Terra Vitae Vineyards Limited

Autumnal colours at the Twyford Gravels vineyard after harvest

Annual Report

For the year ended 30 June 2014

Terra Vitae Vineyards Limited

Financial Statements

For the year ended 30 June 2014

Contents

	Page
Chairman's Report	1 - 3
Directors' Report & Responsibility Statement	4 - 5
Financial statements	
Income Statement	6
Statement of Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the financial statements	11 - 33
Independent Auditor's Report	34-35
Shareholders' Information	36
Directory	37

Chairman's Report
Terra Vitae Vineyards Ltd

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, 2014.

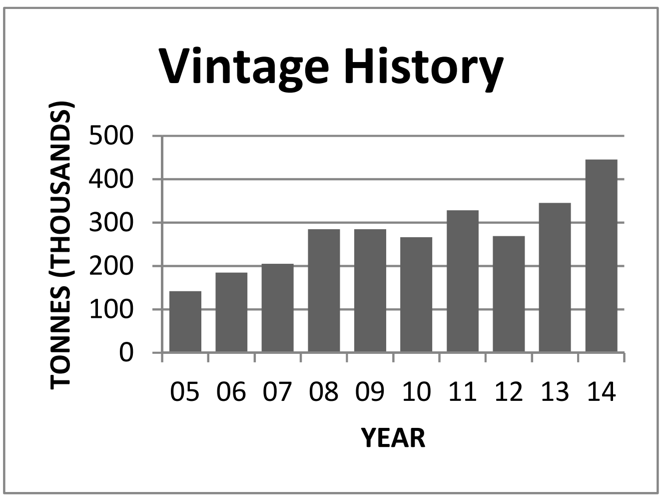
In my report to you this time last year I spoke of the positive developments that have occurred in the previous twelve months and I am pleased to once again report that the positivity in the industry continues. New vineyard development has started again with land and developed vineyard values continuing to rise. There has been a lift in reinvestment in the vineyards and wineries throughout New Zealand. The investment the industry has made in the world markets has been substantial, which will result in this year's huge lift in production being marketed in an orderly manner. The industry is in better shape now with supply and demand more balanced and the large emphasis on quality continuing. The Chairman of New Zealand Winegrowers recently reported;

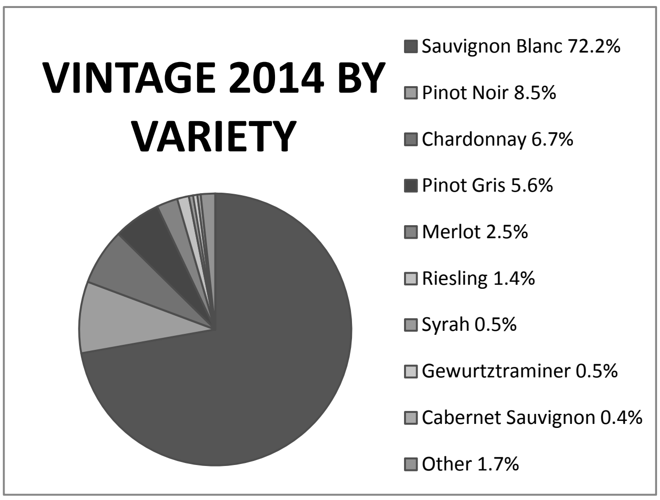
Wine is an iconic New Zealand product. It attracts high spending tourists. It enjoys an extraordinary export growth rate year-on-year. It is New Zealand's leading shelf-stable, consumer-ready product, placing the name of our country and its regions on the lips of consumers worldwide. A premium reputation is the foundation of New Zealand wine's iconic status. It is the reason that consumers are willing to pay more on average for New Zealand wine than for almost any other country's wine.

Due to an amazing 2013-14 growing season , the 833 vineyard growers in New Zealand lifted production for this vintage from 345,000 tonnes to 445,000 tonnes, or from 9.8 tonnes per ha to 12.6 tonnes per ha. The weather was good through flowering and continued to be good until three quarters of the way through the harvest in Marlborough.

Since 2008 when we had a GFC coupled with a season of huge over-production;

- export volumes have more than doubled
- export values have increased by 60%
- export returns from wine have grown by 8% per annum on average, against a national average of 2%
- more than 7700 people have been directly employed on a full time basis
- Sauvignon Blanc continues to dominate the industry, making up 72.2% of all grapes harvested in 2014
- Sauvignon Blanc represented 85.5% of all wine exported during the year ended 30 June 2014





In your vineyards, we had a near perfect harvest from the two Hawke's Bay vineyards. Twyford produced close to budget and Keltern better than budget, from both the new vines and the established vines.

The two Marlborough vineyards, like the huge majority of vineyards in the Province, were carrying huge crops and we had to reduce the crops to meet the maximum contracted harvest yields. These maximums were very important this season as a lot of vines which were not thinned, and were carrying large crops, simply did not ripen and were left on the vines. Thinning in some cases was carried out by removing one cane, reducing the number of canes from four to three. In a large area we also used a mechanical thinning process, where the mechanical harvesters are used to shake the bunches to a measured degree, shaking some berries off each bunch. This method thins the bunches and gives a very positive result in keeping disease out of the crop as it gets close to harvest. This was especially important as the Marlborough Province had huge rains at Easter time and the rain continued for the next two weeks. In the end some fruit throughout the province was unable to be harvested due to disease and impossible ground conditions. In spite of having some fruit left on the vines, Terra Vitae ended up with a record harvest of very good quality fruit. The wine makers have been able to make reserve wines out of a good amount of it, for which we receive additional payments.

