



AUSTRALIAN VINTAGE LTD

**Preliminary Final Report of  
Australian Vintage Ltd  
for the Financial Year Ended 30 June 2016**

(ACN 052 179 932)

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period:

Financial Year ending 30 June 2016

Previous Corresponding Period:

Financial Year ending 30 June 2015

# Australian Vintage Ltd

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## Revenue and Net Profit

		Percentage Change %	Amount \$'000
Total operating revenue	Up	5.1%	242,686
Net profit	Down	121.0%	(1,972)

## Brief Explanation of Revenue and Net Profit / (Loss)

See press release.

## Dividends

	Date dividend paid / payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢	Franking %
Final dividend – year ended 30 June 2016 (determined subsequent to balance date) <sup>(1)</sup>	9 November 2016	1.5	-	100%
Final dividend – year ended 30 June 2015	-	-	-	-
Final dividend – year ended 30 June 2014	19 November 2014	2.2	-	100%

<sup>(1)</sup> The record date for determining an entitlement to receipt of the final dividend is 21 October 2016 and the company expects to pay the dividend on 9 November 2016.

## Dividend Reinvestment Plans

The Australian Vintage Ltd Dividend Re-investment Plan is in operation. The last date for receipt of election notices for the Dividend Re-investment Plan is 24 October 2016.

## Net Tangible Assets Per Security

	2016 \$	2015 \$
Net tangible assets per security	0.88	0.88

# Australian Vintage Ltd

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## Commentary on Results

See attached press release.

## Information on Audit or Review

This preliminary final report is based on accounts to which one of the following applies.

- |  |  |
|--|--|
| <input type="checkbox"/> The accounts have been audited.   | <input type="checkbox"/> The accounts have been subject to review.           |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

Nil.

Description of dispute or qualification if the accounts have been audited or subjected to review.

Nil.

# Australian Vintage Ltd

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Revenue	2	242,686	230,896
Cost of sales	2	(181,350)	(171,206)
<b>Gross Profit</b>		<b>61,336</b>	<b>59,690</b>
Fair value of grapes picked		4,206	2,816
Investment income	2	86	138
Other gains and losses	2	(94)	1,795
Distribution expenses		(13,709)	(13,631)
Gain on provision for onerous contracts		-	924
Sales and marketing expenses		(28,522)	(26,139)
Administration expenses		(7,207)	(7,929)
Finance costs	2	(5,790)	(6,397)
Gain on sale of Yaldara winery and brand name		-	6,351
Gain on sale of other property, plant and equipment		157	14
Vineyard lease exit		(13,148)	(1,005)
Non-recoverable incentives to customers		-	(5,559)
<b>Profit / (Loss) before income tax</b>	<b>2</b>	<b>(2,685)</b>	<b>11,068</b>
Income tax expense / (benefit)		713	(1,702)
<b>Net Profit / (Loss) for the year</b>		<b>(1,972)</b>	<b>9,366</b>
<b>Other comprehensive income / (loss):</b>			
<u>Items that may be subsequently classified to the profit and loss:</u>			
Net gain / (loss) on hedging		1,375	(243)
Exchange differences arising on translation of foreign operations		(48)	110
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>1,327</b>	<b>(133)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(645)</b>	<b>9,233</b>
<b>Earnings Per Share:</b>			
Basic (cents per share)	4	(0.8)	4.0
Diluted (cents per share)	4	(0.8)	4.0

Notes to the financial statements are included on pages 7 to 15.

# Australian Vintage Ltd

## Consolidated Statement of Financial Position As at 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		6,011	2,309
Trade and other receivables		42,789	39,312
Inventories		145,218	147,997
Other financial assets		827	-
Other		1,622	4,867
<b>Total Current Assets</b>		<b>196,467</b>	<b>194,485</b>
<b>Non-Current Assets</b>			
Trade and other receivables		-	446
Inventories		52,444	51,005
Other financial assets		334	59
Biological assets		32,828	32,828
Property, plant and equipment		81,375	83,200
Goodwill		37,685	37,685
Other intangible assets		5,784	6,102
Water licences		7,554	7,554
Deferred tax assets		36,134	36,011
<b>Total Non-Current Assets</b>		<b>254,138</b>	<b>254,890</b>
<b>Total Assets</b>		<b>450,605</b>	<b>449,375</b>
<b>Current Liabilities</b>			
Trade and other payables		43,813	40,962
Borrowings		259	1,514
Other financial liabilities		248	1,534
Provisions		5,346	5,956
Other		215	495
<b>Total Current Liabilities</b>		<b>49,881</b>	<b>50,461</b>
<b>Non-Current Liabilities</b>			
Borrowings		107,131	104,390
Other financial liabilities		309	20
Provisions		1,520	2,144
<b>Total Non-Current Liabilities</b>		<b>108,960</b>	<b>106,554</b>
<b>Total Liabilities</b>		<b>158,841</b>	<b>157,015</b>
<b>Net Assets</b>		<b>291,764</b>	<b>292,360</b>
<b>Equity</b>			
Issued capital	3	443,266	443,266
Reserves		2,047	671
Accumulated losses		(153,549)	(151,577)
<b>Total Equity</b>		<b>291,764</b>	<b>292,360</b>

