

**MERGER OF TERRA VITAE VINEYARDS LIMITED & SEDDON VINEYARDS OF
MARLBOROUGH LIMITED UNDER PART XIII
OF THE COMPANIES ACT 1993**

**PROSPECTUS AND
INVESTMENT STATEMENT**

1 June 2006

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I. PROSPECTUS

This prospectus is dated 1 June 2006 and has been prepared pursuant to the Securities Act 1978, the Securities Regulations 1983 and the Securities Act (Amalgamations) Exemption Notice 2002.

1. Amalgamation proposal – offer of shares in Seddon

- 1.1 This prospectus relates to a proposal to amalgamate Terra Vitae Vineyards Limited ("Terra Vitae") and Seddon Vineyards of Marlborough Limited ("Seddon") under Part XIII of the Companies Act. The terms of the amalgamation proposal are set out on pages 48 to 50 of this prospectus.
- 1.2 Under the amalgamation proposal, Terra Vitae and Seddon will amalgamate and continue as one company. That company will be Seddon which will change its name to Terra Vitae Vineyards Limited and will become the amalgamated company ("Amalgamated Company")
- 1.3 Under the amalgamation proposal, all the shares issued by Terra Vitae will be deemed to be cancelled, and each shareholder of Terra Vitae will be issued 2.73684 fully paid ordinary shares of the Amalgamated Company for every 1 fully paid ordinary share registered in the name of that shareholder. Accordingly, the amalgamation proposal involves in effect an offer to the shareholders of Terra Vitae to receive fully paid ordinary shares of Seddon in the Amalgamated Company in consideration of the cancellation of the shares held in Terra Vitae.
- 1.4 In order to be effective, the Amalgamation proposal must be approved by a special resolution of the shareholders of each of Terra Vitae and Seddon. The special meetings to pass these resolutions are set down for Friday 30 June 2006. If those special resolutions are not passed then the Amalgamation will not proceed and Seddon and Terra Vitae will continue on as separate companies as before.

2. Details of Incorporation:

- 2.1 Upon completion of the Amalgamation, Seddon Vineyards of Marlborough Limited, whose name will be changed to Terra Vitae Vineyards Limited, will continue as the Amalgamated Company. Seddon was incorporated under the Companies Act 1955 on 10 August 1993 and re-registered under the Companies Act 1993 on 3 October 1996. Terra Vitae Vineyards Limited was incorporated under the Companies Act 1993 on 5 January 1998. As at the date of this prospectus, the public files of Terra Vitae and Seddon can be accessed from the Companies Office website at www.companies.govt.nz. From the Effective Date, the Amalgamated Company's public file can be accessed from the Companies Office website. Documents not viewable on that website can be obtained from Searchlink Limited by calling 0800 767 778. A fee may apply.

3. Principal Subsidiaries:

- 3.1 Neither Terra Vitae nor Seddon have subsidiaries.
- 3.2 The Amalgamated Company will not have any subsidiaries immediately after the completion of the Amalgamation.

4. Directors and Advisors:

- 4.1 The names, addresses and technical or professional qualifications (if any) of the directors of Terra Vitae are as follows:
 - (a) Graham Desmond Beattie of 11d Collingwood Street, Ponsonby, Auckland;
 - (b) David Jenkin of 405/10 Middleton Road, Newmarket Auckland;
 - (c) Milan Anthony Brajkovich, BE (Chemical & Materials), of 752 Waitakere Road, Kumeu, Auckland;

- (d) Avon Leavett Carpenter, LL.B, of 244 Devonport Road, Tauranga;
 - (e) Andrew David Couch, BSC Hons Chemistry (Bristol University, UK), PhD Chemistry (Bristol University, UK), of 46 Mahoenui Valley Road, RD 3, Coatesville.
- 4.2 The name, address and technical or professional qualifications (if any) of the directors of Seddon are as follows:
- (a) David Scott Ferraby of Barewood Road, Seddon, Marlborough;
 - (b) Andrew Keith Pearson, BCom, CA, NZX Adviser, of 13 Cobden Crescent, Napier;
 - (c) Ian Laurie Montgomerie of Ahuareka, RD 1, Howick, Auckland.
- 4.3 The proposed directors of the Amalgamated Company are as follows:
- (a) David Scott Ferraby;
 - (b) Andrew Keith Pearson;
 - (c) Milan Anthony Brajkovich;
 - (d) Andrew David Couch; and
 - (e) George Vjeceslav Fistonich, DCNZM of 9 Papahia Street, Parnell, Auckland.
- 4.4 The secretary of Terra Vitae is Duncan Gardiner. The secretary of Seddon is Alan O'Sullivan.
- 4.5 The names of the auditors and securities registrar of Terra Vitae, Seddon and the Amalgamated Company and of any solicitors who have been involved in the preparation of this prospectus are:
- (a) Auditors: CST Nexia;
 - (b) Securities Registrar: B C Limited;
 - (c) Solicitors: Minter Ellison Rudd Watts.
- 4.6 Grant Samuel & Associates Limited has prepared a relative valuation of Seddon Vineyards and Terra Vitae and a summary of that valuation is included with this prospectus. Grant Samuel's address and qualifications are as follows:
- (a) Level 31, Vero Centre, 48 Shortland Street, PO Box 4306, Auckland.
 - (b) The Grant Samuel group of companies provides corporate advisory services, property advisory services and manages private equity and property development funds. One of its primary activities is the preparation of corporate and business valuations and the provision of independent advice and experts' reports in connection with mergers and acquisitions, takeovers and reconstructions. The persons responsible for preparing the independent assessment of the relative values of Seddon and Terra Vitae and the summary of that valuation contained in this prospectus, are Peter Jackson, BCom, CA and Rory Burdon, BCom (Hons).

Grant Samuel has given and has not, before delivery of a copy of the prospectus for registration with the Registrar of Companies, withdrawn its written consent to the distribution of the prospectus with the summary valuation included in the form and context in which it is included. Grant Samuel is not intended to be a director, officer, or employee of, or professional adviser to, the issuer of the prospectus.

5. **Restrictions on Board's Powers:**

- 5.1 The constitutions of Terra Vitae and Seddon do not impose any modifications, exceptions or limitations on the powers of the boards of those companies other than the modifications,

exceptions or limitations which are required to be imposed on all companies generally by the Companies Act.

- 5.2 The Amalgamated Company's proposed constitution does not impose any modifications, exceptions or limitations on the powers of the board of the Amalgamated Company to manage, or supervise or direct the management of the business and affairs of the Amalgamated Company other than the modifications, exceptions or limitations which are required to be imposed on all companies generally by the Companies Act (and if the Amalgamated Company is listed on the NZX or NZAX, under the listing rules of the NZX or NZAX). Listing of the shares of the Amalgamated Company is not being sought at this time.

6. **Ten largest holdings of Equity Securities:**

- 6.1 With respect to Terra Vitae, the registered holders of the 10 largest holdings of shares on 7 May 2006 are as follows:

Shareholder	No. of Equity Securities
Villa Maria Estate Limited	1,318,500
National Nominees Limited	332,500
Tea Custodians Limited	247,000
George V Fistonich	114,000
Custodial Services Limited (No 3 Account)	47,500
Robin Boyett and Pauline Mary Boyett	47,500
Garry Graeme Rice	38,000
Martin Hugh Penrose and Marjorie Jill Penrose	38,000
Peter Conor Obrien and Alison Patricia Obrien and David Bernard Robinson	38,000
Stuart Bruce Malcolm and Glenice Merle Malcolm	38,000
Murray Hamilton Blyth & Beverley Campbell Blyth	38,000
Graham Desmond Beattie	38,000

- 6.2 With respect to Seddon, the registered holders of the 10 largest holdings of shares on 7 May 2006 are as follows:

Shareholder	Number of Equity Securities
Villa Maria Estate Limited	1,029,567
George V Fistonich	38,248
National Nominees Limited	36,000
Anne Louise Beattie and Graham Desmond Beattie	35,000
David Nicholas Coleman	26,000
Christopher J O'Connor	22,000
Jill Grant	21,000
Alexander M Ford	21,000
Nicholas G Miller	20,000
David G Iggulden and Neil A Taylor	19,000

- 6.3 If Terra Vitae and Seddon had amalgamated on 7 May 2006 on the terms set out in the Amalgamation Proposal the registered holders of the ten largest holdings of shares in the Amalgamated Company immediately upon completion of the amalgamation would have been:

Shareholder	Number of Equity Securities
Villa Maria Estate Limited	8,756,361
National Nominees Limited	1,090,000
Tea Custodians Limited	676,000
George V Fistonich	503,240
Anne Louise Beattie and Graham Desmond Beattie	175,000
Hatch Mansfield Agencies Limited	155,260
David Nicholas Coleman	130,000
Custodial Services Limited (No 3 Account)	130,000
Robin Boyett and Pauline Mary Boyett	130,000
Christopher J O'Connor	110,000

(This table has been prepared on the basis that the 2,800,000 fully paid ordinary shares in Seddon are subdivided into 14,000,000 fully paid ordinary shares and that 2.73684 fully paid ordinary shares in the Amalgamated Company are issued for every one share held in Terra Vitae.)

- 6.4 None of the persons set out above guarantees or undertakes any liability in respect of the Amalgamated Company's shares.

7. **Activities of the Group:**

- 7.1 The principal business of Terra Vitae and Seddon is the development and operation of vineyards for the purpose of the supply of grapes. A description of the activities of Terra Vitae and Seddon during the 5 years preceding the date of this prospectus is as follows:

(a) **Seddon:**

Seddon originally developed 40 hectares of vineyards in Awatere Valley, Marlborough, which reached full production by 1998. In 2000 the company raised a further \$0.8 million to fund the purchase and development of an adjacent 44 hectares of vineyards. Production from the new vineyards reached its full potential with a record 900 tonnes of grapes from the vineyard for the year ended 30 June 2004.

Infestation by the root aphid phylloxera has resulted in a replanting program. Approximately 70% of the 40 hectares of older affected vines has been replaced with resistant grafted vines over a three year period. The replanting program is expected to impact on production volumes up until the year ending 30 June 2008, after which all vines are expected to be fully cropping.

Seddon is a dedicated grape growing company focusing solely on the production of premium quality grapes. Seddon's grapes have been used by Villa Maria to produce award winning single vineyard and blended wines.

Under a long term contract, Seddon's grape harvest is sold to Villa Maria each year whilst Villa Maria manages all operations including pruning and harvesting at each vineyard and provides day to day administration services to run the vineyards. The board of Seddon appoints independent viticulture consultants to provide independent advice on the vineyard management plan, grape quality and grape values. Further details relating to this contract are set out in paragraph 9.2 below.

(b) **Terra Vitae:**

Terra Vitae was established in 1998 to produce premium grapes for the making of wines by winemaker and cornerstone shareholder Villa Maria. Terra Vitae is a dedicated grape growing company focusing solely on the development of high quality vineyards and the production of premium quality grapes. Terra Vitae's grapes have been used by Villa Maria to produce award winning single vineyard and blended wines. Terra Vitae owns three vineyards located in two of New Zealand's finest wine growing regions, Hawkes Bay and Marlborough. The precise location, climatic condition and soil variety of each vineyard contribute to the quality of Terra Vitae's grape production and provide variation, between vineyards, to diversify economic and climatic risks to the business.

In 1998 Terra Vitae issued a prospectus offering 9.5 million ordinary shares at an issue price of \$1.00 per share to the public. Its shares are traded on the unlisted securities market, (an unregistered securities trading facility). The funds raised from the initial public offering were used to acquire, or lease, and develop 165 hectares of land in the Hawkes Bay and the Awatere Valley in Marlborough. A total of 143 hectares have been planted in grapes.

Under a long term contract, Terra Vitae's grape harvest is sold to Villa Maria each year whilst Villa Maria manages all operations including pruning and harvesting at each vineyard and provides day to day administration services to run the vineyards. The Board of Terra Vitae has appointed an independent viticulture consultant to provide independent advice on the vineyard management plan, grape quality and grape values. Further details relating to this contract are set out in paragraph 10.2 below. At the Keitern Vineyard in Hawkes Bay a state-of-the-art frost protection system has been installed. At the same vineyard a top grafting programme is underway enabling us to move out of the Merlot variety grape and into the much sought after Pinot Gris variety.

Our Taylors Pass Vineyard enjoys a Class "A" water right that is most valuable in this low rainfall area.

- 7.2 From the Effective Date, the Amalgamated Company will continue with the above business activities and own the principal fixed assets owned by Terra Vitae and Seddon being, land and buildings, plant and equipment, motor vehicles and computer and office equipment. These assets are used by Terra Vitae and Seddon, and will be used by the Amalgamated Company, to develop and operate vineyards for the purpose of the supply of grapes.

8. **Promoters' Interests:**

- 8.1 The promoters of the Amalgamation are Terra Vitae and Seddon and their respective directors being: Graham Desmond Beattie, Milan Anthony Brajkovich, David Jenkin, Avon Leavett Carpenter, Andrew David Couch, David Scott Ferraby, Ian Laurie Montgomerie, Andrew Keith Pearson.
- 8.2 Avon Leavett Carpenter is a director of Villa Maria Limited and is a nominee of Villa Maria Limited on the Board of Terra Vitae.
- 8.3 David Scott Ferraby, Andrew Keith Pearson, Milan Anthony Brajkovich, Andrew David Couch and George Vjeceslav Fistonich are the proposed directors of the Amalgamated Company.
- 8.4 Terra Vitae and Seddon have entered into a Cost Sharing Deed dated 5 October 2005 as referred to in clause 9.1 below.

9. **Material Contracts:**

- 9.1 Neither Terra Vitae nor Seddon have entered into a material contract during the 2 years preceding the date of this prospectus (not being a contract entered into in the ordinary course of business), except for a Cost Sharing Deed details of which are as follows:

- (a) the Deed is dated 5 October 2005;
- (b) the parties to the Deed are Terra Vitae and Seddon; and

- (c) the Deed refers to the proposed amalgamation of Terra Vitae and Seddon and provides that the costs and expenses incurred by Terra Vitae and Seddon in preparing for and implementing the amalgamation will be allocated between the parties as to two-thirds to be borne by Terra Vitae and one-third to be borne by Seddon.

9.2 Seddon and Villa Maria are parties to a Vineyard Management, Administration and Grape Purchase Agreement dated 19 September 1993 providing for Villa Maria to manage and administer the vineyards of Terra Vitae and to purchase grapes from those vineyards ("Seddon Agreement"). A summary of the main terms and conditions of the Seddon Agreement follows:

(a) *General Terms*

- The initial term of the Seddon Agreement expires on 1 June 2010. Villa Maria is entitled to extend the Seddon Agreement for further periods of five years each but not beyond 1 June 2040.
- Seddon is not permitted to sell any property for a period of three years from the date of the Seddon Agreement. Thereafter if it wishes to sell it must give Villa Maria a first right of refusal, and in any event is not permitted to sell to a competitor of Villa Maria except with the consent of Villa Maria. Any purchase of a property is required to assume Villa Maria's obligations under the Seddon Agreement with respect to the land being acquired.

