TREASURY WINE ESTATES

2011
FINANCIAL RESULTS

FOR THE 12 MONTHS ENDED 30 JUNE 2011
Incorporating the requirements of Appendix 4E

Appendix 4E

Preliminary Final Report in respect to

Treasury Wine Estates Limited

For the year ended 30 June 2011

ABN 24 004 373 862

1. Results for announcement to the market

Key information	Current period – year ended 30 June 2011 $ millions	Prior period – year ended 30 June 2010 $ millions	% Change increase / (decrease)	Amount Increase / (decrease) $ millions
Statutory results *				
Revenue from ordinary activities	1,474.9	1,445.4	2.0%	29.5
Profit (loss) attributable to members of Treasury Wine Estates Limited	64.1	(900.6)	Not meaningful	964.7
Proforma results *				
Revenue from ordinary activities	1,796.6	1,937.8	(7.3%)	(141.2)
Earnings before interest and tax	171.1	184.6	(7.3%)	(13.5)

Dividends (distributions)	Cents per share	Franking %
Final dividend	**6.0**	**50%**
Interim dividend	**-**	**-**
Total dividends paid / payable in respect to the year ended 30 June 2011	**6.0**	**50%**

The record date for determining an entitlement to receipt of the final dividend is 5pm, Wednesday 7 September 2011.

Supplementary comments *

Effective from 9 May 2011 Treasury Wine Estates Limited (the Company) and its controlled entities (collectively referred to as the TWE Group) demerged from Foster's Group, and the Company was listed as a separate stand alone entity on the Australian Securities Exchange on 10 May 2011.

The demerger of the TWE Group required Foster's Group to undertake an internal corporate restructure immediately prior to the demerger becoming effective. The internal corporate restructure resulted in several entities ceasing to be, and several entities becoming, subsidiaries of the Company immediately prior to the demerger. In addition, a number of assets and liabilities were transferred between the TWE Group and Foster's Group.

The TWE Group's statutory financial information includes the results of those entities, assets and liabilities that ceased to be part of the TWE Group under the corporate restructure for the period from 1 July 2009 until immediately prior to the demerger, relating to certain non-wine activities and external borrowings that formed part of the TWE Group prior to the demerger, but were retained by Foster's Group.

Treasury Wine Estates Limited
Preliminary Final Report - Appendix 4E
12 Months Ended 30 June 2011

The TWE Group's statutory financial information only includes the results of the entities, assets and liabilities that became part of the TWE Group under the corporate restructure for the period from 9 May 2011 to 30 June 2011, including the TWE Group's current business in the EMEA region, and certain activities in the ANZ region.

The TWE Group's statutory financial information for the year ended 30 June 2011 and for the comparative year ended 30 June 2010 present the TWE Group's performance in compliance with statutory reporting obligations. However, as a result of the corporate restructure immediately prior to the demerger, the statutory financial information does not give a view of the performance of the TWE Group as it is currently structured. In addition, the TWE Group's statutory financial results only reflect changes in operating and corporate costs associated with the TWE Group becoming a stand alone consolidated entity from 9 May 2011.

To assist shareholders and other stakeholders in their understanding of the TWE Group's business as it is now structured, pro forma financial information for the years ended 30 June 2010 and 2011 is provided in the table above and in the Company's media release to the Australian Stock Exchange on 22 August 2011. In the preparation of the pro forma financial information, adjustments have been made to the TWE Group's statutory results to present a view of performance as if the internal corporate restructure associated with the demerger had been effective from 1 July 2009. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in costs associated with Treasury Wine Estates Limited becoming a stand alone listed entity as if those costs had been incurred from 1 July 2009.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 64 of the Foster's Group demerger scheme booklet. A reconciliation between the pro forma financial information and Treasury Wine Estates Limited's statutory income statement is included within the aforementioned media release.

The reconciliations and the pro forma financial information will form part of the Directors' report. They have not been audited.

2. Preliminary final financial statements

Please refer to pages 20 through 42 of this preliminary final report wherein the following are provided:

- Consolidated Statement of Comprehensive Income for the year ended 30 June 2011;
- Consolidated Statement of Financial Position as at 30 June 2011;
- Statement of Changes in Equity for the year ended 30 June 2011;
- Consolidated Statement of Cash Flows for the year ended 30 June 2011;
- Notes to the financial statements.