Our total production and gross revenue figures for the 2013/2014 season were;

Vineyard	Yield 2013	Yield 2014	Crop Value 2013	Crop Value 2014
Seddon	837	913	$1,472,840	$1,683,240
Higgins Road	1775	1868	$2,654,572	$3,174,785
Taylors Pass	806	924	$1,417,952	$1,654,452
Keltern	323	372	$600,962	$750,269
Twyford Gravels	77	119	$240,486	$271,653
Totals	**3818**	**4196**	**$6,386,812**	**$7,534,399**

To better understand the financial performance of the Company, we have separated out the operating performance from the fair value adjustments and one off redevelopment expenses in the Income Statement. This year our total gross income from grape sales was $7,534,399, this being 18% greater than last year's $6,386,812 and after expenses the operating profit is $1,792,088 (2013 $569,790). When the valuation movements and redevelopment expenses of $582,895 are deducted, the total profit before tax for the year ended 30 June 2014 is $1,209,193 (2013 $2,150,163).

Your board is pleased to report the operating profit of $1,792,088 and has resolved to declare a dividend of $400,000 (1c per share) which will be paid on 15 December 2014 with a record date of 28 November 2014. The remaining amount is budgeted to be spent on the final stage of Keltern replanting, other capital and maintenance projects that were delayed in previous years, reduce bank debt and to increase the working capital headroom to provide a buffer for any unforeseen events. The reduction in yield during the Keltern redevelopment will have some impact on profitability in the short term, however the positive impact will be felt in three to four years as the replanted area comes into full production.

Your company's vineyards have performed well this season, up to and exceeding budget. The Twyford Gravels vineyard is receiving focus from your board as the effects of virus over recent years has lowered the overall production of the vineyard as the infected vines are rouged to slow down infection . Keltern is in its final year of the planned replanting and the new planted areas are producing up to and in some areas, exceeding expectations in quality and quantity. The Taylors Pass vineyard continues to produce outstanding wines and yielded well. This year we have planned to upgrade parts of the irrigation system which has deteriorated since development and the result of this will be a lift in production in the areas affected. New monitoring technology will be installed at the same time to enable greater efficiency in watering the plants. Higgins Road/Seddon continues to be a star performer with its fertile soils and economies of scale. This year the amenities building/office which has been deferred since the vineyard was developed, will be built and some deferred maintenance jobs in the vineyard will be progressed. I can also report that the damage caused by the earthquakes in the Seddon area in August 2013 has, in the main, been repaired with just a few jobs to be completed.

Awards

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

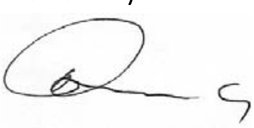
Seddon Vineyard		
2013	*Single Vineyard Pinot Gris*	*Gold-Marlborough Wine Show Oct 2013*
2012	*Single Vineyard Pinot Noir*	*Gold-Bragato Wine Awards Aug 2014*
Taylors Pass Vineyard		
2013	*Single Vineyard Chardonnay*	*Gold-Bragato Wine Awards Aug 2014*
2011	*Single Vineyard Pinot Noir*	*5/5 Stars Cuisine Magazine 2013*
Keltern Vineyard		
2012	*Single Vineyard Chardonnay*	*Pure Gold-Bragato Wine Awards Aug2013*
2012	*Single Vineyard Chardonnay*	*Trophy-Air NZ Wine Awards Nov 2013*
2013	*Single Vineyard Chardonnay*	*Gold-Bragato Wine Awards Aug 2014*
2012	*Vidal Legacy Hawke's Bay Chardonnay*	*Trophy- Bragato Wine Awards Aug 2014*
Twyford Gravels Vineyard		
2010	*Villa Maria Reserve Syrah*	*Gold-Easter Show Wine Awards 2013*
2010	*Villa Maria Reserve Syrah*	*5/5 Stars Cuisine Magazine 2014*

The company continues to list its shares on the Unlisted Market. There were 556,400 shares traded in the twelve months to 31 August 2014, with the price ranging from 35 to 40 cents. This compares to a NTA of 77c (last year 72c). This year David (Joe) Ferraby retired by rotation and as there were no other nominations received by due date, Joe was duly re-elected as per the constitution.

Our AGM is set to be held at the Villa Maria Winery in Auckland on November 24th and the annual Field Day is set to be held in late February in Hawkes Bay. I look forward to meeting many of you at either or both of these events.

In conclusion, I wish to thank our vineyard managers Garrie, Ian and Phil along with Alastair Maling, Ollie Powrie Stuart Dudley and John van der Linden from Villa Maria, for the efficient way in which they manage your vineyards and consistently have them perform to the maximum. Thank you also to Alan O'Sullivan for the professional way in which he manages and monitors many parts of Terra Vitae including the share register, creditors, debtors and the bank. He also is of great assistance to me in my role of Chairman. Finally thank you to my fellow directors for your governance, input and support in managing Terra Vitae Vineyards Ltd.

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 2014.

Principal Activity

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

Results	**2014**	**2013**
	$	**$**
Profit / (loss) for the year	1,825,377	1,547,299
Total Equity of the Company	30,633,930	28,632,976
Total Assets of the Company	60,756,439	59,895,386

Auditors

The directors are proposing that Hayes Knight Audit NZ be appointed as auditors for the ensuing year.

Related Parties

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

Directors' remuneration

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

David Ferraby	$24,000
Sir George Fistonich	$12,000
Andrew Pearson	$12,000
Milan Brajkovich	$12,000
	$60,000

Directors' Loans

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

Directors' Indemnity and Insurance

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

Directors' Shareholding

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

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

Terra Vitae Vineyards Limited

Directors' Report Continued

Significant Events

No significant events occurred during the year under review.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the statement of financial position as at 30 June 2014 and the income statement, statements of other comprehensive income, changes in equity and cash flows for the Company for the year then ended.

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

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

The Directors consider that they have taken adequate steps to safeguard assets of the Company. The financial statements have been prepared on a going concern basis. Subject to note 4(v) 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 37 for issue on 5 September 2014.

For and on behalf of the Board.