(b) *Vineyard Management and Administration*

- Villa Maria is contracted to establish, develop and manage the vineyards according to development plans.
- Villa Maria is responsible for the planting of grapes selected by Villa Maria on each property.
- Villa Maria is responsible for appointing the vineyard managers acceptable to Seddon for each region and for supervising, engaging, training and dismissing permanent and temporary staff and contractors.
- Villa Maria is responsible for acquiring, maintaining and replacing all equipment, material and machinery necessary to ensure the efficient running of each vineyard.
- Villa Maria shall use all responsible endeavours to promote and protect the interests of Seddon but it is expressly acknowledged and agreed that so long as Villa Maria acts reasonably and in good faith in the performance of its obligations it shall in no way be liable to Seddon for any loss or damage (whether actual or prospective) suffered by Seddon in respect of the vineyards.
- Seddon is entitled to appoint independent consultants to review the development, management and performance of the vineyards on behalf of the directors.
- Villa Maria shall submit a management plan and budget for each vineyard prior to 31 May in each year, applicable for the following financial year.
- Villa Maria shall provide certain administration services including the arrangement of insurance, monitoring expenditure, opening and operating bank accounts, investing surplus funds, paying accounts, ensuring compliance with all relevant statutes, keeping accounting records and preparing and filing tax returns other than income tax returns.
- Villa Maria shall receive \$20,000 exclusive of GST per annum for providing the above services, adjusted annually according to movement in the Consumer Price Index.

(c) *Grape Purchasing*

- Villa Maria has contracted to purchase and Seddon has agreed to supply all grapes that meet the quality specifications required on the three vineyards in every vintage for the term of the Seddon Agreement.
- On or prior to 30 January each year, Villa Maria shall submit to Seddon the base price, adjustment factors and quality specifications that apply to all grapes harvested in the following vintage.
- Seddon may accept the prices offered or negotiate adjusted prices. If the parties cannot agree before 1 June then the matter will be resolved by an independent expert or an arbitrator.
- Villa Maria shall determine the time of harvest in consultation with Seddon.

- Villa Maria shall pay for the grapes by way of a 10% deposit on or before 31 January preceding each vintage and 30% of the crop value on or before each of 31 May, 31 July and 20 September.
- If any grapes do not conform to the specifications, Villa Maria may reject them or purchase them at a reduced price, provided that the failure of the grapes to conform is not directly attributable to a breach by Villa Maria of its management obligations under the Seddon Agreement.
- Either party may terminate the Seddon Agreement on the grounds of insolvency, receivership or material breach.
- Seddon may terminate the agreement if for three successive years the cash cost of producing the grapes exceeds the cash return of selling the grapes as a result of conditions beyond the reasonable control of Seddon and Villa Maria, but in that event Seddon shall not be entitled to sell grapes grown on the properties to any party for a period of five years after such termination.
- Seddon may terminate the management and administration services being provided by Villa Maria if for three consecutive investigations by Seddon's independent consultant, the independent consultant determines that Villa Maria is not performing its services in accordance with the management plan.

The Amalgamated Company will succeed to all the rights and obligations of Seddon under the Seddon Agreement upon completion of the Amalgamation.

9.3 Terra Vitae and Villa Maria are parties to a Vineyard Management, Administration and Grape Purchase Agreement dated 18 June 1998 providing for Villa Maria to manage and administer the vineyards of Terra Vitae and to purchase grapes from those vineyards ("Terra Vitae Agreement"). A summary of the main terms and conditions of the Terra Vitae Agreement follows:

(a) *General Terms*

- The initial term of the Terra Vitae Agreement is twenty years expiring on 1 July 2018. Villa Maria is entitled to extend the Terra Vitae Agreement for further periods of five years each but not beyond 1 June 2058.
- Terra Vitae is not permitted to sell any property for a period of five years. Thereafter if it wishes to sell it must give Villa Maria a first right of refusal, and in any event is not permitted to sell to a competitor of Villa Maria except with the consent of Villa Maria. Any purchase of a property is required to assume Villa Maria's obligations under the Terra Vitae Agreement with respect to the land being acquired.

(b) *Vineyard Management and Administration*

- Villa Maria is contracted to establish, develop and manage the vineyards according to development plans.
- Villa Maria is responsible for the planting of grapes selected by Villa Maria on each property.
- Villa Maria is responsible for appointing the vineyard managers acceptable to Terra Vitae for each region and for supervising, engaging, training and dismissing permanent and temporary staff and contractors.
- Villa Maria is responsible for acquiring, maintaining and replacing all equipment, material and machinery necessary to ensure the efficient running of each vineyard.
- Villa Maria shall use all responsible endeavours to promote and protect the interests of Terra Vitae but it is expressly acknowledged and agreed that so long as Villa Maria acts reasonably and in good faith in the performance of its obligations it shall in no way be liable to Terra Vitae for any loss or damage (whether actual or prospective) suffered by Terra Vitae in respect of the vineyards.
- Terra Vitae is entitled to appoint independent consultants to review the development, management and performance of the vineyards on behalf of the directors.
- Villa Maria shall submit a management plan and budget for each vineyard prior to 30 June in each year, applicable for the following year ended 30 June.
- Villa Maria shall provide certain administration services including the arrangement of insurance, monitoring expenditure, opening and operating bank accounts, investing surplus funds, paying accounts, ensuring compliance with all relevant

statutes, keeping accounting records and preparing and filing tax returns other than income tax returns.

- Villa Maria shall receive \$60,000 plus GST per annum for providing the above services, adjusted annually according to movement in the Consumer Price Index.

(c) *Grape Purchasing*

- Villa Maria has contracted to purchase and Terra Vitae has agreed to supply all grapes that meet the quality specifications required on the three vineyards in every vintage for the term of the Terra Vitae Agreement.
- On or prior to 30 January each year, Villa Maria shall submit to Terra Vitae the base price, adjustment factors and quality specifications that apply to all grapes harvested in the following vintage.
- Terra Vitae may accept the prices offered or negotiate adjusted prices. If the parties cannot agree before 1 June then the price determination will be set by an independent expert considering such factors as market price of grapes and movement in values of wine affected by the economic environment, exchange rates and competitor actions.
- Villa Maria shall determine the time of harvest in consultation with Terra Vitae.
- Villa Maria shall pay for the grapes by way of a 10% deposit on or before 31 January preceding each vintage and 30% of the crop value on or before each of 31 May, 31 July and 20 September.
- If any grapes do not conform to the specifications, Villa Maria may reject them or purchase them at a reduced price, provided that the failure of the grapes to conform is not directly attributable to a breach by Villa Maria of its obligations under the Vineyard Management section of the Terra Vitae Agreement.
- Either party may terminate the Terra Vitae Agreement on the grounds of insolvency, receivership or material breach.
- Terra Vitae may terminate the agreement if for three successive years the cash cost of producing the grapes exceeds the cash return of selling the grapes as a result of conditions beyond the reasonable control of Terra Vitae and Villa Maria, but in that event Terra Vitae shall not be entitled to sell grapes grown on the properties to any party for a period of five years after such termination.
- Terra Vitae may terminate the management and administration services being provided by Villa Maria if for three consecutive investigations by Terra Vitae's independent consultant, the independent consultant determines that Villa Maria is not performing its services in accordance with the management plan.

The Amalgamated Company will succeed to all of the rights and obligations of Terra Vitae under the Terra Vitae Agreement upon completion of the Amalgamation.

10. Other terms:

- 10.1 All the terms of the offer of shares in Seddon pursuant to the Amalgamation and all the terms of the shares of Seddon as the Amalgamated Company are set out in this prospectus, and the amalgamation proposal, the investment statement and the financial information which accompany this prospectus, except for those implied by law or set out in a document registered with a public official which is available for public inspection and is referred to in this prospectus.

11. Inspection of Company documents:

- 11.1 Prior to the Effective Date, a copy of the constitutions of Seddon and Terra Vitae and a copy of the proposed constitution of the Amalgamated Company will be supplied to any shareholder of Terra Vitae or Seddon upon request and may also be viewed on Seddon's website: www.seddonvineyards.co.nz. A copy may also be inspected at no charge during normal business hours at 10 Birman Close, Bucklands Beach, Auckland.
- 11.2 From the Effective Date, a copy of the Amalgamated Company's constitution and its most recent annual report and financial statements may be inspected at no charge during normal business hours at the registered office of the Amalgamated Company: 10 Birman Close, Bucklands Beach, Auckland. Shareholders are also entitled to copies of such documents upon written request. The Amalgamated Company may prescribe a reasonable copying and administration fee. A copy of the Amalgamated Company's constitution may also be obtained

from the public register at the Companies Office of the Ministry of Economic Development during normal business hours or on-line from the Companies Office web site (www.companies.govt.nz).

11.3 The material contracts referred to in clause 9 above may be inspected at no charge during normal business hours at 10 Birman Close, Bucklands Beach, Auckland.

12. Other Material Matters:

12.1 There are no material matters relating to the offer of shares in Seddon pursuant to the Amalgamation or to shares in Seddon as the Amalgamated Company other than the matters set out, or referred to, in this prospectus, in the investment statement and in the financial statements which accompany this prospectus or in contracts entered into in the ordinary course of business of Seddon or Terra Vitae.

13. Terra Vitae and Seddon Directors' Statements

13.1 After due enquiry by the directors of Terra Vitae:

(a) in relation to the period between the balance date of the financial statements of Terra Vitae which accompany this prospectus (i.e. 31 December 2005) and the date of this prospectus, no circumstances have arisen which materially affect:

- (i) the trading or profitability of Terra Vitae; or
- (ii) the value of Terra Vitae's assets; or
- (iii) Terra Vitae's ability to pay its liabilities in the next 12 months; and

(b) in relation to the period between the balance date of the audited financial statements of Terra Vitae already provided to shareholders (i.e. 30 June 2005) and the date of the prospectus, there have been no material changes in the nature of Terra Vitae's business.

13.2 After due enquiry by the directors of Seddon:


(a) in relation to the period between the balance date of the financial statements of Seddon which accompany this prospectus (i.e. 31 December 2005) and the date of this prospectus, no circumstances have arisen which materially affect:

- (i) the trading or profitability of Seddon; or
- (ii) the value of Seddon's assets; or
- (iii) Seddon's ability to pay its liabilities in the next 12 months; and

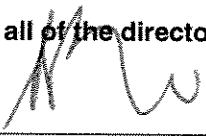
(b) in relation to the period between the balance date of the audited financial statements of Seddon already provided to shareholders (i.e. 30 June 2005) and the date of the prospectus, there have been no material changes in the nature of Seddon's business.


Signed by Terra Vitae Vineyards Limited (as promoter):


Graham Desmond Beattie



David Jenkin

Signed by all of the directors of Terra Vitae Vineyards Limited (as promoters):


Graham Desmond Beattie

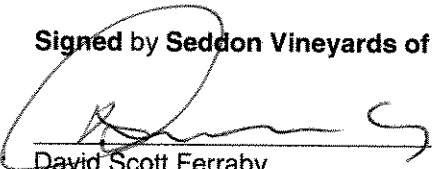

David Jenkin


Milan Anthony Brajkovich


Avon Leavett Carpenter

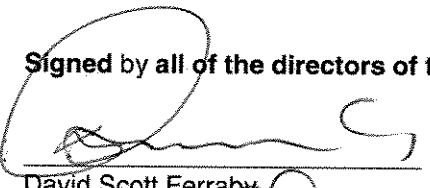

Andrew David Couch

Signed by Seddon Vineyards of Marlborough Limited (as promoter):

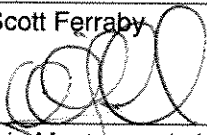

David Scott Ferraby


Andrew Keith Pearson

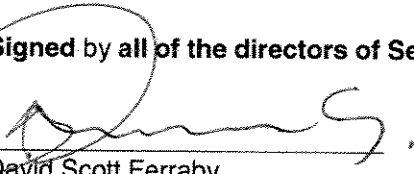
Signed by all of the directors of the issuer Seddon Vineyards Limited of Marlborough Limited:



David Scott Ferraby


Andrew Keith Pearson


Ian Laurie Montgomerie by his duly
Authorised agent Alan O'Sullivan

Signed by all of the directors of Seddon Vineyards of Marlborough Limited (as promoters):


David Scott Ferraby


Ian Laurie Montgomerie by his duly
authorised agent Alan O'Sullivan


Andrew Keith Pearson

II. INVESTMENT STATEMENT

· IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

	Page
<i>What sort of investment is this?</i>	13
<i>Who is involved in providing it for me?</i>	14
<i>What will this cost me?</i>	15
<i>What are the charges?</i>	15
<i>What returns will I get?</i>	15
<i>What are my risks?</i>	15
<i>Can the investment be altered?</i>	16
<i>How do I cash in my investment?</i>	17
<i>Who do I contact with enquiries about my investment?</i>	17
<i>Is there anyone to whom I can complain if I have problems with the investment?</i>	17
<i>What other information can I obtain about this investment?</i>	18

In addition to the information in this investment statement, important information can be found in the prospectus and other documents which accompany this investment statement. You are entitled to a copy of the prospectus upon request.

Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- whether the adviser gives advice only about particular types of investments; and
- whether the advice is limited to the investments offered by one or more particular financial organisations; and
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

WHAT SORT OF INVESTMENT IS THIS?

This investment statement relates to the proposed amalgamation of Terra Vitae and Seddon pursuant to which:

- The shares in Seddon Vineyards will be subdivided on a 5:1 basis, so that each shareholder will have five shares for each one share presently held. This will increase the total capital from 2,800,000 shares to 14,000,000 shares
- A further 26,000,000 fully paid shares will be issued by Seddon Vineyards to the shareholders of Terra Vitae. Each of them will receive 2.73684 fully paid shares in Seddon Vineyards for each fully paid share held in Terra Vitae. If this calculation results in a shareholder being entitled to a fraction of a share in the Amalgamated Company, that fraction shall be rounded to the nearest whole number, with 0.5 being rounded up. Shares in Terra Vitae were originally issued in parcels of 9,500 shares and a shareholder who still holds that parcel will receive 26,000 shares in Seddon Vineyards through the amalgamation
- The shares previously held in Terra Vitae will be cancelled and that company will cease to exist.