Notes to the financial statements are included on pages 7 to 15.

# Australian Vintage Ltd

## Consolidated Statement of Cash Flows For the financial year ended 30 June 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		259,277	247,221
Termination payment on exit of vineyard lease		(4,946)	-
Other payments to suppliers and employees		(242,777)	(239,085)
<b>Cash generated from operations</b>		<b>11,554</b>	<b>8,136</b>
Interest and other costs of finance paid		(5,108)	(6,091)
Interest and bill discounts received		15	46
<b>Net cash provided by operating activities</b>		<b>6,461</b>	<b>2,091</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,148)	(4,272)
Payments for intangibles		(280)	(199)
Proceeds from sale of property, plant & equipment		183	15,516
<b>Net cash (used in) / provided by investing activities</b>		<b>(4,245)</b>	<b>11,045</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		3,000	-
Dividends paid		-	(5,110)
Repayment of borrowings		(1,514)	(9,919)
<b>Net cash provided by / (used in) financing activities</b>		<b>1,486</b>	<b>(15,029)</b>
Net increase / (decrease) in cash and cash equivalents		3,702	(1,893)
Cash and cash equivalents at the beginning of the financial year		2,309	4,202
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>6,011</b>	<b>2,309</b>

Notes to the financial statements are included on pages 7 to 15.

# Australian Vintage Ltd

## Consolidated Statement of Changes in Equity For the financial year ended 30 June 2016

	Share capital \$'000	Equity - settled employee benefits reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2014	443,266	1,497	(784)	91	(155,833)	288,237
Profit for the period	-	-	-	-	9,366	9,366
Net gain on interest rate swaps	-	-	86	-	-	86
Net loss on foreign exchange hedges	-	-	(434)	-	-	(434)
Exchange differences arising on translation of foreign operations	-	-	-	157	-	157
Income tax relating to components of other comprehensive income	-	-	105	(47)	-	58
<b>Total comprehensive income for the period</b>	-	-	<b>(243)</b>	<b>110</b>	<b>9,366</b>	<b>9,233</b>
Dividend paid	-	-	-	-	(5,110)	(5,110)
<b>Balance at 30 June 2015</b>	<b>443,266</b>	<b>1,497</b>	<b>(1,027)</b>	<b>201</b>	<b>(151,577)</b>	<b>292,360</b>
Balance at 1 July 2015	443,266	1,497	(1,027)	201	(151,577)	292,360
Profit for the period	-	-	-	-	(1,972)	(1,972)
Net loss on interest rate swaps	-	-	(216)	-	-	(216)
Net gain on foreign exchange hedges	-	-	2,181	-	-	2,181
Exchange differences arising on translation of foreign operations	-	-	-	(69)	-	(69)
Income tax relating to components of other comprehensive income	-	-	(590)	21	-	(569)
<b>Total comprehensive income for the period</b>	-	-	<b>1,375</b>	<b>(48)</b>	<b>(1,972)</b>	<b>(645)</b>
Recognition of share based payments	-	49	-	-	-	49
<b>Balance at 30 June 2016</b>	<b>443,266</b>	<b>1,546</b>	<b>348</b>	<b>153</b>	<b>(153,549)</b>	<b>291,764</b>

Notes to the financial statements are included on pages 7 to 15.

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 1 Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the June 2015 full year report other than as listed below.

#### Adoption of new and revised Accounting Standards

In the current year, the Group has applied two amendments to AASBs issues by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Standard/ Interpretation	Requirements
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standard and Interpretations, allowing that Standard to effectively be withdrawn.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

#### Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

The potential effect of the above Standards and Interpretations on the Group's financial statements, other than AASB 2014-6 (which is set out below) has not yet been determined.