D Ferraby
Director

Friday, 5 September 2014

A Pearson
Director

Friday, 5 September 2014

Terra Vitae Vineyards Limited
Income Statement
For the year ended 30 June 2014

	Notes	**2014** **$**	2013 $
Revenue			
Sale of Grapes		7,534,399	6,386,812
Interest		402	2,125
Dividends		322	1,280
Services rendered-Harvesting Income		148,493	187,271
		7,683,616	6,577,488
Cost of sales	8	3,286,176	3,216,826
Gross profit		4,397,441	3,360,662
Other Income			
Sundry income	7	67,591	38,742
Gain of sales of fixed assets		33,000	-
Total Other Income		100,591	38,742
Operating Expenses			
Administrative costs	8	213,751	206,023
Depreciation	8	625,734	601,617
Finance costs	8	1,633,404	1,781,986
Other expenses	8	233,055	239,988
Total operating expenses		2,705,944	2,829,614
Total Expenses		2,705,944	2,829,614
Profit/(Loss) from Operations		1,792,088	569,790
Plus valuation adjustments and development costs			
Fair value movement in other property, plant and equipment	8	1,220	(23,010)
Fair value movement in biological assets	8	(351,351)	1,603,383
Redevelopment Expenses	8	(232,764)	-
		(582,895)	1,580,373
Profit/(loss) before income tax		1,209,193	2,150,163
Income tax (expense)/credit	9	616,184	(602,864)
Profit/(loss) for the year		1,825,377	1,547,299
Profit/(loss) for the year is attributable to:			
Ordinary equity holders of the company		1,825,377	1,547,299
Basic and diluted earnings/(loss) per share	27	0.05	0.04

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 2014

	Notes	**2014** **$**	2013 $
Profit (loss) for the year		1,825,377	1,547,299
Other comprehensive income			
Revaluation of land and buildings*	19	97,637	189,475
Revaluation of other assets*	19	101,496	338,441
Income tax relating to components of other comprehensive income	16	(23,557)	(107,776)
Other comprehensive income for the year, net of tax		175,576	420,140
Total comprehensive income for the year, net of tax		2,000,953	1,967,439
Attributable to:			
Ordinary equity holders of the company		2,000,953	1,967,439

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

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

Terra Vitae Vineyards Limited
Statement of Financial Position
As at 30 June 2014

	Notes	**2014** **$**	2013 $
Current assets			
Cash and cash equivalents	10	-	-
Prepayments and other receivables	11	148,415	62,449
Related party receivables	25e	5,199,533	4,291,555
Current tax receivable	9	101	644
Total current assets		5,348,049	4,354,648
Non-current assets			
Property, plant and equipment	12	34,674,374	34,493,122
Biological assets	14	20,732,000	21,046,000
Other financial assets	13	2,016	1,616
Total non-current assets		55,408,390	55,540,738
Total assets		60,756,439	59,895,386
Current liabilities			
Interest bearing liabilities	17	121,935	65,771
Trade and other payables	15	250,046	242,559
Related party payables	25e	80,996	69,301
Total current liabilities		452,977	377,631
Non-current liabilities			
Interest bearing liabilities	17	24,597,291	25,219,911
Deferred tax liability	16	5,072,241	5,664,868
Total non-current liabilities		29,669,532	30,884,779
Total liabilities		30,122,509	31,262,410
Net assets		30,633,930	28,632,976
Equity			
Share capital	18a	28,800,000	28,800,000
Retained earnings		(5,811,970)	(7,637,348)
Asset revaluation reserve - property, plant & equipment	19	7,645,900	7,470,324
Total equity		30,633,930	28,632,976

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 2014

	Notes	Share capital $	Asset revaluation reserve $	Retained earnings $	Total $
Balance as at 1 July 2012		**28,800,000**	**7,050,184**	**(9,184,646)**	**26,665,538**
Profit for the period		-	-	1,547,299	1,547,299
Other comprehensive income		-	420,140	-	420,140
Total comprehensive income for the year		-	420,140	1,547,299	1,967,439
Balance as at 30 June 2013		**28,800,000**	**7,470,324**	**(7,637,347)**	**28,632,977**
Balance as at 1 July 2013		**28,800,000**	**7,470,324**	**(7,637,347)**	**28,632,977**
Profit for the period		-	-	1,825,377	1,825,377
Other comprehensive income		-	175,576	-	175,576
Total comprehensive income for the year		-	175,576	1,825,377	2,000,953
Balance as at 30 June 2014		**28,800,000**	**7,645,900**	**(5,811,970)**	**30,633,930**

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 2014

	Notes	**2014** $	2013 $
Operating Activities			
Cash was provided from:			
Receipts from customers		6,774,914	5,911,884
Interest received		402	2,125
Dividends received		322	1,280
Other income received		67,591	38,742
Income tax refunded		644	2,461
Cash was disbursed to:			
Payments to suppliers		(3,799,755)	(3,578,297)
Interest paid		(1,633,404)	(1,781,986)
Income taxes paid		(101)	(644)
Net cashflows from operating activities	22	1,410,613	595,565
Investing activities			
Cash was provided from:			
Sale of property, plant and equipment		33,000	-
Cash was applied to:			
Purchase of property, plant and equipment		(209,575)	(145,886)
Other adjustments		(400)	(1,516)
Purchase of biological assets		(104,683)	(56,617)
Net cashflow from investing activities		(281,658)	(204,019)
Financing activities			
Cash was applied to:			
Repayment of bank borrowings		(1,021,076)	(384,378)
Repayment of finance leases		(107,879)	(11,504)
Net cashflows from financing activities		(1,128,956)	(395,882)
Net increase/(decrease) in cash and cash equivalents		-	(4,336)
Cash and cash equivalents at beginning of year		-	4,336
Cash and cash equivalents at end of the year	10	-	-

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

1 General Information

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

These financial statements were authorised for issue by the Board of Directors on 5 September 2014. The entity's owners do not have the power to amend the financial statements after issue.