The result of the above will be that existing Seddon Vineyard shareholders, will hold 35% of the total share capital in the Amalgamated Company, and existing Terra Vitae shareholders, will hold the remaining 65%. The independent directors of Seddon Vineyards and Terra Vitae engaged Grant Samuel to prepare a relative valuation of the two companies and to recommend an equitable exchange ratio for the purposes of the proposed Amalgamation. Grant Samuel considers an exchange ratio of 65%:35% to be fair to the equity holders of both Terra Vitae and Seddon Vineyards. A summary of Grant Samuel's report is attached for your information and states the method of valuation, the date of the valuation and the identity of the valuer.

Further information on the terms of the Amalgamation is set out in the amalgamation proposal dated 25 May 2006 which accompanies this investment statement.

If the amalgamation proposal is approved by a special resolution of the shareholders of each of Terra Vitae and Seddon, the Amalgamation will automatically occur and you will become a shareholder in the Amalgamated Company. The shares held by Terra Vitae shareholders in Terra Vitae will be cancelled.

The Amalgamated Company will be the product of the amalgamation of Terra Vitae and Seddon. The principal business activities of Terra Vitae and Seddon are the development and operation of vineyards for the purpose of the supply of grapes, details of which are set out on pages 6 and 7. The Amalgamated Company will continue these activities from the Effective Date. Prospective financial information on the Amalgamated Company accompanies this investment statement.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

The registered office of the Amalgamated Company will be situated at 10 Birman Close, Bucklands Beach, Auckland. The promoters of the amalgamation are Terra Vitae (118 Montgomerie Road, Mangere, Auckland) and Seddon (10 Birmans Close, Bucklands Beach, Auckland) with their respective directors being:

- Graham Desmond Beattie of 11d Collingwood Street, Ponsonby, Auckland;
- Milan Anthony Brajkovich of 752 Waitakere Road, Kumeu, Auckland;
- David Jenkin of 405/10 Middleton Road, Newmarket, Auckland;
- Andrew David Couch of 46 Mahoenui Valley Road, RD 3, Coatesville.
- Avon Leavett Carpenter of 244 Devonport Road, RD 3, Tauranga;
- Ian Laurie Montgomerie of Ahuareka, RD 1, Howick, Auckland.
- David Scott Ferraby, of Barewood Road, Seddon, Marlborough;
- Andrew Keith Pearson of 13 Cobden Crescent, Napier.

WHAT WILL THIS COST ME?

No money is payable by you for shares in the Amalgamated Company. If you hold shares in Terra Vitae, you will be issued 2.73684 fully paid shares in Seddon Vineyards for each fully paid share you hold in Terra Vitae and your Terra Vitae shares will be cancelled. If this calculation results in a shareholder being entitled to a fraction of a share in the Amalgamated Company, that fraction shall be rounded to the nearest whole number, with 0.5 being rounded up. If you hold shares in Seddon you will be issued 5 shares in Seddon Vineyards for every one share presently held.

WHAT ARE THE CHARGES?

No charges are payable by you under the Amalgamation for shares in the Amalgamated Company.

WHAT RETURNS WILL I GET?

Returns on the Amalgamated Company's shares (if any) may arise from the sale of the shares or from dividends (or other distributions) paid by the Amalgamated Company. In addition, shareholders will receive the benefit from any increase in the market price of their shares if they sell them. The market price of the shares may also decline. In the event of liquidation of the Amalgamated Company, shareholders will be entitled to participate in the remaining surplus of assets (if any) after payment of all creditors.

The level of dividends is determined by the directors of the Amalgamated Company who will take into account the level of retained earnings of the Amalgamated Company. These in turn will be influenced by taxes paid by the Amalgamated Company and reserves held by the Amalgamated Company. The frequency with which dividends will be paid will be determined by the directors of the Amalgamated Company. The Amalgamated Company is the person legally liable to pay dividends.

No future return, in the form of future dividends or capital gains, and in the case of distributions, the timing or frequency of such distributions, are assured, guaranteed or promised by Terra Vitae, Seddon, the proposed board of the Amalgamated Company or any other person.

New Zealand taxes may affect the return to investors. Dividends will be subject to New Zealand withholding taxes or final taxes but the shareholders' liability in respect of such taxes may be reduced or satisfied to the extent the dividends have imputation credits attached. In addition, in certain circumstances, gains on the sale of the shares may be taxable. Generally, where shares are acquired as an investment, New Zealand resident shareholders will not be taxed on gains from the subsequent sale of shares unless the shareholder is in the business of dealing in such investments or acquired the shares for the purpose of sale or where the sale is part of a profit making undertaking or scheme.

You should also refer to the information provided under the section titled "What are my Risks?" below which sets out factors which may influence the level of dividends payable.

These comments and the descriptions referred to above are of a general nature only and in particular, the statement in relation to New Zealand taxes relates to persons who are New Zealand residents for tax purposes. These statements do not constitute legal or financial advice. Any shareholder or investor considering the purchase, ownership or disposition of shares in the Amalgamated Company should consult their own financial or tax advisers concerning the tax consequences of owning shares, in light of their particular situation.

WHAT ARE MY RISKS?

The principal risks which may affect the return on shares of the Amalgamated Company are as follows:

Cost Drivers and Grape Demand/Supply

The Amalgamated Company will be a dedicated grape growing company, focusing solely on the development of high quality vineyards and the production of premium quality grapes. The Amalgamated Company's financial performance is determined by the viticulture and operational costs incurred each year relative to the market price the company can obtain for its annual grape harvest. Factors that adversely influence the quantity and/or quality of the Amalgamated Company's harvest, increase the viticulture and/or operational costs, or reduce the demand for grapes will be likely to adversely influence the Company's financial performance.

Grape Prices and Vine Yields

The revenue from grape sales will fluctuate depending on the quality and quantity of the harvest, consumer preference and general supply and demand dynamics. If grape plantings increase significantly, the volume of supply could result in lower grape prices unless demand for wine increases sufficiently. Similarly, increases in the volume of supply as a result of the import of non-New Zealand grapes could depress prices if demand for wine does not increase.

Dependence on Contractual Arrangements

The Amalgamated Company is reliant on the performance of Villa Maria in respect of the management, administration and development of its vineyards. The obligation for Villa Maria to perform these services to a high standard is governed by contractual relationships. Failure by Villa Maria to perform these services to a high standard may have an adverse impact on the quality and quantity of the grapes produced.

Change in Legislation

Local and foreign government policies have influence on the level of consumer demand for wine. Any adverse change in local or foreign government policies may affect the level of demand for wine that would, in turn, impact the market value of grapes produced by the Amalgamated Company.

Climatic

The quality and quantity of the grape harvest is dependent on seasonal climatic factors such as rainfall, sunshine and temperature. Particularly favourable climatic conditions during the growing period can improve the market value of the Amalgamated Company's grapes. However unusual or harsh seasonal climatic factors prior to the grapes being harvested may have an adverse impact on grape quality, which in turn will affect the market value of grapes. In extreme circumstances, climatic factors may affect grape quality to such an extent the grapes are unsaleable.

Disease

There are a number of diseases that can infect grape vines and affect the yield and quality of the grapes grown on these vines. Terra Vitae and Seddon in conjunction with Villa Maria, have adopted a viticulture regime to minimise the risk of disease occurring. While the Amalgamated Company will inherit this regime upon completion of the Amalgamation, the regime cannot, however, completely eliminate the risk of disease and fungus.

Phylloxera

Phylloxera is an insect that damages the root system of grape vines, and can result in progressive deterioration in the productive capacity of the infected vines. Vines planted on their own rootstock are susceptible to phylloxera. Vines grafted onto American rootstock are resistant to phylloxera. All the vineyards owned by Terra Vitae and Seddon are planted on phylloxera resistant rootstock.

Insolvency

The Amalgamated Company's shares you hold will be fully paid ordinary shares. The liability of shareholders to pay money to any person as a result of the insolvency of the Amalgamated Company will be limited to unpaid calls and interest or expenses in relation to unpaid calls. However, this will not apply to you as the Amalgamated Company's shares are fully paid. In the event of the Amalgamated Company being put into liquidation, claims by secured creditors and other creditors will rank ahead of claims of shareholders. The holders of the Amalgamated Company shares will rank equally with each other in a liquidation of the Amalgamated Company.

The principal risks of not receiving a dividend return on shares in the Amalgamated Company are:

- the risks referred to above;
- if the directors of the Amalgamated Company determine that the company will not meet the solvency test (as defined in the Companies Act) after the directors have resolved to pay a dividend; or
- if the directors resolve not to pay any dividend.

CAN THE INVESTMENT BE ALTERED?

Section 110 of the Companies Act gives certain rights to shareholders who vote all of their shares against the special resolution required to approve the Amalgamation if the special resolution is approved by the requisite majority of shareholders. Any shareholder who casts all votes attached to shares registered in that shareholder's name (and having the same beneficial owner) against such a special resolution is entitled to require Terra Vitae or Seddon (as the case may be) to purchase those shares. A statement setting out these rights accompanies this investment statement.

The rights attaching to the Amalgamated Company's shares will be governed by the Amalgamated Company's proposed constitution. A summary of the principal provisions of the constitution is enclosed with this investment statement. The constitution may only be altered by special resolution of shareholders subject to the rights of interest groups under the Companies Act or in certain circumstances by Court order. From the Effective Date, the Amalgamated Company will be subject to the Companies Act. Section 117 of the Companies Act restricts a company from taking any action that affects the rights attached to its shares unless that action has been approved by a special resolution of the shareholders whose rights are affected by the action. Under certain circumstances a shareholder whose rights are affected by a special resolution may require the company to purchase its shares.

HOW DO I CASH IN MY INVESTMENT?

Subject to any securities laws and regulations that may apply at the time, you may sell your interest in your shares in the Amalgamated Company to another person. Shares may be able to be sold through Unlisted, an unregistered securities trading facility (see the Unlisted website, www.unlisted.co.nz, for further information) or through any sharebroker and brokerage may be payable on such sales. No charges are payable to the Amalgamated Company for the sale of the shares.

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries in relation to shares of the Amalgamated Company may be made to:

The Directors
Terra Vitae Vineyards Limited
PO Box 54-124
Bucklands Beach
Auckland

Attention: Alan O'Sullivan

Fax: +64 9 535 8941
Ph: (09) 535 8261
Email: alanos@ihug.co.nz

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Complaints in relation to shares in the Amalgamated Company can be made to:

The Directors
Terra Vitae Vineyards Limited
PO Box 54-124
Bucklands Beach
Auckland

Attention: Alan O'Sullivan

Fax: +64 9 535 8941
Ph: (09) 535 8261
Email: alanos@ihug.co.nz

There is no ombudsman to whom complaints about shares in the Amalgamated Company can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Further information about the Amalgamated Company's shares and the Amalgamated Company is contained in the prospectus, the amalgamation proposal and the financial statements which accompany this investment statement. Copies of these may be obtained free of charge by writing to:

The Company Secretary
Terra Vitae Vineyards Limited/Seddon Vineyards of Marlborough Limited
PO Box 54-124
Bucklands Beach
Auckland

Attention: Alan O'Sullivan
Fax: +64 9 535 8941
Email: alanos@ihug.co.nz

A copy of the prospectus and the most recent financial statements of Terra Vitae and Seddon are filed on the public register at the Companies Office of the Ministry of Economic Development and available for inspection or may be viewed on-line on the Companies Office website (www.companies.govt.nz).

Under the Companies Act, the Amalgamated Company must keep minutes of all meetings, resolutions of shareholders and copies of all written communications to shareholders (including annual reports and financial statements) for a ten year period, certificates given by directors and the interests register, for inspection by shareholders. These documents may be inspected during normal business hours at the registered office of the Amalgamated Company located at: 10 Birman Close, Bucklands Beach, Auckland. You may also request copies of these records from the Amalgamated Company which may prescribe a reasonable copying and administration fee.

You may inspect a copy of the Amalgamated Company's constitution at its registered office during normal business hours and are entitled to a copy, upon request, under the Companies Act. Other information relating to the Amalgamated Company may be obtained from the public register at the Companies Office of the Ministry of Economic Development or on-line from the Companies Office web site (www.companies.govt.nz). Where the relevant documents are not available on the website, a request for the documents can be made by contacting the Companies Office on 0508 266 726. Search requests may also be made at any Companies Office registry in New Zealand during usual business hours. Payment of a fee will be required for the search. Copies will be faxed or posted to you directly by the Companies Office in Wellington.

An annual report complying with the Companies Act will be given annually to all Amalgamated Company shareholders and an annual meeting of the Amalgamated Company will be held after the end of each financial year.

Under section 54B of the Securities Act 1978 the Amalgamated Company is required to supply a shareholder with the following documents and information on request:

- a copy of the most recent annual report and financial statements of the Amalgamated Company, together with all documents that are required to be registered with those financial statements under the Financial Reporting Act 1993;
- a copy of the most recent investment statement relating to the Amalgamated Company's shares.

Such a request should be made in writing to the Amalgamated Company:

PO Box 54-124
Bucklands Beach
Auckland
Attention: Alan O'Sullivan
Fax: +64 9 535 8941
Email: alanos@ihug.co.nz

A reasonable fee for photocopying and postage expenses may be charged.