This report has been based on accounts which have been audited. The audit report, which was unqualified, will be made available upon issuance of the Company's annual report. The annual report is expected to be released on 20 September 2011.

3. Net tangible asset backing

Net tangible asset backing per ordinary share	**Current period – year ended 30 June 2011** **$**	**Prior period – year ended 30 June 2010** **$**
Net tangible asset backing per ordinary share (i)	**3.01**	**(2.25)**

i. Material movements in the number of shares on issue have occurred between 30 June 2010 and 30 June 2011. In addition, the restructure undertaken as part of the TWE Group's demerger from Foster's Group Limited resulted in a substantial recapitalisation of the TWE Group's balance sheet in the year ended 30 June 2011. Information concerning movements in issued ordinary shares can be found in note 11 to the aforementioned financial statements.

5. Details in respect to the Company's annual general meeting

The Annual General Meeting will be held as follows:

Place	City Recital Hall 2-12 Angel Place Sydney, NSW, Australia
Time	2.30pm, Tuesday 25 October 2011

6. Further information

Further information can be obtained from:

Media:

Rebecca Smith
Tel: +61 3 8626 2314
Mob: +61 421 380 796

Investors:

Ian Betts
Tel: +61 3 8626 2273
Mob: +61 400 532 466

TREASURY
WINE ESTATES

CONTENTS

Treasury Wine Estates will host an investor and media presentation commencing at 10.30am (AEST) 22 August 2011. The presentation will be webcast and presentation material available at www.tweglobal.com. A replay of the presentation will also be available on the website.

Important Notice in relation to pro forma financial information

Effective from 9 May 2011 Treasury Wine Estates Limited and its controlled entities (TWE) demerged from Foster's Group, and the Company was listed as a separate stand alone entity on the Australian Securities Exchange on 10 May 2011.

The demerger of TWE required Foster's Group to undertake an internal corporate restructure immediately prior to the demerger becoming effective. The internal corporate restructure resulted in several entities ceasing to be, and several entities becoming, subsidiaries of TWE immediately prior to the demerger. In addition, a number of assets and liabilities were transferred between TWE and Foster's Group.

TWE's statutory financial information includes the results of those entities, assets and liabilities that ceased to be part of TWE under the corporate restructure for the period from 1 July 2009 until immediately prior to the demerger, relating to certain non-wine activities and external borrowings that formed part of TWE prior to the demerger, but were retained by Foster's Group.

TWE's statutory financial information only includes the results of the entities, assets and liabilities that became part of TWE under the corporate restructure for the period from 9 May 2011 to 30 June 2011, including TWE's current business in the EMEA region, and certain activities in the ANZ region.

TWE's statutory financial information for the year ended 30 June 2011 and for the comparative year ended 30 June 2010 present TWE's performance in compliance with statutory reporting obligations. However, as a result of the corporate restructure immediately prior to the demerger, the statutory financial information does not give a view of the performance of TWE as it is currently structured as a stand alone company.

In addition, TWE's statutory financial results only reflect changes in operating and corporate costs associated with TWE becoming a stand alone entity from 9 May 2011.

To assist shareholders and other stakeholders in their understanding of TWE's business as it is now structured, pro forma financial information for the years ended 30 June 2010 and 2011 is provided on pages 10 to 17. In the preparation of the pro forma financial information, adjustments have been made to TWE's statutory results to present a view of performance as if the internal corporate restructure associated with the demerger had been effective from 1 July 2009. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in costs associated with TWE becoming a stand alone entity as if those costs had been incurred from 1 July 2009.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 64 of the demerger scheme booklet.

A reconciliation between the statutory and pro forma financial information is included on page 18.

The reconciliations and the pro forma financial information have not been audited.

Commentary throughout this report primarily refers to the pro forma financial information.