2 (i) Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

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

Entity reporting

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

Historical cost convention

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

Accounting estimates and judgements

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

(b) Segment reporting

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(d) Revenue recognition

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

(i) Sale of grapes

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

(ii) Interest income

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

(iii) Dividend income

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

(iv) Fair value of grape vines

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

(e) Income tax

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

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

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

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

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

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

(f) Goods and Services Tax (GST)

The Income Statement has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority is classified as part of the operating cash flows.

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

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

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

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

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

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

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

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

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

(k) Investments and other financial assets

(i) Loans and Receivables

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

(ii) Available for sale financial assets

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

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

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

(l) Fair value estimation

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

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

(m) Property, plant and equipment

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

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

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

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

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

2 (i)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 finance leases and unwinding of discount on provisions.

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

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

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

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

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

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

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

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

3 (A) New Standards and Interpretations

Standards adopted during the year
The company has adopted NZ IFRS 13 *Fair Value Measurement* for the first time in these financial statements. The adoption of this standard has not resulted in any changes to the measurement but has resulted in some increased disclosure around the inputs utilised in determining the fair value of property, plant and equipment and biological assets.

The adoption of other standards, interpretations and amendments that became effective in the current year has not led to any changes in the company's accounting policies with measurement or recognition impact on the periods presented in these financial statements.

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

Agriculture: Bearer Plants (Amendments to NZ IAS 16 and NZ IAS 41)
This revision of these accounting standards alters their respective scope so that bearer plants (such as grape vines) are to be accounted for in the same way as property, plant and equipment in NZ IAS 16 Property, Plant and Equipment, as their operation is similar to that of manufacturing. Consequently, the revised standards include them within the scope of NZ IAS 16, instead of NZ IAS 41 Agriculture.

A key difference between the requirements of NZ IAS 16 and NZ IAS 41 is the application of depreciation to such assets, and the option under NZ IAS 16 for such assets to be carried using a cost model, rather than valuation. Further, revaluation increases under NZ IAS 16 are accounted through other comprehensive income, rather than through profit or loss.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Given the amendments to these standards have only just been confirmed, the company is yet to assess the full potential impact of these revisions to its future financial statements.

4 Critical Accounting Estimates and Judgements

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

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

(i) Valuation of grape vines
Vines are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. The fair value of the vines at 30 June 2014 is $20,732,000 (2013: 21,046,000). The decrease in their fair value for the year ended 30 June 2014 is $351,351 (2013: increase of $1,603,383). (Refer to note 14.)

4 Critical Accounting Estimates and Judgements (continued)

(ii) Valuation of land and buildings
Land (including land development) and buildings are measured at fair value as determined by an independent valuer. The independent valuer uses valuation techniques which are inherently subjective and involve estimation. The fair value of land, land development and buildings at 30 June 2014 is $32,803,000 (2013: $32,859,000). The decrease in their fair value, net of impairment losses or reversals, for the year ended 30 June 2014 is $43,422 (2013: increase of $283,519). (Refer to note 12.)

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

(iv) Recovery of Deferred Tax Assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits and reversal of deferred tax liabilities. Deferred tax assets, including those arising from unrecouped tax losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation and the maintenance of sufficient shareholder continuity to ensure these losses can be utilised within the same period. In the 2014 year, trading conditions have continued to improve, which have resulted in the recognition of a greater deferred tax asset for unutilised tax losses. Further details are contained in note 16.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised on the statement of financial position. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets may require adjustment, resulting in a corresponding charge to the statement of comprehensive income.

(v) 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 2058.

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

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

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

5. The Company operates in an industry that is cyclical and subject to the effects of both international and local economic conditions. The Directors view is that the industry is currently growing with improved trading conditions expected to continue in the near future. The Directors consider that risk is being prudently managed in the circumstances.

5 Financial Risk Management

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

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

(a) Market risk

(i) Foreign exchange risk

The Company has no direct currency risk. No assets or liabilities are held in foreign currency and the Company's purchases and sales are in New Zealand dollars.

(ii) Price risk

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

(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 2014, of the total borrowings of $23,991,498, $23,950,000 was held under fixed rate agreements of varying periods of time. Approximately 67% (2013 0%) of those borrowings had interest rates fixed for a minimum of 3 years.

Sensitivity Analysis

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

		+[1]% change in interest rate			
		Impact on post tax profit		Impact on equity	
	Carrying amount	2014	2013	2014	2013
Variable portion of long term borrowings	$41,499 (2013: $131,836)	$299	$949	$299	$949

		-[1]% change in interest rate			
		Impact on post tax profit		Impact on equity	
	Carrying amount	2014	2013	2014	2013
Variable portion of long term borrowings	$41,499 (2013: $131,836)	-$(299)	-$(949)	-$(299)	-$(949)

5 Financial Risk Management (continued)

(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, limits on exposures have been set and are monitored on a regular basis. Credit risk is therefore not significant. The company does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

The Company has only one significant debtor at the reporting date:

	2014	2013
Counter party		
Villa Maria Estate Limited	$ 5,199,533	$ 4,291,555

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

(c) Liquidity risk

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. 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 2014				
Trade payables	$ 331,042	$ -	$ -	$ -
Bank borrowings	$ 1,726,913	$ 1,742,184	$28,539,548	$ -
Rabo Equipment Finance	$ 88,728	$ 88,728	$ 442,243	
UDC Finance	$ 78,180	$ 144,123	$ 7,576	$ -
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 30 June 2013				
Trade payables	$ 311,860	$ -	$ -	$ -
Bank borrowings	$ 1,708,262	$ 1,734,848	$30,068,507	$ -
UDC Finance	$ 65,771	$ 62,771	$ 144,565	$ -

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.

5 Financial Risk Management (continued)

(d) Fair value estimation

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

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

The carrying value of bank borrowings at balance date was $23,991,498 with a fair value of $23,900,888. The fair values of balances with fixed interest rates have been calculated with reference to market rates for instruments with the same or similar terms that could have been taken out at balance date. Balances with floating rates are assumed to approximate their fair value. This estimate is a level 2 estimate in accordance with NZ IFRS 13: Fair Value Measurement.