III. FINANCIAL INFORMATION

- A. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 ARE ANNEXED**
- B. INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 31 DECEMBER 2005**
- C. PROSPECTIVE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2006 AND 30 JUNE 2007**

**B. INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED
31 DECEMBER 2005**

STATEMENT OF FINANCIAL PERFORMANCE
For the six months ended 31 December 2005

	Notes	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited	
		Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
Operating Revenue					
Grapes Sales		-	1,155,353	-	2,782,902
Other Income		2,671	5,958	2,640	7,310
Interest Revenue		574	1,866	17,435	8,396
		3,245	1,163,177	20,075	2,798,608
Operating Expenses	18	498,725	955,200	982,598	2,219,902
Operating (Deficit)/Surplus before Interest & Income Tax		(495,480)	207,977	(962,523)	578,706
(Gain)/Loss on sale of fixed assets		30,014	28,997	(7,025)	-
Less: Interest Expense		10,744	48,888	-	18,792
Operating Surplus Before Revaluation		(536,238)	130,092	(955,498)	559,914
Revaluation of Vines	5	2,018,754	(201,408)	(226,460)	8,278,013
Operating Surplus/(Deficit) Before Income Tax		1,482,516	(71,316)	(1,181,958)	8,837,927
Less: Income Tax Expense	10	-	56,949	-	-
Operating Surplus/(Deficit) After Income Tax		1,482,516	(128,266)	(1,181,958)	8,837,927

The above information is to be read in conjunction with the 30 June 2005 financial statements

**STATEMENT OF MOVEMENTS IN
EQUITY**
For the six months ended 31 December 2005

	Notes	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited	
		Unaudited Dec 2005 6 Months	Audited June 2005 12 Months	Unaudited Dec 2005 6 Months	Audited June 2005 12 Months
		\$	\$	\$	\$
Equity as at beginning of period		10,110,765	9,600,494	24,018,637	7,762,430
Operating (Deficit)/Surplus after Income Tax		1,482,516	(128,266)	(1,181,958)	8,837,927
Distribution to Owners					-
Increase/(decrease) in revaluation reserve	4	3,444,986	919,937	1,867,958	8,273,280
Less Distribution to Owners - Ordinary	3	(210,000)	(281,400)	(475,000)	(855,000)
- Supplementary			(1,135)	-	-
Foreign Investor Tax Credit			1,135	-	-
Equity at End of Period		<u>14,828,267</u>	<u>10,110,765</u>	<u>24,229,637</u>	<u>24,018,637</u>

The above information is to be read in conjunction with the 30 June 2005 financial statements

**STATEMENT OF FINANCIAL
POSITION**
As at 31 December 2005

	Notes	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited	
		Unaudited Dec 2005	Audited June 2005	Unaudited Dec 2005	Audited June 2005
		\$	\$	\$	\$
Equity					
Paid up Capital	2	2,800,000	2,800,000	9,500,000	9,500,000
Asset Revaluation Reserve	4	8,029,712	4,584,726	10,141,238	8,273,280
Retained Earnings	3	3,998,555	2,726,039	4,588,399	6,245,357
Total Equity		14,828,267	10,110,765	24,229,637	24,018,637
Liabilities					
Current Liabilities					
Accruals		62,525	55,096	20,903	77,911
Income Tax Payable	12	55,514	55,450	0	0
Withholding tax payable		0	0	136,643	0
Goods and Services Taxation		0	109,485	0	290,466
Accounts Payable		47,971	35,015	233,925	62,037
Borrowings	8	510,000	400,000	0	0
		676,010	655,046	391,471	430,414
Total Equity and Liabilities		15,504,277	10,765,811	24,621,108	24,449,051
Assets					
Non-Current Assets					
Investments	19	100	100	0	0
Vines	5	6,085,000	3,960,000	8,927,500	9,093,000
Property, Plant & Equipment	6a	9,370,714	5,950,989	15,144,037	13,371,015
Total Non-Current Assets		15,455,814	9,911,089	24,071,537	22,464,015
Current Assets					
Cash and Bank Balances		19,910	36,996	493,920	68,636
Accounts Receivable		299	767,652	0	1,895,648
Deferred Vintage Costs		0	11,792	0	11,181
Prepayments	20	3,031	38,282	13,602	5,170
Goods and Services Taxation Taxation	12	24,637	0	42,049	0
		586	0	0	4,401
Total Current Assets		48,463	854,722	549,571	1,985,036
Total Assets		15,504,277	10,765,811	24,621,108	24,449,051

The above information is to be read in conjunction with the 30 June 2005 financial statements

STATEMENT OF CASH FLOWS
For the six months ended 31 December 2005

	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
CASH FLOW FROM OPERATING ACTIVITIES				
Cash was provided from:				
Sales & Grape Income	767,353	1,733,398	1,891,247	2,997,160
Other Income Received	2,671		2,640	7,310
Taxes refunded	-	-	4,401	338
	<u>770,024</u>	<u>1,733,398</u>	<u>1,898,288</u>	<u>3,004,808</u>
Cash was disbursed to:				
Payments to suppliers	(527,800)	(855,965)	(844,920)	(1,559,448)
Taxes paid		(94,195)	-	(4,401)
Interest	(10,744)	(48,888)	-	(18,792)
	<u>(538,544)</u>	<u>(999,047)</u>	<u>(844,920)</u>	<u>(1,582,641)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>231,480</u>	<u>734,351</u>	<u>1,053,368</u>	<u>1,422,167</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Cash was provided from:				
Interest received	574	1,866	17,435	8,397
Cash was disbursed to:				
Purchase of fixed assets	(149,140)	(187,627)	(171,151)	(78,280)
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>(148,566)</u>	<u>(185,761)</u>	<u>(153,716)</u>	<u>(69,883)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Cash was provided from:				
Net proceeds/(repayment) of borrowings	110,000	(280,000)	-	(450,000)
Cash was applied to:				
Dividend Payment	(210,000)	(281,400)	(475,000)	(855,000)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(100,000)</u>	<u>(561,400)</u>	<u>(475,000)</u>	<u>(1,305,000)</u>
NET INCREASE/(DECREASE) IN CASH HELD	<u>(17,086)</u>	<u>(12,810)</u>	<u>424,652</u>	<u>47,284</u>
Add Opening Cash Brought Forward	36,996	49,806	69,269	21,985
CLOSING CASH CARRIED FORWARD	<u>19,910</u>	<u>36,996</u>	<u>493,921</u>	<u>69,269</u>
REPRESENTED BY:				
Bank Deposits		28,028	490,336	64,088
Cheque account	19,910	8,968	6,602	7,798
Shareholder Dividend Account			(3,017)	(2,617)
	<u>19,910</u>	<u>36,996</u>	<u>493,921</u>	<u>69,269</u>

STATEMENT OF CASH FLOWS
For the six months ended 31 December 2005

	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
RECONCILIATION OF NET SURPLUS AFTER TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES				
Reported Net Operating Surplus/(Deficit) After Income Tax	1,482,516	(128,266)	(1,181,958)	8,837,927
Add/(Deduct) Non Operating Income				
Interest Income	574	(1,866)	8,397	(8,397)
Revaluation of Vines	(2,018,754)	201,408	226,460	(8,278,013)
Add Non-Cash Items				
Depreciation	67,007	223,523	178,663	692,787
Add/(Deduct) Movements in Working Capital				
Accounts Receivable	767,353	572,087	1,895,648	214,258
Accounts Payable	12,956	(50,786)	171,888	(56,568)
Taxation Payable	(522)	(37,246)	141,044	(4,062)
Net Goods and Services Taxation	(134,122)	(90,773)	(332,515)	(7,686)
Accruals	7,429	20,806	(57,008)	23,231
Deferred Vintage Costs	11,792	24,841	11,181	9,248
Prepayments	35,251	622	(8,432)	(558)
	<u>231,480</u>	<u>734,351</u>	<u>1,053,368</u>	<u>1,422,167</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

1 Statement of Accounting Policies

These Financial Statements of Seddon Vineyard of Marlborough Limited and Terra Vitae Vineyards Limited have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of results, cashflows and financial position, under the historical cost modified by the revaluation of certain assets have been followed in the preparation of these financial statements.

Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of profit and financial position have been applied.

(a) Vines

Vines (which are self-generating and regenerating assets), are measured at net market value as determined annually by an independent valuer.

The net increment in net market value of vines recognised as revenue is determined as:

- (i) the difference between the total net market values of vines recognised as at the beginning of the financial year and the total net market values of vines as at the reporting date, less
- (ii) costs incurred during the year to acquire and plant vines

Costs incurred in maintaining or enhancing vines are recognised as expenses when incurred. Therefore, these costs are not included in the determination of the net increment in net market values.

The net market value of grapes picked during the year recognised as revenue is determined as:

- (i) net market value of grapes immediately after picking less
- (ii) costs of machine harvesting

(b) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

(c) Receivables

Receivables are stated at estimated realisable value.

(d) Fixed Assets

The Company has five classes of fixed assets:

Freehold Land
Freehold Buildings
Land Development
Motor Vehicles
Plant

All fixed assets are initially recorded at cost. Land, land development and buildings are subsequently revalued on an annual basis. Valuations are at net current value as determined by an independent valuer. Any revaluation surplus arising on the revaluation of a class of fixed asset is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of assets would be recognised in the Statement of Financial Performance in the period it arose. Revaluation surpluses, which reserve previous revaluation deficits recognised in the Statement of Financial Performance, would be recognised as revenue in the Statement of Financial Performance

When a fixed asset is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying value of the fixed asset.

Depreciation is provided for on a straight line basis on all assets other than freehold land at rates calculated to allocate the assets cost or valuation less estimated residual value, over their estimated useful lives.

The major depreciation periods are as follows:

	Terra Vitae Vineyards Limited	Seddon Vineyards of Marlborough Limited
Freehold Buildings	25 years	25 - 33 years
Land Development	33 years	33 years
Motor Vehicles	3 - 7 years	3 - 10 years
Plant	3 - 10 years	4 - 13 years

The depreciation rates for land development has been changed from 8 - 16 years to the rate shown above as from 1 July 2005.

(e) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (1) Operating activities include all transaction and other events that are not investing or financing activities.
- (2) Investing activities are those activities relating to acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
- (3) Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.
- (4) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

(f) Financial Instruments

Financial instruments carried on the Statement of Financial Position include cash and bank balances, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the prior year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

	Seddon Vineyard of Mariborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
2 Paid in Capital	<u>2,800,000</u>	<u>2,800,000</u>	<u>9,500,000</u>	<u>9,500,000</u>
Number of Ordinary shares	2,800,000	2,800,000	9,500,000	9,500,000
3 Retained Earnings				
Opening Retained Earning / Accumulated Losses	2,726,039	3,135,705	6,245,358	(1,737,569)
Less Dividends Paid	(210,000)	(281,400)	(475,000)	(855,000)
Net (Deficit)/Surplus this year	<u>1,482,516</u>	<u>(128,266)</u>	<u>(1,181,958)</u>	<u>8,837,927</u>
Closing Retained Earnings	<u>3,998,555</u>	<u>2,726,039</u>	<u>4,588,400</u>	<u>6,245,358</u>
4 Asset Revaluation Reserve				
Balance at beginning of year	4,584,726	3,664,789	8,273,280	-
Revaluation during the year	<u>3,444,986</u>	<u>919,937</u>	<u>1,867,958</u>	<u>8,273,280</u>
Balance at end of the year	<u>8,029,712</u>	<u>4,584,726</u>	<u>10,141,238</u>	<u>8,273,280</u>
5 Revaluation of Vines				
Valuation of vines at start of year	3,960,000	4,000,000	9,093,000	814,987
Value of Vine Purchases	106,246	161,408	60,960	-
Vines book value at year end prior to valuation	4,066,246	4,161,408	9,153,960	814,987
Valuation of vines at year end	<u>6,085,000</u>	<u>3,960,000</u>	<u>8,927,500</u>	<u>9,093,000</u>
Increment/(decrement) in net market value of vines	<u>2,018,754</u>	<u>(201,408)</u>	<u>(226,460)</u>	<u>8,278,013</u>

According to the Vineyard Management and Grape Purchase Agreement with Villa Maria Estate Ltd, the grapes produced by the Company should be sold to Villa Maria Estate Ltd.

The values have been completed in accordance with the New Zealand Institute of Valuers Valuation Standard Number 3 – Valuation for Financial Statements, International Valuation Applications 1 – Valuation for Financial Reporting and Practice Standard Number 3 - The Valuation of Rural Properties. The valuations are based on individual vineyards as stand alone vineyards and not part of a larger integrated wine company or vineyard portfolio.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

6a Fixed Assets

Seddon Vineyards of Marlborough Limited

	Cost or Valuation	Accumulated Depreciation	Book Value	Book Value
	December 2005	December 2005	December 2005	June 2005
Land	6,910,000	0	6,910,000	3,650,000
Land development	2,143,000	0	2,143,000	1,940,000
Buildings	182,000	0	182,000	200,000
Motor vehicles	361,368	310,873	50,495	78,776
Plant	238,865	154,368	84,497	80,951
Office Equipment	2,250	1,528	722	1,262
	<u>9,837,483</u>	<u>466,769</u>	<u>9,370,714</u>	<u>5,950,989</u>

Terra Vitae Vineyards Limited

	Cost or Valuation	Accumulated Depreciation	Book Value	Book Value
	December 2005	December 2005	December 2005	June 2005
Land	9,936,000	0	9,936,000	8,220,000
Land development	3,986,500	0	3,986,500	3,832,000
Buildings	235,000	0	235,000	305,000
Motor vehicles	293,726	233,611	60,115	85,730
Plant	1,572,657	646,234	926,423	928,285
	<u>16,023,883</u>	<u>879,845</u>	<u>15,144,038</u>	<u>13,371,015</u>

The Vineyard Management and Grape Purchase Agreement between Villa Maria Estate Ltd and the Company gives Villa Maria Estate Ltd the first priority to purchase the land in the event of sale the land.

6b Depreciation

	Seddon Vineyard of Marlborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005	Audited June 2005	Unaudited Dec 2005	Audited June 2005
	6 Months	12 Months	6 Months	12 Months
	\$	\$	\$	\$
Land				
Land development	25,275	136,701	61,412	466,724
Buildings	2,800	8,268	6,046	11,167
Motor vehicles	28,280	49,449	25,615	43,697
Plant	10,112	28,115	85,590	171,199
Office Equipment	540	988	-	-
	<u>67,007</u>	<u>223,523</u>	<u>178,663</u>	<u>692,787</u>

The Directors of both companies resolved to change the depreciation rates on all assets with effect from 1 July 2005 to better reflect the useful life of each asset.

7 Valuation of Fixed Assets and Vines

Seddon Vineyards of Marlborough Limited

A valuation report was prepared by Logan Stone, an associate of the New Zealand Institute of Valuers as at 31 December 2005. The previous valuation as at 30 June 2005 was prepared by Hadley and Lyall, an associate of the New Zealand Institute of Valuers.

Terra Vitae Vineyards Limited

A valuation report was prepared by Logan Stone, an associate of the New Zealand Institute of Valuers as at 31 December 2005. The previous valuation as at 30 June 2005 was prepared by Logan Stone, an associate of the New Zealand Institute of Valuers.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

8 Bank loan - Bank of New Zealand

Seddon Vineyards of Marlborough Limited	December	June
	2005	2005
	\$	\$
Balance	510,000	400,000
Interest rate	8.85% - 9.50%	8.80% - 8.85%
Maturity	31 January 2006	29 July 2005

The loans are secured by first mortgage held over properties situated at Marama Road, Awatere Valley (C/T 6B/195 and C/T 6B/172) and debenture over the Company assets and undertakings. The total available loan facility is \$1,800,000.

Terra Vitae Vineyards Limited

The company has no loans due. Loan facilities are available and are secured by a floating debenture over the company's assets and mortgages over the company's properties.

9 Financial Instruments

Concentration of Credit Risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and receivables.

The Companies has a significant concentration of credit risk in respect of its grape sales contractual relationship with Villa Maria Estate Ltd. The Company does not require any collateral or security to support financial instruments, due to the quality of financial institutions and trade debtors dealt with.