# Australian Vintage Ltd

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## Notes to the Financial Statements for the financial year ended 30 June 2016

### **Note 1 Basis of preparation (continued)**

#### **Impact of changes to Australian Accounting Standards and Interpretations on 30 June 2017 financial report**

AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'

The amendments to AASB 116 and AASB 141 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with AASB 116, instead of AASB 141. The produce growing on bearer plants continues to be accounted for in accordance with AASB 141.

The amendments apply for annual periods beginning on or after 1 January 2016 and will first be applied by the Group for the year ending 30 June 2017.

This will require the bearer plants to be subject to annual depreciation based upon the cost or deemed cost as at 1 July 2016 with retrospective application from 1 July 2015.

Upon adoption of this standard the Group intends to value the vines based on the written down value of original costs of the bearer plants. The above change will result in the classification of vines changing from biological assets to property plant and equipment and the carrying value is expected to decrease by between approximately \$18 to \$24 million. The tax consequence of this adjustment results in a net increase in deferred tax asset of between approximately \$1 million to \$2 million. The vines will now be depreciated and this is expected to increase depreciation expense in future years by between approximately \$0.5 million to \$1 million.

As a result of the amendments to the standards the produce from operating leased vines will now be required to be fair valued in accordance with the principles of AASB 141 rather than valued at cost. This is expected to result in a decrease in inventory as at 1 July 2016 of between approximately \$4 million to \$6 million. The tax consequence of this adjustment is expected to result in a net increase in deferred tax asset of between approximately \$1.2 million to \$1.8 million. The effect on profit in future years will not be material.

The above adjustments are expected to result in a decrease of retained earnings at 1 July 2016 of between approximately \$20 million to \$26 million.

# Australian Vintage Ltd

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## Notes to the Financial Statements for the financial year ended 30 June 2016

### **Note 1 Basis of preparation (continued)**

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

On the following page are the critical judgements that directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Inventories*

The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgment. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price.

The write down is based on assuming a selling price of the wine either through packaged goods or as bulk wine. Should the key assumptions applied in the estimation of revenue from the sale of the inventory when sold vary the ultimate realisable value may differ from that recorded at balance date.

#### *Income tax losses*

The Group has recognised deferred tax assets in relation to unused tax losses and temporary differences as at the end of the reporting period. The recognition of deferred tax assets is after considering whether it is probable that the Group will have sufficient taxable income in the foreseeable future and against which the deferred tax assets can be recovered.

The assessment of whether there will be sufficient taxable income is subject to a level of judgement and if the actual conditions vary to the assumptions adopted, the carrying value of the asset would need to be reassessed.

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 1 Basis of preparation (continued)

#### Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Onerous Contracts*

The Group is party to a variety of grape supply agreements including vineyard lease agreements; grower grape supply agreements; and management of vineyard agreements. The agreements provide for the Group to acquire grapes at various prices some of which exceed market values.

The agreements in the current market are onerous.

Each contract has been reviewed and it has been determined that there is an unavoidable cost of meeting the obligations under the grape supply agreements that exceeds the forecast economic benefits (the onerous amount).

The provision for the onerous contracts has been brought to account using the best estimate of the onerous amount.

There are a number of future events the Group expects will affect the amount required to settle the contracts and these events are reflected in the amount of the provisions where there is sufficient objective evidence that they will occur.

The onerous contracts provision has been adjusted to the present value (at 8.5% discount rate – 2015 : 8.5%) of the expenditures expected to be required to settle the onerous obligations.

##### *Impairment of goodwill and other intangibles*

The goodwill arising from the acquisition of businesses has been reassessed through the estimation of the value in use of the cash generating units (CGU) to which goodwill has been allocated. The value in use calculations require the Group to estimate the future cash flows expected to arise from the CGU and select a risk adjusted discount rate in order to calculate present value.

A discounted cash flow analysis was performed on the CGU's associated with the goodwill balances, using a pre-tax discount rate of 11.47% (2015 : 12.18%) (bulk wine business), which indicated that the fair value of assets (including goodwill), based upon discounted cash flows, was higher than the carrying value.

The carrying value of the brand names have been individually assessed as part of separate CGU's.

Impairment tests were performed on brand names using a discounted cash flow model and a pre-tax discount rate of 16.3% (2015 : 17.9%) (branded wine business).

There have been estimations applied to assumptions in the cash flows from the CGUs. Should these estimations vary the carrying amount of the intangible assets would need to be reassessed.