(e) Financial risk management strategies related to agricultural activity.

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

6 Segment Information

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

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

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

7 Other income

	2014	2013
	$	$
Sundry Income		
Other Income	623	-
Grazing Income	13,520	6,982
Rental Income	28,287	27,567
Contracting Income	25,160	4,192
Total sundry income	67,591	38,742

8 Expenses

Cost of sales		
Fertilizer	120,684	122,052
Frost Control	44,179	159,209
Pesticides	231,334	168,091
Herbicides	32,103	16,255
Irrigation Running	72,901	101,611
Labour & Contractor Costs	1,903,659	1,870,035
Machinery Running	116,272	108,436
Pellenc Tractor Maintenance	135,919	129,724
Harvesting Costs	126,212	126,003
Rates	53,952	50,013
Repairs & Maintenance	208,175	160,644
Vine Removal Costs	66,584	-
Operating Lease Expenses	16,875	16,875
Other Vineyard Expenses	157,326	187,878
	3,286,176	3,216,826

Additional notes on income & expenses

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

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

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

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

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

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

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

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

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2014

Operating Expenses	**2014**	2013
	$	$
Administrative Costs		
Remuneration of auditors - audit of financial statements:		
- Hayes Knight Audit NZ	20,400	-
- CST Nexia	-	20,400
Bank Fees	250	361
Management Consulting	5,497	7,115
Administrative Services	48,130	41,478
Share Register Charges	18,875	18,000
Company Secretarial	30,000	29,000
Insurance	50,807	46,853
Travel Expenses	7,726	8,095
Shareholder Meeting Expenses	12,324	7,364
Other Administrative Costs	19,743	27,357
	213,751	206,023
Depreciation		
Land Development	191,029	185,913
Buildings	36,313	35,475
Plant	340,093	310,637
Office Equipment	1,639	1,616
Motor Vehicles	56,660	67,976
	625,734	601,617
Finance Costs		
Interest Paid	1,633,404	1,781,986
Other Expenses		
Grape Growers Levy	54,542	49,772
Directors Fees	60,000	60,000
Legal Expenses	4,328	13,068
Bad Debts	-	3,870
Vineyard Management Fee	114,184	113,278
	233,055	239,988

Valuation Adjustments and Redevelopment Costs

Redevelopment Expenses		
Keltern	232,764	-
	232,764	-

This cost represents the removal of a portion of the non-biological assets at Keltern prior to redevelopment.

Fair Value Movement in biological assets (note 14)		
Keltern	340,351	56,617
Twyford	-	(176,000)
Taylors Pass	-	(102,000)
Seddon	-	(254,000)
Higgins Road	11,000	(1,128,000)
	351,351	(1,603,383)

Fair Value Movement in other property, plant & equipment		
Keltern	(1,220)	12,008
Twyford	-	11,002
	(1,220)	23,010

9 Income Tax

	2014	2013
	$	$
(a) Income tax (credit)/expense		
Current Tax		
Current tax on profits for the year	418,578	82,674
Adjustments in respect of prior years	-	-
Deferred tax		
Origination and reversal of temporary differences	(80,003)	520,190
Recognition of deferred tax asset on previously unrecognised tax losses (see note 16)	(954,759)	-
	(616,184)	602,864
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	1,209,193	2,150,163
Tax at the New Zealand tax rate of 28%	338,574	602,046
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Fair value changes in Property, Plant & Equipment		
Deferred tax movement (reserves)	-	-
Recognition of deferred tax asset on previously unrecognised tax losses (see note 16)	(954,759)	-
Impact on change in Building depreciation	-	-
Change in tax rate	-	-
Permanent differences	1	818
Income tax (credit)/expense	(616,184)	602,864
Included under Current Assets		
Income tax receivable/(payable) at beginning of year	644	2,461
Net Income Tax Paid/(Refunded)	(543)	(1,817)
Income tax receivable at year end	101	644
The weighted average applicable tax rate was 28%		
(c) Imputation credit account		
Balance at beginning of year	354,778	356,213
Tax payments/(refunds)	(644)	(2,461)
Credits attached to interest & dividends received	101	644
Imputation credits attached to dividends received	125	382
Amount of Imputation credits available for use in subsequent years	354,360	354,778

10 Cash and Cash Equivalents

Bank balances	-	-
Total cash and cash equivalents	-	-

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

11 Prepayments and Other Receivables

GST Receivable	47,617	42,098
Prepayments	65,058	14,406
Other Receivables	35,740	5,945
Total prepayments and other receivables	148,415	62,449