Fair Value

The carrying value of financial assets and liabilities is equivalent to their fair value.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

	Seddon Vineyard of Marlborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
10 Income Tax Expense				
The income tax expense has been calculated as follows:				
Operating surplus/(deficit) before taxation	(536,238)	(71,316)	(955,498)	8,837,927
Taxation at 33%	-	(23,534)	-	2,916,516
Plus/(less) taxation effect of permanent differences:				
Non assessable items	-	65,009	-	(2,731,744)
Tax effect of timing differences not recognised	-	15,475	-	84,116
	-	56,950	-	268,887
Future Tax Benefit				
Tax effect of losses bought forward	-	-	(36,648)	(268,887)
Taxation charged to the Statement of Financial Performance	-	56,949	-	-

11 Taxation Losses

Taxation losses available to be carried forward as at balance date and not recognised in the financial statements are:

Losses brought forward	-	-	111,054	925,865
Previous year adjustment	-	-	-	-
Current year taxable profit	(536,238)	(172,574)	(955,498)	(814,810)
Losses available to carry forward	-	-	-	111,054
Current tax rate	33%	33%	33%	33%
Future income tax benefits	(176,959)	(56,949)	(278,666)	36,648

Utilisation of these losses is dependent upon the company earning future assessable income and the continuity of ownership provisions of the Income Tax Act 1994.

12 Income Tax Payable

The income tax payable/(refundable) has been calculated as follows:

Opening tax payable/(refundable)	55,449	92,695	(4,401)	(338)
Plus taxation for the year	-	56,949	-	-
Tax paid	(521)	(94,195)	-	(4,063)
Closing tax payable/(refundable)	54,928	55,449	(4,401)	(4,401)

13 Deferred Taxation

The deferred tax balance which has not been recognised in the financial statements has been calculated as follows:

Opening deferred tax balance	15,475	5,343	187,754	103,639
Transfer to Statement of Financial Performance 2004 Adjusted		- (5,260)	-	-
Transfer to Statement of Financial Performance 2005		- 15,392	-	84,116
Closing deferred tax balance	<u>15,475</u>	<u>15,475</u>	<u>187,754</u>	<u>187,754</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

	Seddon Vineyard of Marlborough Limited		Terra Vitae Vineyard Limited	
	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$	Unaudited Dec 2005 6 Months \$	Audited June 2005 12 Months \$
14 Imputation Credit Account				
Opening imputation credit balance	104,748	150,289	(4,401)	(338)
Add: Resident withholding tax attached to interest received	586	364	-	-
Add: Income Tax Paid	-	92,695	-	(4,063)
Less: Imputation Credits attached to Dividends Paid	(103,433)	(138,600)	-	-
Closing imputation balance	<u>1,901</u>	<u>104,748</u>	<u>(4,401)</u>	<u>(4,401)</u>

15 Capital Commitments and Contingent Liabilities

Seddon Vineyards of Marlborough Limited

December 2005

The company has no commitments for future capital expenditure. There are no known contingent liabilities at balance date. (June 2005: \$78,908).

Terra Vitae Vineyard Limited

December 2005

The company has no commitment for future capital expenditure. There are no contingent liabilities at balance date. (June 2005: \$0).

16 Operating Lease Obligations

Terra Vitae Vineyard Limited

Obligations payable after balance date on non-cancellable operating leases are as follows:

	Unaudited Dec 2005 6 Months	Audited June 2005 12 Months
Up to one year	7,680	7,680
Two to five years	30,720	30,720
More than five years	63,360	67,200

The lease is for eight hectares of Maori Land for a period of 21 years at \$960 per hectare. There are no significant financing restrictions, purchase options, contingent rentals, or other contingencies arising from the lease. The Company has a renewal option for the lease.

Seddon Vineyards of Marlborough Limited has no lease obligations.

17 Related Party Transactions

Seddon Vineyards of Marlborough Limited

Ian Montgomerie, a director of Seddon Vineyards of Marlborough Limited, is also a director of Villa Maria Estate Limited, a Company with which Seddon Vineyards of Marlborough Limited has a Vineyard Management and Grape Purchase Agreement.

During the period the Company paid Villa Maria Estate Limited \$10,000 (June 2005: \$20,000) for management and administration services.

During the period Villa Maria Estate Limited paid the Company \$0 (June 2005: \$1,155,353) for sale of grapes under normal commercial terms.

During the year the company paid Vineyards Plants Limited \$136,260 (June 2005: \$113,617) for purchase of vines. Vineyard Plants Limited is 50% owned by Villa Maria Estate Limited

All related party transactions are at normal commercial terms.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

17 Related Party Transactions (continued)

Terra Vitae Vineyards Limited

During the period Villa Maria Estate Limited paid the Company \$0 (June 2005: \$2,782,902) for sale of grapes under normal commercial terms.

Villa Maria Estate Limited directly holds 1,318,500 shares in the company. During the period the company paid Villa Maria Estate Limited \$30,000 (June 2005: \$60,000) for management and administration services.

All related party transactions are at normal commercial terms.

	Seddon Vineyard of Marlborough Limited		Terra Vitae Vineyards Limited	
	Unaudited Dec 2005	Audited June 2005	Unaudited Dec 2005	Audited June 2005
	6 Months	12 Months	6 Months	12 Months
	\$	\$	\$	\$

18 Expenses

Expenses include:

Audit fees	2,500	5,000	3,750	7,500
Interest	-	48,888	-	18,792
Directors fees	8,000	16,553	17,500	35,000
Operating Lease Rentals	-	-	3,840	7,680
Salaries and Wages (non-capitalised)	239,503	418,199	466,785	789,033
Depreciation	67,007	223,523	177,663	692,787

19 Investments

Shares are held in the following company:

- Ravensdown Fertiliser Limited	100	100	-	-
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20 Prepayments

Made up as follows:

- Vines Deposit	-	33,817	-	-
- Other	3,031	4,464	13,602	5,170
	<u>3,031</u>	<u>38,281</u>	<u>13,602</u>	<u>5,170</u>

21 Costs associated with the proposed merger

Seddon Vineyards of Marlborough Limited
December 2005

The costs incurred during the six months ended 31 December 2005 relating to the proposed merger of Seddon Vineyards of Marlborough Ltd amounted to \$1,298. The costs expected to be incurred for the year ended 30 June 2006 is \$36,298.

Terra Vitae Vineyards Limited
December 2005

The costs incurred during the six months ended 31 December 2005 relating to the proposed merger of Terra Vitae Vineyards Ltd amounted to \$2,596. The costs expected to be incurred for the year ended 30 June 2006 is \$72,596.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 31 December 2005

22 Impact of Adopting New Zealand Equivalents to IFRS

In December 2003 the Accounting Standards Review Board (ASRB) announced that New Zealand reporting entities would be required to apply New Zealand International Financial Reporting Standards (NZIFRS) for reporting periods commencing on or after 1 January 2007. Entities have the option of voluntary early adopting NZIFRS for periods beginning on or after 1 January 2005.

Seddon Vineyards of Marlborough Limited and Terra Vitae Vineyards Limited will be adopting the NZIFRS in full in the 2007 Annual Report.

The companies have already adopted the Financial Reporting Standards relating to the recognition of movement in the value of vines. The actual impact of adopting the NZIFRS in full is not yet known.

23 Interim financial information

The financial information for the year ended 30 June 2005 was extracted from the final audited accounts as at 30 June 2005.

Interim financial information presented for the six months ended 31 December 2005 has neither been audited or reviewed by the Auditors.

C. PROSPECTIVE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 AND 30 JUNE 2007

Prospective Financial Performance for
the years ended 30 June 2006 and 30 June 2007

	Projection	Projection	Projection
	Seddon Vineyards of Marlborough Limited 30 June 2006	Terra Vitae Vineyards Limited 30 June 2006	Terra Vitae Vineyards Limited (Amalgamated Entity) 30 June 2007
Notes	\$	\$	\$
Operating Revenue			
Grapes Sales	1,319,687	2,637,004	4,060,385
Other Income	5,421	5,280	5,280
Interest Revenue	574	29,135	10,000
	1,325,682	2,671,419	4,075,665
Operating Expenses	862,424	1,819,438	2,621,838
Operating (Deficit)/Surplus before Interest & Income Tax	463,258	851,981	1,453,827
(Gain)/Loss on sale of fixed assets	30,014	(7,025)	-
Less: Interest Expense	39,744	-	-
Operating Surplus Before Revaluation	393,500	859,006	1,453,827
Revaluation of Vines	4 2,018,754	(226,460)	-
Operating Surplus/(Deficit) Before Income Tax	2,412,254	632,546	1,453,827
Less: Income Tax Expense	129,855	246,824	479,763
Operating Surplus/(Deficit) After Income Tax	2,282,399	385,722	974,064

The accompanying general and specific assumptions on pages 39 and 40 should be read in conjunction with the Projective Financial Information presented above.

**Statement of Prospective Movements in Equity for
the years ended 30 June 2006 and 30 June 2007**

		Projection	Projection	Projection
		Seddon Vineyards of Mariborough Limited 30 June 2006	Terra Vitae Vineyards Limited 30 June 2006	Terra Vitae Vineyards Limited (Amalgamated Entity) 30 June 2007
	Notes	\$	\$	\$
Equity as at beginning of period		10,110,765	24,018,637	41,309,155
Operating (Deficit)/Surplus after Income Tax Distribution to Owners		2,282,399	385,722	974,064
Increase/(decrease) in revaluation reserve	3	3,444,986	1,867,958	-
Less Distribution to Owners - Ordinary	1	(326,312)	(475,000)	(750,000)
- Supplementary		-	-	-
Foreign Investor Tax Credit		-	-	-
Equity at End of Period		<u>15,511,838</u>	<u>25,797,317</u>	<u>41,533,219</u>

The accompanying general and specific assumptions on pages 39 and 40 should be read in conjunction with the Projective Financial Information presented above.

**Statement of Prospective Financial Position for
as at 30 June 2006 and 30 June 2007**

		Projection	Projection	Projection	Projection
		Seddon Vineyards of Marlborough Limited 30 June 2006 \$	Terra Vitae Vineyards Limited 30 June 2006 \$	Terra Vitae Vineyards Limited (Amalgamated Entity) 1 July 2006 \$	Terra Vitae Vineyards Limited (Amalgamated Entity) 30 June 2007 \$
	Notes				
Equity					
Paid up Capital	1	2,800,000	9,500,000	12,300,000	12,300,000
Asset Revaluation Reserve	3	8,029,712	10,141,238	18,170,950	18,170,950
Retained Earnings	2	4,682,126	6,156,079	10,838,205	11,062,269
Total Equity		15,511,838	25,797,317	41,309,155	41,533,219
Liabilities					
Current Liabilities					
Accruals		55,000	80,000	135,000	135,000
Tax Provision		129,918	246,824	376,742	0
Goods and Services Taxation		110,000	270,000	380,000	380,000
Accounts Payable		35,000	70,000	105,000	105,000
Borrowings		400,000	0	400,000	0
		729,918	666,824	1,396,742	620,000
Total Equity and Liabilities		16,241,756	26,464,141	42,705,897	42,153,219
Assets					
Non-Current Assets					
Investments		100	0	100	100
Vines	4	6,085,000	8,927,500	15,012,500	15,012,500
Property, Plant & Equipment	5a	9,275,637	14,965,375	24,241,012	24,032,762
Total Non-Current Assets		15,360,737	23,892,875	39,253,612	39,045,362
Current Assets					
Cash and Bank Balances		(26,770)	761,289	734,519	320,098
Accounts Receivable		890,789	1,779,977	2,670,766	2,740,759
Deferred Vintage Costs		12,000	20,000	32,000	32,000
Prepayments		5,000	10,000	15,000	15,000
Goods and Services Taxation		0	0	0	0
Provisional Tax Paid		0	0	0	0
Taxation Balance		0	0	0	0
Total Current Assets		881,019	2,571,266	3,452,285	3,107,857
Total Assets		16,241,756	26,464,141	42,705,897	42,153,219

The accompanying general and specific assumptions on pages 39 and 40 should be read in conjunction with the Projective Financial Information presented above.

**Statement of Prospective Cash Flows for
the years ended 30 June 2006 and 30 June 2007**

	Projection	Projection	Projection
	Seddon Vineyards of Marlborough Limited 30 June 2006 \$	Terra Vitae Vineyards Limited 30 June 2006 \$	Terra Vitae Vineyards Limited (Amalgamated Entity) 30 June 2007 \$
OPERATING ACTIVITIES			
Total Operating Receipts	1,201,971	2,757,955	3,995,672
Total Operating Payments	<u>(820,081)</u>	<u>(1,474,747)</u>	<u>(2,994,274)</u>
Net Cash Flows from Operating Activities	381,890	1,283,208	1,001,398
INVESTING ACTIVITIES			
Total Investing Receipts	574	29,135	10,000
Total Investing Payments	<u>(119,918)</u>	<u>(144,688)</u>	<u>(275,819)</u>
Net Cash Flows from Investing Activities	(119,344)	(115,553)	(265,819)
FINANCING ACTIVITIES			
Total Financing Receipts	-	-	(400,000)
Total Financing Payments	<u>(326,312)</u>	<u>(475,000)</u>	<u>(750,000)</u>
Net Cash Flows from Financing Activities	(326,312)	(475,000)	(1,150,000)
Net Increase/(Decrease) in Cash Held	(63,766)	692,655	(414,421)
Cash at Beginning of Period	<u>36,996</u>	<u>68,634</u>	<u>734,519</u>
Cash at End of Period	<u>(26,770)</u>	<u>761,289</u>	<u>320,098</u>
Reconciliation with Operating (Deficit)/Surplus			
Reported Operating (Deficit)/Surplus after Tax	2,282,399	385,722	974,064
(Loss)/ Gain on Sale of Fixed Assets	30,014	(7,025)	-
Items not Involving Cash Flows	<u>(1,915,332)</u>	<u>561,678</u>	<u>474,069</u>
Impact of Changes in Working Capital Items	<u>(15,191)</u>	<u>342,833</u>	<u>(446,735)</u>
Items Classified as Investing or Financing Activities			
Net Cash Flows from Operating Activities	<u>381,890</u>	<u>1,283,208</u>	<u>1,001,398</u>

The accompanying general and specific assumptions on pages 39 and 40 should be read in conjunction with the Projective Financial Information presented above.

INTRODUCTION AND BASIS OF PREPARATION

The Directors have prepared for inclusion in this Offer Document certain prospective financial information for the years ending 30 June 2006 and 30 June 2007. There is no present intention to update this prospective financial information. As required by Financial Reporting Standards, the Directors will be reporting the prospective financial information against actual results and disclosing the reasons for actual variations from the prospective financial information disclosed.