22 August 2011

IMPROVED PERFORMANCE IN ANZ AND ASIA OFFSET BY SOFTER AMERICAS AND EMEA PERFORMANCE

- **Wine market fundamentals remain robust**
- **Strong performance in ANZ and Asia**
- **Softer second half performance in Americas and EMEA**
- **Results impacted by currency**
- **Strong Luxury brand performance in all regions**
- **Net sales revenue per case growth in all regions (before currency impact)**
- **EBITS up 13.1% and EBITS margins up 1.3 percentage points (before currency impact)**
- **Cash conversion at 101.4%**
- **Final dividend of 6.0 cents, 50% franked**

Mr David Dearie, Chief Executive Officer of TWE said,

Results

“This is a solid result, our first since we became a standalone Company in May. Pro forma EBITS[1] declined 3.7%, impacted by currency and an uncertain consumer environment in many of our key markets.

“The ongoing strength of the Australian dollar cut reported earnings by around $30 million, however underlying earnings momentum continued, with constant currency EBITS growth for a third consecutive half, and up 13.1% for the year.

“The fundamentals of the wine category are strong, driven by increasing consumption and premiumisation trends in our major markets, and within all price tiers in our portfolio.

“Our Luxury brands recorded strong growth globally, and, excluding the impact of currency, net sales revenue per case increased in all regions.

“TWE is highly cash generative, and this, together with our strengthened balance sheet, provides significant operational and financial flexibility.

Regional performance

“In Australia and New Zealand, our result reflects further significant improvements in the way we do business, from sharper focus on our brands, continued supply improvements, better sales and marketing capability, and improved partnering. Pro forma EBITS increased 14.5%.

[1] Earnings before interest , tax and SGARA

"A softer second half performance in Americas took the shine off a very solid first half. Overall, Americas EBITS was up 8.2% on a constant currency basis, but down 14.2% on a reported basis. We saw continued growth in our Luxury and emerging Premium brand portfolios and, on a constant currency basis, in net sales revenue per case. However, this was offset by steeper than expected volume declines in our Commercial portfolio. We're taking steps to address this and a key priority for 2012 is to stabilise the volume of our Commercial brands.

"On a constant currency basis, pro forma EBITS in EMEA was in line with the prior year. We had further success in aligning our sales mix to more profitable segments, and in improving the effectiveness of our promotional spend. We will continue to look to grow our business in the more profitable parts of the region and also focus on re-aligning our cost base to reflect market conditions.

"We are pleased with the strong growth from Asia, with EBITS up 18.6%. We are seeing increasing demand for many brands in our portfolio throughout Asia and consider Asia a critical region and will continue to increase investment to fuel growth.

Brands

"Our brands form the backbone of our Company and I'm pleased to see many brands providing both volume and value growth, demonstrating that healthy brands can deliver improved margins.

"Some of the standout performers were Penfolds, with value up 20%, Beringer Luxury, with value up 15%, Pepperjack with value up 41%, and Wynns with value up 10%.

Vintage

"Above average rainfall throughout much of South Eastern Australia resulted in the most challenging vintage conditions experienced in many years and significantly reduced the availability of quality fruit. We've managed to secure the vast majority of our white wine and commercial red wine requirements, the majority of our premium red wine requirements, and sufficient quantities of suitable quality fruit to produce 2011 vintages for the majority of our Luxury red wines, including Penfolds Grange.

Global structure

"As a focused, stand-alone wine Company we have a unique opportunity to do things differently, to build on our numerous strengths, and improve the way we do business. Ultimately, we want to be recognised as the world's most successful and celebrated wine Company.

"Today we've announced a new global structure to ensure that we think and behave as a global business; one that will allow us to allocate our resources to growth opportunities that optimises returns for TWE as a whole. This structure recognises equally the importance of our brands, supply, and the regions in which we operate.

"This change in emphasis enables our brand directors to pro-actively lead their global positioning. It also allows us to align our winery operations and winemaking into one global group dedicated to producing superb wines, as efficiently and cost effectively as possible. This change also ensures that our sales teams are able to focus 100% of their time, energy and resources on distributor and retail management, the shopper, trade marketing and of course selling.

Costs and efficiency

"We have put in place a multi-year program to drive efficiency in all aspects of the business. We have already identified initial cost savings of approximately $30 million per annum, more than offsetting the additional corporate costs of becoming a stand alone Company. Some of these initial cost savings will be realised in fiscal 2012 with the full benefit to be realised in fiscal 2013. Realising these initial cost savings will result in a one-off cost in fiscal 2012 of between $15 million and $20 million.