##### *Revaluation of biological assets*

The Group reviewed the long term value of vineyards and adopted the net present values of the cash flows as a Directors' Valuation for the year ended 30 June 2016.

In determining the fair value of the biological assets, the forecast cash flows from the vineyards have been discounted using a 12.85% (2015 : 13.44%) pre-tax discount rate.

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 2 Profit / (Loss) from operations

	Consolidated	
	2016 \$'000	2015 \$'000
<b>(a) Revenue</b>		
Revenue from the sale of goods	235,880	223,955
Revenue from contract processing	3,705	2,735
Revenue from rendering vineyard contract services	3,101	4,206
<b>Total revenue</b>	<b>242,686</b>	<b>230,896</b>
<b>Investment Income</b>		
Rental revenue	71	93
Interest received	15	45
Total	86	138
<b>Other gains / (losses)</b>		
Wine equalisation tax rebate	500	500
(Loss) / gain on unrealised foreign exchange	(1,519)	181
Other rebates	773	481
Other	152	633
Total	(94)	1,795
<b>(b) Profit / (Loss) before income tax</b>		
Profit / (Loss) before income tax has been arrived at after crediting/(charging) the following gains and losses:		
Gain / (Loss) on disposal of Yaldara winery and brand name	-	6,351
Gain / (Loss) on disposal of other property, plant and equipment	157	14
Gain / (Loss) on unrealised foreign exchange	(1,519)	181
Loss on exit of vineyard lease	(13,148)	(1,005)
Loss on Non Recoverable Incentives to Customers	-	(5,559)
Profit / (Loss) before income tax has been arrived at after charging the following expenses:		
Cost of sales	181,350	171,206
Finance costs:		
Interest on loans	5,582	5,856
Finance lease interest	86	314
	<b>5,668</b>	<b>6,170</b>
Unwinding of discounts	122	227
Total finance costs	<b>5,790</b>	<b>6,397</b>
Depreciation of non-current assets – charged to cost of sales	4,722	4,931
Depreciation of non-current assets – other	1,073	1,114
Amortisation of non-current assets	598	589
Total depreciation and amortisation expense	<b>6,393</b>	<b>6,634</b>
Operating lease rental expenses (minimum lease payments)	8,768	10,944
<b>(c) Earnings before interest and tax (EBIT)</b>		
Earnings before interest and tax	3,090	17,420
Earnings before interest and tax (before vineyard lease exit costs)	16,238	17,420

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 3: Issued capital

	Consolidated	
	2016 \$'000	2015 \$'000
232,262,382 Fully paid ordinary shares (2015 : 232,262,382)	443,266	443,266
	<b>\$'000</b>	<b>Number</b>
<b>Fully paid ordinary share capital</b>		
Beginning of financial year	443,266	232,262,382
Issued during the year	-	-
End of financial year	443,266	232,262,382

All shares have equal rights to voting and dividends.

### Note 4: Earnings per share

	Consolidated	
	2016 Cents Per share	2015 Cents Per share
Basic earnings per share	(0.8)	4.0
Diluted earnings per share	(0.8)	4.0
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	(1,972)	9,366
	<b>2016 Number of Shares '000</b>	<b>2015 Number of Shares '000</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	232,262	232,262
Weighted average number of ordinary shares used in calculating diluted earnings per share	235,030	232,262

### Note 5: Dividends

	Date dividend paid / payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢	Franking %
Final dividend – year ended 30 June 2016 (determined subsequent to balance date) <sup>(1)</sup>	9 November 2016	1.5	-	100%
Final dividend – year ended 30 June 2015	-	-	-	-
Final dividend – year ended 30 June 2014	19 November 2014	2.2	-	100%

<sup>(1)</sup> The record date for determining an entitlement to receipt of the final dividend is 21 October 2016 and the company expects to pay the dividend on 9 November 2016.

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 5: Dividends (continued)

There were no dividends paid during the year ended 30 June 2016 (2015 : \$5,110,000 in respect of the year ended 30 June 2014).

The franking account balance at 30 June 2016 was \$8,919,000 (2015 : 8,919,000).

### Note 6: Borrowings

Subsequent to year end the Group reached agreement with the National Australia Bank to extend the debt facility until September 2019 (from September 2017). The Group will continue to be subject to various covenants. In addition, the Group is able to declare a dividend provided certain ratios are met or the dividend is approved by the National Australia Bank or the dividend is underwritten.