The prospective financial information was prepared in May 2006 for use in this Offer Document and has been prepared in accordance with New Zealand Generally Accepted Accounting Practice. The prospective financial information included on pages 35 to 38 constitutes a projection for the years ending 30 June 2006 and 30 June 2007 as defined by Financial Reporting Standard 29, 'Prospective Financial Information'. As a projection the financial information is prepared on the basis of one or more hypothetical but realistic assumptions, which reflect possible courses of action for the prospective financial information period as at the date this information has been prepared. The prospective financial information may vary from actual results. The prospective financial information is forward looking and should be read in conjunction with the assumptions set out on pages 54 to 55 and other information set out in this Offer Document. Because such statements involve risks and uncertainties, actual events may differ materially from those expressed or implied in forward-looking statements. Factors that could cause such differences include but are not limited to, those discussed under the heading 'What are My Risks' on pages 15 and 16.

The prospective financial information has been prepared on the basis of a number of assumptions, including those general assumptions on page 40 and specific assumptions on page 40. The presentation of the assumptions is intended to assist you in assessing the validity of the assumptions on which the prospective financial information is based and the likelihood of those assumptions actually occurring. You should be aware that events or outcomes which differ in size or timing from those assumed may occur and have a positive or negative effect on the prospective financial information. In assessing the reliability of the prospective financial information you should have regard to all of the information included in this Offer Document, including information set out under the heading 'What are My Risks' on pages 15 and 16. Many of these risks are outside the Terra Vitae Vineyards Limited the amalgamated company's control and are not capable of precise prediction.

Inclusion of the prospective financial information set out on pages 35 to 38 is a statement of the present belief of the Directors and management as to the Terra Vitae Vineyards Limited the amalgamated company's prospective financial information for FY2006 and FY2007. It is not a representation by the Directors, the Terra Vitae Vineyards Limited the amalgamated company's management or any other person that the results will be achieved.

ACCOUNTING POLICIES

The prospective financial information has been prepared on the assumption that accounting policies will remain the same as those applied in the preparation of the financial statements for the year ended 30 June 2005. The accounting policies used in the formation of the prospective financial information are also presented under the heading 'Statement of Accounting Policies' on pages 25 to 26.

PROSPECTIVE FINANCIAL INFORMATION - GENERAL AND SPECIFIC ASSUMPTIONS

The principal assumptions upon which the prospective financial information is based are summarised below and should be read in conjunction with the section "what are my risks" in the Investment Statement on pages 15 and 16

The prospective financial information has been prepared on a consistent basis with the accounting policies. The following assumptions apply to all the prospective financial information presented. The Directors approved the prospective financial information on 25 May 2006 and are satisfied that the assumptions adopted are in line with the actions they intend to take. The FY2006 prospective financial information incorporates actual results for Seddon Vineyards of Marlborough Limited and Terra Vitae Vineyards Limited for the six month period to 31 December 2005 and takes account of transactions from 1 January 2006 to 22 May 2006. The prospective financial information has been prepared for the purpose of the Offer Document and may not be suitable for any other purpose. There is no present intention to update this prospective financial information or to publish prospective financial information in the future.

GENERAL ASSUMPTIONS

The prospective financial information has been prepared on the basis of the events and conditions existing as at the date of this document and assumes:

- there will be no material change in the general economic conditions in New Zealand markets in which the Group operates.
- there will be no material change in the legislative or regulatory environment in which the Group operates.
- there will be no material changes to competitive markets in which the Group operates, industry structure, general industry conditions, third party relationships or the employee environment.
- the retention of key personnel, particularly the senior management team.
- Villa Maria will continue to purchase grapes as per the Grape Purchase Agreement.
- there will be no material change to the taxation environment in the markets in which the Group operates.

SPECIFIC ASSUMPTIONS

The following significant specific assumptions have been applied in preparing the prospective financial information:

Revenue

There is no allowance for inflation. In terms of cash flow the 70% of revenue is received in the financial year in which it is earned. The remaining 30% is received over the first three months of the following financial year. This had been taken into account in the financial projections.

Vineyard revenue is based on the yield and revenue assumptions detailed in the table below:

Seddon Vineyards of Marlborough Limited

	2006	2007
Area 83.79 Hectares		
Yield (tonnes)	558.1	568.0
Revenue	\$ 1,319,687	\$ 1,343,581

Terra Vitae Vineyards Limited

Area 143 Hectares		
Yield (tonnes)	1174.6	1276.3
Revenue	\$ 2,637,004	\$ 2,716,804
Total Revenue	\$ 3,956,691	\$ 4,060,385

The projected tonnes for the respective Vineyards for the 2007 year is based on yields that would be achieved in a normal growing season. The projected dollar yield for the 2006 year is based on the actual tonnes harvested.

Operating Expenses

There is no allowance for inflation. In projecting the operating expenses for the amalgamated company it is assumed that the costs will follow the pattern of previous years in normal growing conditions. Cost savings through economies of scale have been taken into account.

Vine and Fixed Assets Revaluations

It has been assumed that there will not be any movements in the current valuation of vines and fixed assets for the purposes of preparing the projections for the year ended 30 June 2006 and 30 June 2007.

Funding Structure

On amalgamation any bank borrowings outstanding will be repaid using available funds. The projections show that no additional working capital funding is required.

Dividends

Seddon Vineyards of Marlborough Limited will pay a final dividend of \$116,312 in June 2006 to clear available imputation credits. In December 2005 it paid a dividend of \$210,000 bringing the total dividend paid in the year ended 30 June 2006 to \$326,312. The amalgamated company has projected to pay a dividend of \$750,000 for the year ended 30 June 2006, payable in December 2006

Capital Expenditure

The capital expenditure included in the projections relate to the expected changes per the Companies asset replacement programmes.

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS
for the years ended 30 June 2006 and 30 June 2007

	Seddon Vineyards of Marlborough Limited 30 June 2006 \$	Terra Vitae Vineyards Limited 30 June 2006 \$	Terra Vitae Vineyards Limited (Amalgamated Entity) 1 July 2006 \$	Terra Vitae Vineyards Limited (Amalgamated Entity) 30 June 2007 \$
1 Paid in Capital	2,800,000	9,500,000	12,300,000	12,300,000
Number of Ordinary shares	2,800,000	9,500,000	40,000,000	40,000,000
2 Retained Earnings				
Opening Retained Earning / Accumulated Losses	2,726,039	6,245,357	8,971,396	10,838,205
Less Dividends Paid	(326,312)	(475,000)	(801,312)	(750,000)
Net (Deficit)/Surplus this year	2,282,399	385,722	2,668,121	974,064
Closing Retained Earnings	4,682,126	6,156,079	10,838,205	11,062,269
3 Asset Revaluation Reserve				
Balance at beginning of year	4,584,726	8,273,280	12,858,006	18,170,950
Revaluation during the year	3,444,986	1,867,958	5,312,944	-
Balance at end of the year	8,029,712	10,141,238	18,170,950	18,170,950
4 Revaluation of Vines				
Valuation of vines at start of year	3,960,000	9,093,000	13,053,000	15,012,500
Value of Vine Purchases	106,246	60,960	167,206	-
Vines book value at year end prior to valuation	4,066,246	9,153,960	13,220,206	15,012,500
Valuation of vines at year end	6,085,000	8,927,500	15,012,500	15,012,500
Increment/(decrement) in net market value of vines	2,018,754	(226,460)	1,792,294	-

The last revaluation of vines and fixed assets were prepared by Logan Stone, an associate of the New Zealand Institute of Valuers as at 31 December 2005.

The values have been completed in accordance with the New Zealand Institute of Valuers Valuation Standard Number 3 – Valuation for Financial Statements, International Valuation Applications 1 – Valuation for Financial Reporting and Practice Standard Number 3 - The Valuation of Rural Properties. The valuations are based on individual vineyards as stand alone vineyards and not part of a larger integrated wine company or vineyard portfolio

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS
for the years ended 30 June 2006 and 30 June 2007

5a Fixed Assets

Seddon Vineyards of Marlborough Limited	Cost or	Accumulated	Book Value	
	Valuation	Depreciation	30 June	30 June
	30 June	30 June	2006	2005
	2006	2006	2006	2005
Land	6,910,000	0	6,910,000	3,650,000
Land development	2,143,000	25,275	2,117,725	1,940,000
Buildings	182,000	2,824	179,176	200,000
Motor vehicles	361,368	339,153	22,215	78,776
Plant	238,865	192,526	46,339	80,951
Office Equipment	2,250	2,068	182	1,262
	9,837,483	561,846	9,275,637	5,950,989

There has been an increment of \$3,444,986 change in valuation of the land and building to December 2005. A valuation report was prepared by Logan Stone, an associate of the New Zealand Institute of Valuers. The Vineyard Management and Grape Purchase Agreement between Villa Maria Estate Ltd and the Company gives Villa Maria Estate Ltd the first priority to purchase the land in the event of sale the land.

Terra Vitae Vineyard Limited	Cost or	Accumulated	Book Value	
	Valuation	Depreciation	30 June	30 June
	30 June	30 June	2006	2005
	2006	2006	2006	2005
Land	9,936,000	0	9,936,000	8,220,000
Land development	3,986,500	59,912	3,926,588	3,832,000
Buildings	235,000	6,046	228,954	305,000
Motor vehicles	293,726	259,226	34,500	293,726
Plant	1,572,657	733,324	839,333	1,488,929
	16,023,883	1,058,508	14,965,375	14,139,655

Terra Vitae Vineyards Limited (Amalgamated Company)

	Cost or	Accumulated	Book Value	
	Valuation	Depreciation	30 June	30 June
	2007	2007	2007	1 July 2006
Land	16,846,000	0	16,846,000	16,846,000
Land development	6,229,500	258,561	5,970,939	6,044,313
Buildings	417,000	26,609	390,391	408,130
Motor vehicles	655,094	637,418	17,676	56,715
Plant	1,931,522	1,129,868	801,654	885,672
Office Equipment	9,250	3,148	6,102	182
	26,088,366	2,055,604	24,032,762	24,241,012

5b Depreciation	Seddon Vineyards of Marlborough Limited		Terra Vitae Vineyards Limited (Amalgamated Entity)	
	Seddon Vineyards of Marlborough Limited	Terra Vitae Vineyards Limited	Seddon Vineyards of Marlborough Limited & Terra Vitae Vineyards Limited (Combined)	Terra Vitae Vineyards Limited (Amalgamated Entity)
	30 June 2006	30 June 2006	30 June 2006	30 June 2007
Land	-	-	-	-
Land development	25,275	119,824	145,099	173,374
Buildings	2,824	12,092	14,916	17,739
Motor vehicles	56,560	51,230	107,790	87,789
Plant	48,270	174,180	222,450	204,018
Office Equipment	1,080	-	1,080	1,080
	134,009	357,326	491,335	484,000

The Directors of both companies resolved to change the depreciation rates on land development assets with effect from 1 July 2005 to better reflect the useful life of each asset. The depreciation period has been increased from 8 - 16 years to 33 years. The reduction in charge from the reduced rates has been incorporated in the projections.

NOTES TO THE PROSPECTIVE FINANCIAL STATEMENTS
for the years ended 30 June 2006 and 30 June 2007

6 Impact of Adopting New Zealand Equivalents to IFRS

In December 2002, the New Zealand Accounting Standards Review Board determined that all New Zealand reporting entities will be required to adopt New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for reporting periods beginning on or after 1 January 2007, with the option of early adoption for periods beginning on or after 1 January 2005.

Terra Vitae Vineyards Limited the amalgamated company does not intend to early adopt NZ IFRS. Therefore, the first full set of NZ IFRS financial statements will be for the year ended 30 June 2008, with comparative balances to 30 June 2007. The transition date will be 1 July 2006 when the opening balance sheet under NZ IFRS will have to be prepared. The year ended 30 June 2007, for which prospective financial information has been presented in this Investment Statement and Prospectus, is the year of transition to NZ IFRS.

There are a number of areas identified where accounting policy changes will be required by Terra Vitae Vineyards Limited the amalgamated company. These areas are still subject to ongoing interpretation and review by Terra Vitae Vineyards Limited the amalgamated company and the industry. Furthermore, NZ IFRS will continue to be reviewed, with new or amended reporting standards issued.

The companies Seddon Vineyards of Marlborough Limited and Terra Vitae Vineyards Limited have already adopted the accounting treatment for vines as set out in Financial Standard NZ IAS 41. As both companies don't carry any harvest grapes in their inventories, Financial Reporting Standard NZ IAS 41 relating to harvested inventory revaluation has no impact in the financial statements for the year ended 30 June 2007.

Accordingly any impact from the adoption of NZ IFRS on projected net profit after tax for the year ended 30 June 2007 is not likely to be material.

There may be other changes resulting from adopting NZ IFRS.

IV. NOTICE TO SHAREHOLDERS OF AMALGAMATION PROPOSAL

SEDDON VINEYARDS OF MARLBOROUGH LIMITED

To: The Shareholders
Seddon Vineyards of Marlborough Limited ("Seddon")

1. Introduction

1.1 This document is sent to you pursuant to section 221(3) of the Companies Act which requires the board of directors of Seddon to provide you with certain information relating to the proposed amalgamation of Seddon and Terra Vitae Vineyards Limited ("Terra Vitae").

1.2 The following terms are used in this notice:

"Amalgamated Company" means Seddon Vineyards of Marlborough Limited which, pursuant to the amalgamation proposal, will change its name to **Terra Vitae Vineyards Limited** on Amalgamation;

"Amalgamation" means the amalgamation of Terra Vitae and Seddon pursuant to the amalgamation proposal;

"Effective Date" means 1 July 2006 on or before which all necessary documents to effect the amalgamation will have been filed with the Registrar of Companies. If the necessary documents have not been filed as at 1 July 2006, the Effective Date will be on the date such documents are filed.

2. Amalgamation Proposal

2.1 The proposal involves the amalgamation of Seddon and Terra Vitae under Part XIII of the Companies Act. When the Amalgamation becomes effective, these two companies will amalgamate and continue as one company. That company will be Seddon which, pursuant to the amalgamation proposal, will change its name to Terra Vitae Vineyards Limited.

2.2 A copy of the amalgamation proposal accompanies this notice and is set out on pages 48 to 50. This should be read together with the prospectus and investment statement and the prospective financial information and the other information which accompanies this notice.

3. Certificates by Directors

3.1 The Companies Act requires the directors of Seddon and Terra Vitae (as the two companies which are to amalgamate) to take certain steps before the Amalgamation can be implemented. These include the completion of a certificate by the directors of each of Seddon and Terra Vitae who voted in favour of a resolution resolving that:

- (a) in their opinion, the Amalgamation is in the best interests of the company of which they are a director; and
- (b) they are satisfied on reasonable grounds that the Amalgamated Company will, immediately after the Amalgamation becomes effective, satisfy the solvency test.