Other FY12 priorities

“Renewed focus and emphasis on building our brands in both their domestic markets and international markets.

“We will look to stabilise the volume of our commercial brands in the Americas and EMEA, by taking a more balanced approach to volume and value growth.

“We will look to maintain the momentum in ANZ, driving the top line and building on the last few years of improvement in volume and value.

“We will continue to invest our resources of people, brand spend and allocated wines to the profitable and growing Asian region.

“Throughout the business we will apply and practice cost management discipline which is expected to identify further efficiencies.

Longer Term Ambition

“While there is ongoing consumer uncertainty in many of our more established markets, the fundamentals underpinning our industry remain robust, and we see opportunities for significant growth in the US, Australia and particularly in Asia.

“I’m confident that our new approach and commitment to grow our total group will result in strong, sustainable and profitable growth.

Over the long term, TWE is targeting:

- Volume growth in the markets and sectors where we compete.
- Net sales revenue to grow ahead of volume as we benefit from mix, premiumisation and pricing.
- EBITS growth ahead of net sales revenue growth as we apply our cost efficiency program.
- And to improve return on capital as we continuously improve our asset efficiency.

“As a large wine company, our scale, operating platform, and viticultural expertise stand us in good stead and we will aggressively pursue the growth offered in the wine sector.”

Contacts / Further information:

Media

Rebecca Smith
Tel: +61 3 8626 2314
Mob: +61 421 380 796

Investors

Ian Betts
Tel: +61 3 8626 2273
Mob: +61 400 532 466

2011 PRO FORMA FINANCIAL HIGHLIGHTS

A$m				**Pro Forma**	
	Pro Forma	**Pro Forma**		***Constant currency***	
For the year ended 30 June	**2011**	**2010**	***Change***	**2010**	***Change***
Volume (m 9L cases)	33.2	35.6	(6.6)%	35.6	(6.6)%
NSR	1,758.3	1,890.2	(7.0)%	1,767.7	(0.5)%
NSR/Case ($)	*52.90*	*53.11*	*(0.4)%*	*49.67*	*6.5 %*
Other revenue	38.3	47.6	(19.5)%	46.0	(16.7)%
Total revenue	1,796.6	1,937.8	(7.3)%	1,813.7	(0.9)%
Cost of sales	(1,165.4)	(1,299.5)	10.3 %	(1,230.4)	5.3 %
Gross profit	631.2	638.3	(1.1)%	583.3	8.2 %
Gross profit/Case ($)	*18.99*	*17.93*	*5.9 %*	*16.39*	*15.9 %*
Gross profit margin	*35.9 %*	*33.8 %*	*2.1 pts*	*33.0 %*	*2.9 pts*
Cost of doing business	(436.0)	(435.7)	(0.1)%	(410.7)	(6.2)%
Cost of doing business margin	*24.8 %*	*23.1 %*	*(1.7)pts*	*23.2 %*	*(1.6)pts*
EBITS	**195.2**	**202.6**	**(3.7)%**	**172.6**	**13.1 %**
EBITS margin	***11.1 %***	***10.7 %***	***0.4 pts***	***9.8 %***	***1.3 pts***
SGARA	(24.1)	(18.0)	(33.9)%	(17.7)	(36.2)%
EBIT	**171.1**	**184.6**	**(7.3)%**	**154.9**	**10.5 %**
EBIT margin	***9.7 %***	***9.8 %***	***(0.1)pts***	***8.8 %***	***0.9 pts***
Final Dividend (A¢)	6.0 (50% franked)				

Exchange rates: Average exchange rates used for profit and loss purposes in fiscal 2011 are: $A1 = $US 0.9876 (2010: $A1 = $US 0.8814), $A1 = GBP 0.6205 (2010: $A1 = GBP 0.5579). Period end exchange rates used for balance sheet items in fiscal 2011 are: $A1 = $US 1.069 (2010: $A1 = $US 0.8500), $A1 = GBP 0.6650(2010: $A1 = GBP 0.5646).
Constant currency: Throughout this report constant currency assumes current and prior earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.
SGARA: Australian Accounting standard AASB141 "Agriculture"

The 2010 pro forma financial information includes amounts in Other revenue, primarily relating to the distribution of Foster's Group beer, cider and spirits portfolio in New Zealand, that were not included in the TWE pro forma financial information presented in the demerger scheme booklet. The inclusion of these amounts in Other revenue has not resulted in a change EBITS to that presented in the demerger scheme booklet.