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2014

12 Property, Plant and Equipment

	Land $ (valuation)	Land development $ (valuation)	Buildings $ (valuation)	Plant $	Office equipment $	Motor vehicles $	Total $
At 1 July 2012							
Cost/Valuation	25,130,000	6,543,563	1,171,781	3,313,544	6,022	769,625	36,934,535
Accumulated depreciation	-	(284,563)	(31,781)	(1,542,961)	(5,690)	(625,581)	(2,490,576)
Carrying amount	25,130,000	6,259,000	1,140,001	1,770,583	332	144,044	34,443,959
Year ended 30 June 2013							
Opening carrying amount	25,130,000	6,259,000	1,140,000	1,770,583	332	144,044	34,443,959
Additions/(Disposals)	-	46,482	-	53,562	3,278	42,551	145,873
Impairment losses	-	-	-	-	-	-	-
Revaluation	143,000	315,431	46,475	-	-	-	504,906
Depreciation		(185,913)	(35,475)	(310,635)	(1,616)	(67,977)	(601,616)
Closing carrying amount	25,273,000	6,435,000	1,151,000	1,513,510	1,994	118,618	34,493,122
At 1 July 2013							
Cost/Valuation	25,273,000	6,719,564	1,182,781	3,367,106	9,300	812,176	37,363,927
Accumulated depreciation	-	(284,564)	(31,781)	(1,853,596)	(7,306)	(693,558)	(2,870,805)
Carrying amount	25,273,000	6,435,000	1,151,000	1,513,510	1,994	118,618	34,493,122
Year ended 30 June 2014							
Opening carrying amount	25,273,000	6,435,000	1,151,000	1,513,510	1,994	118,618	34,493,122
Additions/(Disposals)	-	(28,255)	15,677	469,866	-	165,778	623,066
Impairment losses	-	-	-	-	-	-	-
Revaluation increases/(decreases)	115,000	86,284	(17,364)	-	-	-	183,920
Depreciation	-	(191,029)	(36,313)	(340,093)	(1,639)	(56,660)	(625,734)
Closing carrying amount	25,388,000	6,302,000	1,113,000	1,643,283	355	227,736	34,674,374
At 30 June 2014							
Cost/Valuation	25,388,000	6,767,790	1,181,094	3,815,792	9,300	815,424	37,977,400
Accumulated depreciation	-	(465,790)	(68,094)	(2,172,509)	(8,945)	(587,688)	(3,303,026)
Carrying amount	25,388,000	6,302,000	1,113,000	1,643,283	355	227,736	34,674,374

The carrying value of leased assets at balance date is $792,461 (2013: $318,971)

12 Property, Plant and Equipment (continued)

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

	2014 **$**	**2013** $
Cost	20,695,356	20,679,679
Accumulated depreciation	(259,280)	(225,462)
Carrying amount	20,436,076	20,454,217

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

There has been a decrease of $56,000 in the fair value of the land, buildings and land improvements as at 30 June 2014. The revaluation increase is net of applicable deferred taxes was allocated partly to asset revaluation reserve and also the income statement. The valuation was independently performed by Logan Stone Limited, an associate of the New Zealand Institute of Valuers under the principle of highest and best use. Logan Stone has confirmed that the valuation can be relied upon for the purpose of these financial statements at 30 June 2014.

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 were considered relative to the location and nature of the Company's properties.

	$ / per hectare of land
Hawke's Bay	
Light Silts over Gravels	35,000 - 50,000
Gravels	55,000 - 100,000
Marlborough	
Medium Silts	45,000 - 90,000
Silts over Gravels	30,000 - 60,000
Gravels	60,000 - 85,000

All of the Company's items of property plant and equipment 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.

13 Other Financial Assets

	2014	2013
	$	$
Shares in Farmlands Co-operative	400	-
Shares in Ravensdown Fertiliser	1,616	1616
	2,016	1,616

The above shares have been measured at cost.

14 Biological Assets

	2014	2013
	$	$
Grape Vines		
Carrying amount at 1 July	21,046,000	19,386,000
Fair value gains/(losses) on grape vines during the year	(351,351)	1,603,383
Purchases of grape vines	104,683	56,617
Disposal of grape vines	(67,332)	-
Carrying value at 30 June	20,732,000	21,046,000

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

As at 30 June 2014, the company had a total of 360 hectares of vines. During the year ended 30 June 2014 the Company harvested 4,196 tonnes of grapes (2013: 3,818). 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 $7,522,321 (2013 $6,386,812) and $12,078 to an independent winery. 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.

The company's vines were independently valued at fair value fair value less costs to sell by Logan Stone Registered Valuers as at 30 June 2014. Fair value is the price that would be received to sell the assets in an orderly transaction between market participants. 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 as shown above.

The significant unobservable inputs for the biological asset valuation included in the valuers report are analysed values of vine and trellis within the various regions that the Company operates where use of the land as a vineyard is considered to be the highest and best use. Assumed net sales value ranges are shown below.

	2014	2013
Hawkes Bay	**$ / per hectare**	$ / per hectare
Red Varieties	**25,000 - 80,000**	25,000 - 80,000
White Varieties	**15,000 - 50,000**	25,000 - 50,000
Marlborough		
Sauvignon Blanc	**50,000 - 100,000**	50,000 - 100,000
Pinot Noir	**45,000 - 85,000**	45,000 - 85,000
Other White Varieties	**30,000 - 45,000**	30,000 - 45,000

The above ranges are based on market analysis and 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.

All of the Company's biological assets are considered to be fair value estimates that fall into level 3 of the NZ IFRS 13 fair value hierarchy.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2014

15 Trade and Other Payables

	2014	2013
	$	$
Trade payables	214,659	207,329
Accrued expenses	35,387	35,230
	250,046	242,559

16 Deferred Tax

The balance comprises temporary differences attributable to:

	Plant & equipment	**Other**	**Vines**	**Land development**	**Buildings**	**Tax Losses**	**Total**
	$	$	$	$	$	$	$
Balance at 1 July 2012	37,390	5,600	(4,965,571)	(507,904)	(230,467)	706,725	(4,954,227)
Amounts charged to income statement	13,459	(168)	(506,022)	(35,195)	7,735	(82,674)	(602,865)
Amounts charged to equity	-	-	-	(94,763)	(13,013)	-	(107,776)
Balance at 30 June 2013	50,849	5,432	(5,471,593)	(637,862)	(235,745)	624,051	(5,664,868)
Balance at 1 July 2013	50,849	5,432	(5,471,593)	(637,862)	(235,745)	624,051	(5,664,868)
Other movements							-
Amounts charged to income statement	(3,476)	(1,041)	65,013	11,564	7,943	536,181	616,184
Amounts charged to equity				(28,419)	4,862		(23,557)
Balance at 30 June 2014	47,373	4,391	(5,406,580)	(654,717)	(222,940)	1,160,232	(5,072,241)

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

The Company has tax affected losses approximating $1,160,232 (2013:$1,578,810) to carry forward to offset future taxable income. During the year the tax effect of losses utilised was $418,578 (2013: $82,674). Given expectations for continued improved trading conditions, the Company has reassessed the expected periods (based on current management forecasts) in which these losses will be able to be utilised, and has recognised the full value of these losses in the current year. The value of the tax losses have been recognised and offset against the reported deferred tax liability and are available to be utilised against future assessable income. The ability to carry forward its tax losses to reduce future taxable income is subject to the shareholder continuity rules.