Copies of the certificates accompany this notice on pages 51 to 54.

4. Constitution of the Amalgamated Company

4.1 A copy of the proposed constitution of the Amalgamated Company (which will be the constitution of the Amalgamated Company on the Effective Date) will be supplied to any shareholder upon request and may also be viewed on Seddon's website: www.seddonvineyards.co.nz. It is proposed that the Constitution will be adopted by special resolution of the shareholders of Seddon at the special meeting of shareholders to be held on 30 June 2006.

4.2 A summary of the principal provisions of the proposed constitution accompanies this notice on pages 55 and 56.

5. **Rights of Shareholders to Require the Company to Purchase their Shares**

5.1 A statement setting out the rights of shareholders of Seddon to require Seddon to purchase their shares accompanies this notice on page 57.

6. **Material Interest of Directors**

6.1 David Scott Ferraby, Andrew Keith Pearson and Ian Laurie Montgomerie all hold shares in Seddon.

6.2 It is proposed that David Scott Ferraby and Andrew Keith Pearson will be directors of the Amalgamated Company, and that the other directors of the Amalgamated Company will be Milan Anthony Brajkovich, Andrew David Couch and George Vijecestlav Fistonich.

6.3 Except as disclosed above, there are no material interests of the directors of Terra Vitae (in that capacity or otherwise) in the Amalgamation.

7. **Securities Act (Amalgamations) Exemption Notice 2002**

7.1 The information required to be provided pursuant to the Securities Act (Amalgamations) Exemption Notice 2002 accompanies this notice.

Dated 1 June 2006



David Ferraby
Chairman

For and on behalf of the board of directors of
Seddon Vineyards of Marlborough Limited

NOTICE TO SHAREHOLDERS OF AMALGAMATION PROPOSAL

TERRA VITAE VINEYARDS LIMITED

To: The Shareholders
Terra Vitae Vineyards Limited ("Terra Vitae")

1. Introduction

1.1 This document is sent to you pursuant to section 221(3) of the Companies Act which requires the board of directors of Terra Vitae to provide you with certain information relating to the proposed amalgamation of Terra Vitae and Seddon Vineyards of Marlborough Limited ("Seddon").

1.2 The following terms are used in this notice:

"Amalgamated Company" means Seddon Vineyards of Marlborough Limited which, pursuant to the amalgamation proposal, will change its name to **Terra Vitae Vineyards Limited** on Amalgamation;

"Amalgamation" means the amalgamation of Terra Vitae and Seddon pursuant to the amalgamation proposal;

"Effective Date" means 1 July 2006 on or before which all necessary documents to effect the amalgamation will have been filed with the Registrar of Companies. If the necessary documents have not been filed as at 1 July 2006, the Effective Date will be on the date such documents are filed.

2. Amalgamation Proposal

2.1 The proposal involves the amalgamation of Terra Vitae and Seddon under Part XIII of the Companies Act. When the Amalgamation becomes effective, these two companies will amalgamate and continue as one company. That company will be Seddon which, pursuant to the amalgamation proposal, will change its name to Terra Vitae Vineyards Limited.

2.2 A copy of the amalgamation proposal accompanies this notice and is set out on pages 48 to 50. This should be read together with the prospectus and investment statement and the prospective financial information and the other information which accompanies this notice.

3. Certificate by Directors

3.1 The Companies Act requires the directors of Terra Vitae and Seddon (as the two companies which are to amalgamate) to take certain steps before the Amalgamation can be implemented. These include the completion of a certificate by the directors of each of Terra Vitae and Seddon who voted in favour of a resolution resolving that:

- (a) in their opinion, the Amalgamation is in the best interests of the company of which they are a director; and
- (b) they are satisfied on reasonable grounds that the Amalgamated Company will, immediately after the Amalgamation becomes effective, satisfy the solvency test.

Copies of the certificates accompany this notice on pages 51 to 54.

4. Constitution of the Amalgamated Company

4.1 A copy of the proposed constitution of the Amalgamated Company (which will be the constitution of the Amalgamated Company on the Effective Date) will be supplied to any shareholder upon request and may also be viewed on Seddon's website: www.seddonvineyards.co.nz. It is proposed that the Constitution will be adopted by special resolution of the shareholders of Seddon at the special meeting of shareholders to be held on 30 June 2006.

4.2 A summary of the principal provisions of the proposed constitution accompanies this notice on pages 55 and 56 .

5. Rights of Shareholders to Require the Company to Purchase their Shares

5.1 A statement setting out the rights of shareholders of Terra Vitae to require Terra Vitae to purchase their shares accompanies this notice on page 57 .

6. Material Interest of Directors

6.1 Graham Desmond Beattie and David Jenkin hold shares in Terra Vitae. Milan Anthony Brajkovich has beneficial interests in Terra Vitae shares. Andrew David Couch is a director and shareholder of Salvus Strategic Investments Limited which holds shares in Terra Vitae. Avon Leavett Carpenter is a director of Villa Maria Limited and is a nominee of Villa Maria Limited on the Board of Terra Vitae. He holds shares in Terra Vitae.

6.2 It is proposed that Milan Anthony Brajkovich and Andrew David Couch will be directors of the Amalgamated Company, and that the other directors of the Amalgamated Company will be David Scott Ferraby, Andrew Keith Pearson and George Vijececlav Fistonich.

6.3 Except as disclosed above, there are no material interests of the directors of Terra Vitae (in that capacity or otherwise) in the Amalgamation.

7. Securities Act (Amalgamations) Exemption Notice 2002

7.1 The information required to be provided pursuant to the Securities Act (Amalgamations) Exemption Notice 2002 accompanies this notice.

Dated 1 June 2006

Graham Beattie
Chairman

For and on behalf of the board of directors of
Terra Vitae Vineyards Limited



V. AMALGAMATION PROPOSAL

1. Introduction

- 1.1 This amalgamation proposal sets out the terms of a proposal to amalgamate Terra Vitae Vineyards Limited ("Terra Vitae") and Seddon Vineyards of Marlborough Limited ("Seddon") under Part XIII of the Companies Act.

2. Amalgamation Proposal

- 2.1 The proposal involves the amalgamation of Terra Vitae and Seddon under Part XIII of the Companies Act. When the amalgamation becomes effective, those two companies will amalgamate and continue as one company. That company will be Seddon which will change its name to Terra Vitae Vineyards Limited pursuant to the terms of the amalgamation set out in paragraph 3 below and will become the amalgamated company (referred to hereafter in this proposal as the "Amalgamated Company").

- 2.2 The amalgamation proposal is intended to be effective on 1 July 2006 being the date on or before which all necessary documents to effect the amalgamation will have been filed with the Registrar of the Companies ("Effective Date"). If the necessary documents have not been filed as at 1 July 2006, the Effective Date will be on the date such documents are filed at which time:

- (a) The shareholders of Seddon who are entered in the Seddon share register at 2pm on 30 June 2006 will have their shares subdivided so that for every one share held they will receive four additional shares resulting in the total shares of Seddon, prior to any issue of shares pursuant to the following paragraph, being 14 million shares. These shares will be deemed to be fully paid ordinary shares in the capital of the Amalgamated Company.

Following the subdivision of Seddon's shares as referred to above, the shareholders of Terra Vitae who are entered in Terra Vitae's share register at 2pm on 30 June 2006 will be issued 2,736,844 fully paid ordinary shares of the Amalgamated Company for every one fully paid ordinary share so registered in their name in Terra Vitae's share register. This will result in a shareholder who holds 9,500 shares in Terra Vitae receiving 26,000 shares in the Amalgamated Company. If this calculation results in a shareholder being entitled to a fraction of a share in the Amalgamated Company, that fraction shall be rounded to the nearest whole number, with 0.5 being rounded up.

All the shares issued by Terra Vitae will be deemed to be cancelled.

- (b) the Amalgamated Company will succeed to all the property, rights, powers and privileges of each of Terra Vitae and Seddon;
- (c) the Amalgamated Company will succeed to all the liabilities and obligations of each of Terra Vitae and Seddon;
- (d) proceedings pending by, or against, Terra Vitae or Seddon may be continued by, or against, the Amalgamated Company;
- (e) a conviction, ruling, order or judgment in favour of, or against, Terra Vitae or Seddon may be enforced by, or against, the Amalgamated Company;
- (f) the aggregate directors' fees for directors of the Amalgamated Company will be fixed at \$60,000 per annum to be allocated amongst the directors as the board of the Amalgamated Company sees fit.

3. Amalgamated Company

3.1 The Amalgamated Company, will be Seddon, the continuing company following the amalgamation of Terra Vitae and Seddon being effective. Seddon will change its name to Terra Vitae Vineyards Limited on amalgamation and a copy of the notice reserving this name will be delivered to the Registrar of Companies for registration together with the other documentation prescribed by the Companies Act.

3.2 The registered office and address for service of the Amalgamated Company will be: 10 Birman Close, Bucklands Beach, Auckland.

3.3 At the Effective Date, the full name and residential address of each director of the Amalgamated Company will be:

David Scott Ferraby, of Barewood Road, Seddon Marlborough;

Andrew Keith Pearson, of 13 Cobden Crescent, Napier;

Milan Anthony Brajkovich, of 752 Waitakere Road, Kumeu, Auckland;

Andrew David Couch, of 46 Mahoenui Valley Road. RD3, Coatesville;

George Vjeceslav Fistonich, of 9 Papahia Street, Parnell, Auckland, who is named as the appointee of Villa Maria Limited

3.4 At the Effective Date the Amalgamated Company will have on issue approximately 40 million fully paid ordinary shares. This will comprise:

(a) 14 million fully paid ordinary shares issued by the Amalgamated Company to Seddon's existing shareholders following the 5:1 subdivision of the 2,800,000 shares previously on issue as referred to in clause 2.2(a) above; and

(b) 26 million fully paid ordinary shares issued by the Amalgamated Company to shareholders of Terra Vitae as referred to in clause 2.2(a) above.

3.5 Except as set out below, all the above shares in the Amalgamated Company will have the same rights, privileges, limitations, and conditions attached to them as those set out in section 36 of the Companies Act being:

(a) the right to one vote on a poll at a meeting of the Amalgamated Company on any resolution, including any resolution to:

(i) appoint or remove a director or auditor;

(ii) adopt a constitution;

(iii) alter the Amalgamated Company's constitution;

(iv) approve a major transaction;

(v) approve an amalgamation of the Amalgamated Company; and

(vi) put the Amalgamated Company into liquidation,

(provided that if and for so long as the Amalgamated Company is listed on the NZX, certain restrictions on voting apply in relation to resolutions on matters prescribed by the Listing Rules and the Amalgamated Company's constitution. Listing of the Amalgamated Company on the NZX is not being sought at this time);

(b) the right to an equal share in dividends authorised by the board of the Amalgamated Company; and

- (c) the right to an equal share in the distribution of the surplus assets of the Amalgamated Company.

4. Payments to Shareholders or Directors

Except as is set out in this amalgamation proposal, no payment is to be made to any shareholder or director of Terra Vitae or Seddon pursuant to the amalgamation proposal.

5. Arrangements to Complete Amalgamation and to provide for the Subsequent Management and Operation of the Amalgamated Company

5.1 The only arrangements necessary to complete the amalgamation and to provide for the subsequent management and operation of the Amalgamated Company are:

- (a) approval by shareholders of each of Terra Vitae and Seddon of this amalgamation proposal in accordance with the Companies Act and the constitution of each such company and completion of the other procedures referred to in Part XIII of the Companies Act, being:
 - (i) sending a copy of the amalgamation proposal to each secured creditor of Terra Vitae and Seddon;
 - (ii) giving public notice of the amalgamation proposal by each of Terra Vitae and Seddon;
 - (iii) delivering to the Registrar of Companies for registration the prescribed documentation; and
 - (iv) the issue by the Registrar of Companies of a certificate of amalgamation;
- (b) the adoption by the shareholders of Seddon of a new constitution a summary of which appears on pages 55 and 56, a copy of which will be supplied to any shareholder upon request and may also be viewed on Seddon's website: www.seddonvineyards.co.nz;
- (c) the subdivision of Seddon's existing 2,800,000 shares into 14,000,000 shares as referred to in clause 2.2(a) above; and
- (d) the issue of 26,000,000 shares in the Amalgamated Company to the shareholders of Terra Vitae as referred to in clause 2.2(a) above.

5.2 Terra Vitae and Seddon have no employees. It is not anticipated that the Amalgamated Company will have employees. Further information on the directors of the Amalgamated Company is set out in the prospectus and investment statement and the financial information which accompany this amalgamation proposal.

VI. DIRECTORS' CERTIFICATES

TERRA VITAE VINEYARDS LIMITED

Directors' Certificate relating to an Amalgamation Proposal

(pursuant to section 221(2) of the Companies Act)

1. We, the undersigned, being all the directors of Terra Vitae Vineyards Limited (the "Company") who voted in favour of a resolution dated 25 May 2006 relating to an amalgamation proposal between the Company and Seddon Vineyards of Marlborough Limited hereby certify pursuant to section 221(2) of the Companies Act that, in our opinion, the conditions set out in section 221(1)(a) and (b) of the Companies Act have been satisfied, namely that the amalgamation is in the best interests of the Company and that the amalgamated company will, immediately after the amalgamation becomes effective, satisfy the solvency test (as defined in section 4 of the Companies Act).
2. The grounds upon which we are satisfied that the amalgamation is in the best interests of the Company are that the amalgamation will provide the following benefits:
 - savings in salaries, wages and contract labour costs;
 - better utilization of capital items such as harvesters, tractors & sprayers;
 - better buying terms;
 - larger crops of Sauvignon Blanc, the most in-demand grape variety;
 - reduced corporate costs;
 - a larger shareholders base, an advantage for stock exchange listing;
 - stronger balance sheet providing more gearing & borrowing ability for replanting or changing of grape varieties, and vineyard expansion or further purchases.
3. The grounds upon which we are satisfied that Seddon Vineyards of Marlborough Limited (the "Amalgamated Company") will, immediately after the amalgamation becomes effective, satisfy the solvency test (as defined in section 4 of the Companies Act), are as follows:

We have had regard to:

- (a) financial statements that comply with section 10 of the Financial Reporting Act 1993 that have been prepared as if the amalgamation had become effective;
- (b) the fact that there are no material circumstances known to the directors (after making due enquiry) which affect, or may affect, the value of the Amalgamated Company's assets and the value of its liabilities (including contingent liabilities) as stated in the financial statements referred to above,

and are satisfied that:

- (i) the Amalgamated Company will be able to pay its debts as they become due in the normal course of business; and
- (ii) the value of the Amalgamated Company's assets will be greater than the value of its liabilities, including its contingent liabilities.

