

Web Site: www.terravitae.co.nz
email: info@terravitae.co.nz

Independent Viticulture Consultant
Mark Allen
Allen Vineyard Advisory
PO Box 5123
Springlands
Blenheim

Bankers
Rabobank New Zealand Limited
Level 23
157 Lambton Quay
Wellington 6011

ASB Bank Limited
East Auckland Commercial
Level 2, 381 Gt South Road
Greenlane, Auckland

Auditors
RSM Hayes Audit
PO Box 9588
Newmarket, Auckland 1149

Share Register
BC Limited
PO Box 54124
The Marina
Auckland 2144

Solicitors
Minter Ellison Rudd Watts
PwC Tower
Level 22, 15 Customs Street West
Auckland 1010