### Note 7: Subsequent events

In respect of the financial year ended 30 June 2016 there are no matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Note 8: Contingent liabilities

	Consolidated	
	2016 \$'000	2015 \$'000
Bank guarantees	412	820

### Note 9: Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of performance is specifically focused on the nature and location of the supply. The Group's reportable segments under AASB 8 are therefore as follows:

- Australasia / North America Packaged
  - supplies packaged wine within Australia, New Zealand, Asia and North America through retail and wholesale channels.
- UK / Europe
  - supplies packaged and bulk wine in the United Kingdom and Europe through retail and distributor channels.
- Cellar Door
  - supplies wine direct to the consumer through regional outlets.
- Australasia / North America bulk wine and processing
  - supplies bulk wine, grapes, concentrate and winery processing services throughout Australia, New Zealand, Asia and North America.
- Vineyards
  - provides vineyard management and maintenance services within Australia.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The revenue reported represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents the profit earned by each segment without allocation of share of profits of associates, investment and interest revenue, gain on onerous contracts, impairment of water licences, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 9: Segment information (continued)

The following is an analysis by reportable operating segment for the period under review:

#### Business Segments

##### Segments Revenue, Results, Assets and Liabilities

	Revenue 2016 \$'000	Revenue 2015 \$'000	Results 2016 \$'000	Results 2015 \$'000
Australasia / North America packaged	106,672	99,026	6,208	7,194
UK / Europe	102,506	98,000	3,446	4,457
Cellar door	8,185	7,860	1,568	1,430
Australasia / North America bulk wine and processing	22,222	21,804	447	116
Vineyards	3,101	4,206	4,569	3,512
<b>Total</b>	<b>242,686</b>	<b>230,896</b>	<b>16,238</b>	<b>16,709</b>
Finance costs – interest paid			(5,790)	(6,397)
Gain on provision for onerous contracts			-	924
Interest received			15	45
Gain on sale of Yaldara winery and brand name			-	6,351
Vineyard lease exit			(13,148)	(1,005)
Non-recoverable incentives to customers			-	(5,559)
<b>Profit / (Loss) before tax</b>			<b>(2,685)</b>	<b>11,068</b>

#### Geographical Segments

	Revenue from external customers	
	2016 \$'000	2015 \$'000
Australia	112,967	110,559
UK / Europe	102,506	98,000
North America	10,882	8,486
Asia	12,056	10,119
Other	4,275	3,732
	<b>242,686</b>	<b>230,896</b>

The Group has sales to two major customers who individually account for greater than 10% of annual sales. The total sales for these customers were \$66.9M (2015 : \$62.7M).

# Australian Vintage Ltd

## Notes to the Financial Statements for the financial year ended 30 June 2016

### Note 10: Notes to the statement of cash flow

#### (a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Cash	6,011	2,309
<b>(b) Financing Facilities</b>		
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount Used	-	-
Amount Unused	5,000	5,000
	5,000	5,000
Reducing lease facility:		
Amount Used	-	1,276
Amount Unused	-	-
	-	1,276
Unsecured revolving lease facility:		
Amount Used	97	188
Amount Unused	253	162
	350	350
Bank Guarantee/Surrender facility:		
Amount Used	412	820
Amount Unused	2,238	1,830
	2,650	2,650
Corporate purchasing card facility:		
Amount Used	18	234
Amount Unused	482	266
	500	500
Cash advance facility:		
Amount Used	107,000	104,000
Amount Unused	9,000	6,000
	116,000	110,000
Total facility	124,500	119,776

#### (c) Non-cash financing and investing activities

During the reporting period Australian Vintage Ltd did not issue any ordinary shares (2015 : Nil). There were no shares issued to Directors as remuneration for the year ending 30<sup>th</sup> June 2016 (2015: Nil).

Australian Vintage Ltd operates a "Performance Rights and Options Plan". This long term incentive plan provides the right to an issue of shares subject to continuous employment, and achievement of set growth rates in earnings per share and total shareholder return over a 4 year period. During the reporting period there were 4,000,000 options issued with a fair value of \$0.06 per option (2015: Nil). There were no other share options issued or exercised during the reporting period (2015: Nil).

During the financial year the company did not issue any shares (2015 : Nil) under it's Dividend Reinvestment Plan. There were no other movements in ordinary share capital or issued capital in the current or prior period.

#### (d) Business acquired

During the financial year there were no businesses acquired.