Dated **25 May 2006**

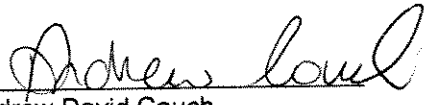
Signed by all of the directors of Terra Vitae Vineyards Limited:



Graham Desmond Beattie



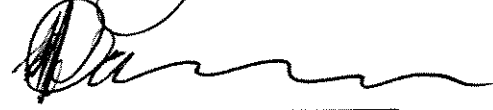
Milan Anthony Brajkovich



Andrew David Couch



David Jenkin



Avon Leavett Carpenter

SEDDON VINEYARDS OF MARLBOROUGH LIMITED

Directors' Certificate relating to an Amalgamation Proposal

(pursuant to section 221(2) of the Companies Act)

1. We, the undersigned, being all the directors of Seddon Vineyards of Marlborough Limited (the "Company") who voted in favour of a resolution dated 25 May 2006 relating to an amalgamation proposal between the Company and Terra Vitae Vineyards Limited, hereby certify pursuant to section 221(2) of the Companies Act that, in our opinion, the conditions set out in section 221(1)(a) and (b) of the Companies Act have been satisfied, namely that the amalgamation is in the best interests of the Company and that the amalgamated company will, immediately after the amalgamation becomes effective, satisfy the solvency test (as defined in section 4 of the Companies Act).
2. The grounds upon which we are satisfied that the amalgamation is in the best interests of the Company are that the amalgamation will provide the following benefits:
 - savings in salaries and contract labour;
 - the larger company will be able to negotiate better buying terms for inputs, for example chemicals;
 - reduction in corporate costs;
 - the spread of risk due to a larger number of locations;
 - a larger shareholder base if it is considered an advantage to list on the NZX or NZAX;
 - greater profit base to provide options regarding any future recommended replanting or varietal changes;
 - stronger balance sheet providing more gearing for potential growth by vineyard purchases or development in the future.
3. The grounds upon which we are satisfied that the Company (the "Amalgamated Company") will, immediately after the amalgamation becomes effective, satisfy the solvency test (as defined in section 4 of the Companies Act), are as follows:

We have had regard to:

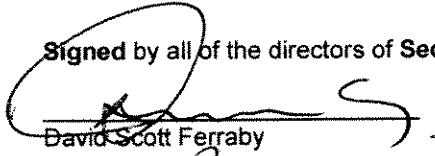
- (a) financial statements that comply with section 10 of the Financial Reporting Act 1993 that have been prepared as if the amalgamation had become effective;
- (b) the fact that there are no material circumstances known to the directors (after making due enquiry) which affect, or may affect, the value of the Amalgamated Company assets and the value of its liabilities (including contingent liabilities) as stated in the financial statements referred to above,

and are satisfied that:

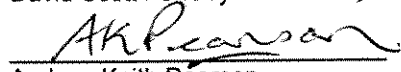
- (i) the Amalgamated Company will be able to pay its debts as they become due in the normal course of business; and
- (ii) the value of the Amalgamated Company's assets will be greater than the value of its liabilities, including its contingent liabilities.

Dated **25 May 2006**

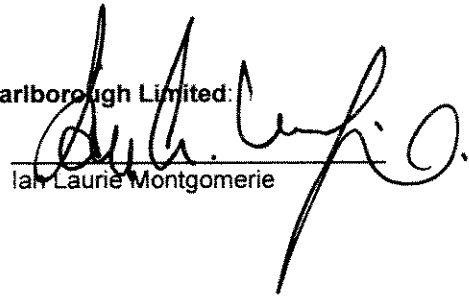
Signed by all of the directors of Seddon Vineyards of Marlborough Limited:



David Scott Ferraby



Andrew Keith Pearson



Ian Laurie Montgomerie

VII. SUMMARY OF THE PRINCIPAL PROVISIONS OF THE CONSTITUTION OF THE AMALGAMATED COMPANY

1. **Amalgamated Company:** The Constitution is the proposed Constitution of the Amalgamated Company. Seddon Vineyards of Marlborough Limited is the Amalgamated Company, but the Constitution is shown as being that of Terra Vitae Vineyards Limited as that is the name to which Seddon Vineyards of Marlborough Limited will change its name on the Amalgamation becoming effective.
2. **Listing Rules:** Listing of the Amalgamated Company on the NZX is not being sought at this time, but if the Amalgamated Company is listed on the NZX at some future time:
 - (a) the Constitution is deemed to incorporate all provisions of the Listing Rules which are required under the Listing Rules to be contained or incorporated by reference in the Constitution;
 - (b) the Amalgamated Company must comply with the Listing Rules and if the Constitution contains any provision inconsistent with the Listing Rules, then the Listing Rules prevail;
 - (c) if NZX has granted a ruling in relation to the Amalgamated Company authorising any act or omission which in the absence of that ruling would be in contravention of the Listing Rules or the Constitution, that act or omission will be deemed to be authorised by the Listing Rules and by the Constitution.
3. **Shares:**
 - (a) an ordinary resolution of shareholders is required to the issue of shares, with the following exceptions:
 - pro rata issues to the existing shareholders;
 - an issue of not more than 20% of a class of shares already on issue.
 - (b) the Amalgamated Company is authorised to repurchase its own shares;
 - (c) the minimum holding of shares is 1000 ordinary shares. The board has the right to refuse to register a transfer which would result in any shareholder holding less than the minimum holding. The board may also compulsorily sell shares where a shareholder holds less than the minimum holding;
 - (d) the Amalgamated Company has a lien and right to sell shares for:
 - unpaid calls and instalments
 - interest on any such calls or instalments
 - sale expenses owing to the Amalgamated Company; and
 - any amounts that the Amalgamated Company may be called on to pay under any statute, regulation, ordinance or other legislation in respect of the shares.

The lien extends to all dividends from time to time declared in respect of the shares.

4. **Shareholders Meetings:**

- (a) a quorum for a meeting of shareholders is five shareholders present in person or by proxy;

- (b) if a poll is taken, votes must be counted according to the votes (1 vote for each share) attached to the shares of each shareholder present in person or by proxy and voting. The chairperson is not entitled to a casting vote;
 - (c) proxy forms must provide for two way voting on all resolutions.
5. **Management:** The business of the Amalgamated Company is managed by the board. A resolution of shareholders relating to the management shall not bind the board.
6. **Directors:**
- (a) The number of directors is not less than 3 nor more than 5. The first directors under the constitution shall be the directors named in the amalgamation proposal.
 - (b) Villa Maria Estate Limited ("Villa Maria") has the right to appoint 1 director for so long as it holds at least 20% of the ordinary shares, and has the right to remove that director. If Villa Maria exercises this right then it shall not be entitled to vote on the appointment of any other director. George Fistonich is named in the amalgamation proposal as the appointee of Villa Maria under the Amalgamation. He will retire from office at the first annual meeting of the Amalgamated Company after the Amalgamation. If Villa Maria does not re-appoint him as a director then he shall be eligible for election as a director by the shareholders.
 - (c) All of the directors named in the amalgamation proposal shall retire from office as at the expiry of the first annual meeting after the Amalgamation and shall be eligible for re-election, except that George Fistonich may be appointed as a director by Villa Maria as noted in the previous paragraph.
 - (d) Subject as set out above, at each annual meeting one third of the directors must retire by rotation. Any director holding office as an appointee of Villa Maria is not subject to this provision but is included in the number of directors upon which the calculation is based as to the number of directors who must retire by rotation.
 - (e) A director can be removed by an ordinary resolution of shareholders, except for a director holding office as the appointee of Villa Maria.
 - (f) The constitution empowers the board to indemnify and effect insurance for directors and employees of the Amalgamated Company in accordance with the Companies Act.
 - (g) The quorum for a meeting of the board is 3 unless otherwise fixed by the board.
 - (h) Every director has 1 vote and the chairperson does not have a casting vote. A director may vote in respect of any transaction in which he or she is interested, but if the Amalgamated Company is listed, the Listing Rules would not permit this.
7. **Auditor:** Auditors must be appointed by the shareholders at each annual meeting. The auditors hold office until the conclusion of the next annual meeting.

VIII. STATEMENT OF MINORITY BUY OUT RIGHTS

8. Section 110 of the Companies Act gives certain rights to shareholders who vote all of their shares against the special resolution required to approve the amalgamation between Terra Vitae and Seddon if the special resolution is approved by the requisite majority of shareholders of Seddon. Any Seddon shareholder who casts all votes attached to shares registered in that shareholder's name (and having the same beneficial owner) against such a special resolution is entitled to require Seddon to purchase those shares.
9. The right to have shares purchased in this way must be exercised within 10 working days of the passing of the special resolution at the shareholders' meeting of Seddon by the shareholder giving written notice to the Amalgamated Company (hereinafter in this statement called "Seddon") that such shareholder requires Seddon to purchase their shares. Within 20 working days of receipt of the notice, the board of directors of Seddon must agree to purchase the shares, or arrange for another person to purchase the shares. The board of directors of Seddon may also apply to the Court to exempt it from this requirement. The shareholder will be given written notice of the board of directors' decision as to the course of action it proposes to adopt.
10. Within 5 working days after agreeing to purchase the shares, Seddon must nominate a fair and reasonable price for the shares and inform the shareholder of that price. If the shareholder considers that the price is not fair and reasonable, the shareholder must object immediately by giving notice to Seddon, in which case the price will be determined by an arbitrator.
11. If, within 10 working days of giving notice to the shareholder of the price, no objection to the price has been received, Seddon will, on such date as Seddon and the shareholder agree, or, if there is no agreement, as soon as practical, purchase the shares at the nominated price. If the price is to be determined by an arbitrator, Seddon will, within 5 working days, pay a provisional price equal to that nominated by the board of directors to the shareholder. Upon the arbitrator determining the fair and reasonable price, if that price exceeds the provisional price paid, Seddon will immediately pay the balance owing to the shareholder. If the price is less than the provisional price paid, Seddon may recover the excess paid from the shareholder.
12. Paragraphs 3 and 4 apply to the purchase of the shares by any person with whom Seddon has entered into an arrangement for that person to purchase the shares, subject to such modifications as may be necessary and, in particular, as if references to the board and Seddon were references to that person.



19 May 2006

The Independent Directors of:
Seddon Vineyards of Marlborough Limited and
Terra Vitae Vineyards Limited
C/o PO Box 54 124
Bucklands Beach
AUCKLAND

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VERO CENTRE
48 SHORTLAND STREET AUCKLAND
PO BOX 4305 AUCKLAND
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Fair Exchange Ratio

Dear Sirs,

The independent directors of Seddon Vineyards of Marlborough Limited ("Seddon") and Terra Vitae Vineyards Limited ("Terra Vitae") requested Grant Samuel & Associates Limited ("Grant Samuel") to prepare an independent assessment of the relative values of Seddon and Terra Vitae and to recommend an equitable exchange ratio for the purposes of the proposed amalgamation of the companies. In Grant Samuel's opinion, the exchange ratio of 35%:65% adopted for the purposes of amalgamating Seddon and Terra Vitae is fair to the equity holders of the respective companies.

Grant Samuel's primary approach for assessing the relative values of Seddon and Terra Vitae shares was to estimate and compare equity values using discounted cash flow ("DCF") analysis. A valuation date of 30 June 2006 was used for the purposes of DCF analysis. As a cross check, Grant Samuel compared its assessment of equity values with recent market evidence and independent property valuations prepared by Logan Stone. Secondary analysis extended to a comparison of relative exchange ratios implied by key operating statistics such as net planted area, production tonnes, revenue and EBITDA. A full discussion of the relative valuation methodology is contained within Grant Samuel's full report.

Grant Samuel's opinion is made at the date of this letter and reflects circumstances and conditions as at that date. Consideration of the proposed amalgamation is a matter for individual shareholders having regard to their own circumstances and views as to future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. Shareholders will need to consider these consequences and if appropriate consult their own professional adviser.

This letter should be read in conjunction with and as an integral part of Grant Samuel's full report and opinion on a fair exchange ratio, which has been separately provided. This letter and related full report were prepared for the Directors of Seddon and Terra Vitae to assist them to determine a fair exchange ratio for the proposed amalgamation for the two companies. Grant Samuel expressly disclaims any liability to any other party that relies or purports to rely on this letter or full report for any other purpose.

Grant Samuel consents to the prospectus relating to the amalgamation of Seddon and Terra Vitae being distributed with this letter included in this form.

GRANT SAMUEL & ASSOCIATES LIMITED

Grant Samuel + Associates

GRANT SAMUEL & ASSOCIATES LIMITED
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X. GLOSSARY

In this documentation, unless the context otherwise requires:

“Amalgamated Company” means Seddon Vineyards of Marlborough Limited the continuing company after the amalgamation of Seddon and Terra Vitae, and which pursuant to the amalgamation proposal will change its name to Terra Vitae Vineyards Limited on amalgamation with Terra Vitae;

“Amalgamation” means the amalgamation of Terra Vitae and Seddon pursuant to the Amalgamation Proposal;

“Amalgamation Proposal” means the proposal to amalgamate Terra Vitae and Seddon as contained herein;

“Companies Act” means the Companies Act 1993;

“Effective Date” means 1 July 2006 on or before which all necessary documents to effect the amalgamation will have been filed with the Registrar of Companies. If the necessary documents have not been filed as at 1 July 2006, the Effective Date will be on the date such documents are filed;

“Listing Rules” means such of the listing rules of NZX as apply to the Amalgamated Company if and for so long as the Amalgamated Company is listed;

“NZX” means New Zealand Exchange Limited;

“Offer Document” means this documentation, including the Amalgamation Proposal, and the prospectus, investment statement, financial information and other documents contained herein;

“Seddon” means Seddon Vineyards of Marlborough Limited;

“Terra Vitae” means Terra Vitae Vineyards Limited;

“Villa Maria” means Villa Maria Estate Limited.

XI. DIRECTORY

Proposed Directors of Amalgamated Company

David Scott Ferraby
Barewood Road
Seddon
Marlborough

Andrew Keith Pearson
13 Cobden Crescent
Napier

Milan Anthony Brajkovich
752 Waitakere Road
Kumeu

Andrew David Couch
46 Mahoenui Valley Road
RD3, Coatesville

George Vijece Slav Fistonich
9 Papahia Street
Parnell
Auckland

Auditors

CST Nexia
Level 3, CST Management Centre
22 Amersham Way
Manukau City
Auckland

Independent Valuer

Grant Samuel & Associates Limited
Level 31, Vero Centre
48 Shortland Street
Auckland

Solicitors

Minter Ellison Rudd Watts
Level 20, Lumley Centre
88 Shortland Street
Auckland

Share Registrar

BC Limited
10 Birman Close
Bucklands Beach
Auckland