A reconciliation between the statutory and pro forma financial information is included on page 18.

TWE today reported pro forma EBITS of $195.2 million, down 3.7% on the prior year. Exchange rate movements were again a significant factor, reducing EBITS by approximately $30 million, with the most significant impacts in the Americas and EMEA regions.

On a constant currency basis, net sales revenue was similar to the prior year and EBITS increased 13.1%. Three of the four regions reported growth, while EMEA earnings were in line with the prior year.

The second half of fiscal 2011 was the third consecutive half in which TWE has delivered pro forma constant currency EBITS ahead of the prior period. However, the rate of growth moderated with the Americas impacted by inefficiencies from lower volume, and EMEA was impacted by lower sales in the higher margin Nordic markets. ANZ and Asia performed strongly throughout the year.

Total volume declined 6.6% primarily as a result of reduced promotional activity and price support across the Commercial wine portfolio in the Americas. Volume in the Americas declined 11.2%, in EMEA volume declined 3.8% and in ANZ volume was marginally below the prior year. In Asia, volume increased 10.5% on the prior year with volume in China increasing by 37.6%.

On a constant currency basis, pro forma net sales revenue per case in all regions was ahead of the prior period and benefited from strong volume growth in Luxury wines, price increases on a range of products, premiumisation initiatives across all tiers, and ongoing initiatives to realign promotional investment to support growth in higher margin products. On a constant currency basis net sales revenue per case increased 6.5%, and in the second half increased 9.7%.

Other revenue was $38.2 million and includes $30.4 million relating to the distribution of Foster's Group's beer, cider and spirits brands in New Zealand. The distribution arrangement contributed approximately $1 million to EBITS in fiscal 2011.

On a constant currency basis, total cost of sales declined 5.3% with the impact of lower volume partially offset by higher cost of sales per case. Adjusting for mix, cost of sales per case were marginally above the prior year.

Gross profit margin improved 2.1 percentage points and on constant currency basis improved 2.9 percentage points. The improvement in gross profit margin was primarily driven by improving sales mix and price.

On a constant currency basis, cost of doing business increased 6.2%, and as a percentage of net sales revenue, increased 1.6 percentage points to 24.8%. The key contributors to the increase were a 6.0% increase in advertising and promotion investment, and investment in sales and marketing overheads in ANZ and Asia to support growth initiatives.

EBITS sales margin increased 0.4 percentage points, and 1.3 percentage points on a constant currency basis.

SGARA in the period was a $24.1 million loss and was impacted by lower in-take from Company owned vineyards.

EBIT declined 7.3%.

The Directors have declared a final dividend of 6.0 cents per share, franked to 50%.

FINANCIAL AND OPERATIONS REVIEW

Australia and New Zealand (ANZ)

A$m For the year ended 30 June	Pro Forma 2011	Pro Forma 2010	*Change*	Pro Forma *Constant currency* 2010	*Change*
Volume (m 9L cases)	7.8	7.9	(1.2)%	7.9	(1.2)%
NSR	577.9	554.5	4.2 %	552.6	4.6 %
NSR per case (A$)	73.75	69.92	5.5 %	69.68	5.8 %
EBITS	96.3	84.1	14.5 %	85.1	13.2 %
EBITS margin	16.7%	15.2%	1.5 pts	15.4%	1.3 pts

The ANZ region delivered strong growth, with pro forma EBITS increasing by 14.5%. The performance in ANZ benefited from strong execution, continued supply improvements, dedicated customer partnering and better planning and internal processes.

Pro forma volume and net sales revenue for 2010 include amounts relating to tail brands transferred to the Vok joint venture and the terminated Riccadonna distribution in Australia. Volume of continuing brands in ANZ increased 4.1% with net sales revenue up 9.3%, on a constant currency basis.

In Australia, volume of continuing brands increased 3.0% with net sales revenue up 8.8%. TWE's continuing brand portfolio in Australia grew volume ahead of wine category growth of approximately 2%[2], with volume growth in all major channels and across a broad range of brands. Outstanding volume growth came from Pepperjack, up 39%, Devil's Lair and Lindeman's Early Harvest, both up by more than 25%, and Penfolds, up more than 10%.