In the previous year, tax affected losses of $954,759 were not recognised as it was considered uncertain that sufficient taxable profits/reversal deferred tax liabilities would arise that would be able to be offset against the tax losses.

Terra Vitae Vineyards Limited
Notes to the financial statements
For the year ended 30 June 2014

17 Interest Bearing Liabilities

	2014	2013
Current	**$**	$
Secured		
Bank borrowings	-	-
Obligations under finance leases	121,935	65,771
	121,935	65,771
Non-current		
Secured		
Bank borrowings	23,991,499	25,012,575
Obligations under finance leases	605,793	207,336
	24,597,292	25,219,911
Total interest bearing borrowings	24,719,226	25,285,682

The carrying amount of the above borrowing approximates its fair value. The secured term loan has a total facility amount of $25,300,000 (2013: $25,300,000) of which at the reporting date, $1,308,501 was available for further drawdown (2013: $287,425). The secured term loan facility with Rabobank matures in 2018.

The weighted average interest rate on interest bearing borrowings outstanding at 30 June 2014 was:	6.95%	6.48%

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

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

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

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

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

Finance leases	**2014**	2013
	$	$
Minimum lease payments are due under finance leases as follows:		
No later than one year	166,908	86,945
Later than 1 year and no later than 5 years	682,668	229,879
Less: Future finance charges included in payments due	(121,849)	(43,716)
Present value of finance lease liabilities	727,727	273,107
The present value of finance lease liabilities is due for payment as follows:		
No later than one year	121,934	65,771
Later than 1 year and no later than 5 years	605,793	207,336
	727,727	**273,107**

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

18 Contributed Equity

	2014	2013
	$	$
(a) Authorised share capital		
Share capital at the beginning of the year	28,800,000	28,800,000
Issue of shares	-	-
Share capital at the end of the year	28,800,000	28,800,000
(b) Movements in number of shares	**Number**	Number
Opening balance of ordinary shares issued	40,000,000	40,000,000
Issues of ordinary shares during the year	-	-
Closing balance of ordinary shares issued	40,000,000	40,000,000

(c) Ordinary shares

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

(d) Capital Risk Management

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

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total external borrowings (including 'borrowings' and 'trade and other payables' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratios at 30 June 2014 and 2013 were as follows:

	2014	2013
	$	$
Total borrowings	24,719,226	25,285,683
Less cash and cash equivalents	-	-
Net debt	24,719,226	25,285,683
Total equity	30,633,930	28,632,976
Total capital	55,353,156	53,918,659
Gearing ratio	45%	47%

As part of the loan agreement with Rabobank entered into in 2007 and revised on 17 April 2012 and again on 11 December 2013, the Company is required to maintain a minimum Quasi Equity of $30,000,000, where Quasi Equity = Total tangible assets - total liabilities (excluding Deferred Tax Liability). Tangible assets are defined as the tangible book value of assets plus the difference between the book value and the latest bank valuation for security purposes. In addition, the Company is required to maintain a minimum Quasi Equity ratio of 50% and a Debt Service Cover Ratio of not less than 1.2.

	2014	2013
	$	$
Total Tangible assets (using latest bank valuation 30/6/14)	60,756,439	59,895,386
Total Liabilities	(30,122,509)	(31,262,410)
Add Back Deferred Tax Liability	5,072,241	5,664,868
Total Quasi Equity	35,706,171	34,297,844
Quasi Equity Ratio	59%	57%
Net Profit per Income Statement	1,209,193	2,150,163
Adjust for Valuation Adjustments	350,131	(1,580,373)
Add back Net Interest Expense	1,633,002	1,779,861
Add back depreciation	625,734	601,617
Add back non-recurring item	199,764	-
EBITDA	4,017,824	2,951,268
Debt Service Cover Ratio	2.46	1.66

All covenants were met for the year ended 30 June 2014.

19 Reserves

Revaluation reserve

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

20 Dividends

No dividends have been declared during the current or previous financial year.

On 15 August 2014 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 15 December 2014.

21 Financial Instruments by Category

30 June 2014

Assets as per Statement of Financial Position	Available for sale	Loans and receivables
		$
Trade and other receivables	-	5,235,273
Cash and cash equivalents	-	-
Other financial assets	2,016	-
	2,016	5,235,273

Liabilities as per Statement of Financial Position	Other financial liabilities at amortised cost
	$
Borrowings	24,719,226
Trade and other payables	331,045
	25,050,271

30 June 2013

Assets as per Statement of Financial Position	Available for sale	Loans and receivables
		$
Trade and other receivables	-	4,297,501
Cash and cash equivalents	-	-
Other financial assets	1,616	-
	1,616	4,297,501

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

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

	2014	2013
	$	$
Profit/(loss) after income taxation	**1,825,377**	**1,547,299**
Add non cash items:		
Depreciation	625,734	601,617
Other adjustments		
Movement in fair value of property, plant and equipment	(1,220)	23,010
Movement in fair value of vines	351,351	(1,603,383)
Disposal of plant	(33,000)	-
Keltern redevelopment expenses (refer note 8)	232,764	-
	1,175,629	**(978,756)**
Change in goods and services taxation	(5,519)	(58,185)
Increase (decrease) in accounts payable	19,192	136,760
(Increase) decrease in prepayments & other receivables	(80,447)	5,162
(Increase)/decrease in taxes receivable	543	1,817
Increase (decrease) in deferred tax liability	(616,184)	602,865
(Increase) decrease in amounts due from related parties	(907,978)	(662,188)
	(1,590,393)	**26,231**
Net cash flow from operating activities	**1,410,613**	**594,774**

23 Contingencies

As at 30 June 2014 the Company had no contingent liabilities or contingent assets (2013:Nil).

24 Commitments

(a) Capital commitments

As at 30 June 2014 the total capital expenditure contracted for but not provided for was $115,207 (2013:$nil).

(b) Lease commitments : Company as lessee

Operating leases

Operating lease commitments comprise a long-term land lease of 8 ha at the Keltern Vineyard and vehicle leases. The land lease is for a period of 21 years and expires in 2019. The Ground Rental is reviewed every 5 years with the next review due during the 2014 financial year.

	2014	2013
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows and are based on lease payments current at each balance date:		
Within one year	16,875	16,875
Later than one year but not later than five years	63,281	67,500
Later than five years	-	12,656
	80,156	97,031

On 14 May 2014, the company entered into an agreement with Custom Fleet NZ for operating leases on three tractors for a period of 7 years. Minimum lease payments under these leases will total $52,416 per annum. The leases commence upon delivery date, and as the delivery date is yet to be confirmed and values have therefore been excluded from the above table.

25 Related Party Transactions

(a) Directors
The names of persons who were directors of the company at any time during the financial year are as follows: Milan Brajkovich, David Ferraby, Sir George Fistonich, Andrew Pearson, Robert Ferguson (alternate for Sir George Fistonich).

(b) Key management and personnel and compensation
Key management personnel compensation for the year ended 30 June 2014 and the year ended 30 June 2013 is set out below. The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the company.

	2014	2013
	$	$
Short term benefits (Directors' Fees)	60,000	60,000
Total	**60,000**	60,000

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

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

	2014	2013
	$	$
Purchases of services		
Villa Maria Estate Limited	114,184	113,278
Purchase of vines		
Vineyards Plants Limited	93,640	39,491
Sales of grapes		
Villa Maria Estate Limited	7,522,321	6,386,812
Purchases of virus testing services		
Vine Test Lab Limited	14	4,009
Purchases of farm supplies		
Farmlands Cooperative Limited (and its subsidiaries)	14,849	7,553

(e) Outstanding balances

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

	2014	2013
	$	$
Receivables		
Villa Maria Estate Limited	5,199,533	4,291,555
Payables		
Villa Maria Estate Limited	74,012	68,397
Vine Test Lab Limited	-	50
Vineyard Plants Limited	4,865	-
Farmlands Cooperative Limited (and its subsidiaries)	2,119	854
	80,996	69,301

Relationships with related parties

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

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

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

During the year, the Company purchased vineyard supplies from Farmlands Cooperative Limited (and its subsidiaries), a company of which David Ferraby is a Director and Shareholder.

Andrew Pearson, a director of Terra Vitae Vineyards Limited, is also a director of Somsmith Nominees Limited which holds (in a non-beneficial custodial holding) 13,684 shares in Terra Vitae Vineyards Limited.

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

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

26 Events Occurring After The Reporting Date

On 15 August 2014 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 15 December 2014.

27 Earnings Per Share

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

	2014	2013
Profit/(loss) attributable to equity holders of the Company - in dollars	1,825,377	1,547,299
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share - in dollars	0.05	0.04

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TERRA VITAE VINEYARDS LIMITED

Report on the Financial Statements

We have audited the financial statements of Terra Vitae Vineyards Limited on pages 6 to 33, which comprise the statement of financial position as at 30 June 2014, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Hayes Knight Audit NZ
Chartered Accountants

Level 1, 1 Broadway
Newmarket
Auckland 1023
New Zealand

PO Box 9588
Newmarket
Auckland 1149

T +64 9 367 1656
F +64 9 366 0323
E audit@hayesknight.co.nz
W hayesknight.co.nz

Opinion

In our opinion, the financial statements on pages 6 to 33:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the financial position of Terra Vitae Vineyards Limited as at 30 June 2014 and its financial performance and cash flows for the year ended on that date.

Other matter

The financial statements of Terra Vitae Vineyards Limited for the year ended 30 June 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 23 August 2013.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required; and
- In our opinion proper accounting records have been kept by Terra Vitae Vineyards Limited as far as appears from an examination of those records.

Hayes Knight Audit NZ

HAYES KNIGHT AUDIT NZ

AUCKLAND, NEW ZEALAND

10 September 2014

Terra Vitae Vineyards Limited
Shareholders' Information
For the year ended 30 June 2014

Ten Largest Shareholders as at 30 June 2014

Holder	Shares Held	% of Shares
Villa Maria Estate Limited	8,756,361	21.89%
National Nominees Limited	1,936,000	4.84%
Sir George Fistonich	503,240	1.26%
Peter Rae Industries Ltd	405,000	1.01%
Custodial Services Ltd	346,421	0.87%
Hatch Mansfield Agencies Ltd	275,760	0.69%
Sheather Family Account	238,000	0.60%
Thomas Alan Matthews	200,000	0.50%
Trevor Goodwin	200,000	0.50%
Custodial Services Ltd	194,000	0.49%
Total for top 10 Shareholders	13,054,782	32.64%

Shareholding Breakdown

Holding Range	Holders	Shares Held	% of Shares
< 25,000	177	1,632,672	4.08%
25,000 - 49,999	621	16,751,833	41.88%
50,000 - 99,999	110	6,480,853	16.20%
100,000 - 999,999	25	4,442,281	11.11%
> 1,000,000	2	10,692,361	26.73%
Totals	935	40,000,000	100.00%

Terra Vitae Vineyards Limited
Directory
For the year ended 30 June 2014

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

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
Level 6, Rabobank Tower
2 Commerce Street
Auckland 1010

Auditors
Hayes Knight Audit NZ
PO Box 9588
Newmarket, Auckland 1149

Share Register
BC Limited
PO Box 54124
The Marina
Auckland 2144

Solicitors
Minter Ellison Rudd Watts
Lumley Centre
88 Shortland Street
Auckland 1010