In New Zealand, TWE's portfolio delivered an excellent performance with volume growth of more than 15% supported by new product launches. TWE's focus on expanding its New Zealand portfolio beyond sauvignon blanc into other varietals and differentiating across sales channels were key contributors to the result. The New Zealand business also set new records for export volume to other TWE markets, up 26.5%.

On a constant currency basis, net sales revenue per case for the continuing brand portfolio in ANZ increased 5.7%, and in the second half increased 10.8%. Net sales revenue per case benefited from strong growth in Luxury volume and price increases on a number of brands. TWE firmly believes in the power of authentic, respected and trusted brands and is fortunate to own a portfolio of such brands.

On a constant currency basis, ANZ EBITS increased 13.2% to $96.3 million. EBITS benefited from continuing brand volume growth, and positive price and mix trends. Overheads and advertising and promotion investment were increased to support top line growth.

[2] Source: Datamonitor

Americas

A$m For the year ended 30 June	Pro Forma 2011	Pro Forma 2010	Change	Pro Forma *Constant currency* 2010	*Change*
Volume (m 9L cases)	15.9	17.9	(11.2)%	17.9	(11.2)%
NSR	794.7	933.0	(14.8)%	842.6	(5.7)%
NSR per case (A$)	49.89	52.00	(4.1)%	46.96	6.2 %
EBITS	92.2	107.4	(14.2)%	85.2	8.2 %
EBITS margin	11.6%	11.5%	0.1 pts	10.1%	1.5 pts

A softer second half performance in Americas took the shine off a very solid first half. While the focus on mix improvement and profitable growth delivered strong growth in Luxury and emerging Premium brands, performance in the below US$8 per bottle price points was below expectations. Against the backdrop of an uncertain consumer environment and increased levels of competitor discounting through the second half, TWE's decision to reduce promotional investment across its Commercial wine portfolio resulted in a larger than anticipated decline in volume. Stabilising the volume of the Commercial wine portfolio through more focused spend is a key priority in fiscal 2012.

US distributor inventories are at similar levels to the prior year. Volume in the US declined 12.3% and in Canada declined 2.7%.

Australian Foundation and US Tactical brand volume declined by approximately 19%, primarily as a result of reduced levels of promotional activity, and domestic Foundation brand volume declined 2.4%. Beringer volume declined 3.1% and included the impact of de-emphasised products under the new simplified brand architecture. Within the new Beringer brand architecture, Light & Refreshing and Luxury performed well, while Founders' Estate was below expectations.

Volume of emerging Premium brands, all of which retail above US$8 per bottle, increased 6.4%. Volume growth was driven by brands such as Cellar No 8, Colores del Sol,and recently released products Sledgehammer and Santa Barbara Wine Collection.

TWE's Luxury portfolio volume increased 7.7%. TWE's newly installed dedicated Luxury sales team, the Heirloom Wine Group, is delivering real benefits in this critical segment, driving growth through more personalised selling and broad-based distribution gains. Penfolds, Beringer Luxury, Stags' Leap and Etude performed strongly.

On a constant currency basis, net sales revenue per case increased 6.2%, benefiting from Luxury volume growth and price increases on Penfolds and Beringer, and reduced levels of promotional activity.

Exchange rate movements reduced Americas EBITS by approximately $22 million.

On a constant currency basis, EBITS in the Americas increased 8.2% to $92.2 million. Strong first half EBITS growth was partially offset by a 17.7% decline in second half EBITS on a constant currency basis. Cost of sales increased in the second half as a result of lower than anticipated volume and higher Californian vintage costs.

EMEA

A$m				Pro Forma	
	Pro Forma	Pro Forma		*Constant currency*	
For the year ended 30 June	**2011**	**2010**	***Change***	**2010**	***Change***
Volume (m 9L cases)	8.5	8.9	(3.8)%	8.9	(3.8)%
NSR	303.8	336.4	(9.7)%	306.8	(1.0)%
NSR per case (A$)	35.68	38.01	(6.1)%	34.66	2.9 %
EBITS	6.5	15.0	(56.7)%	6.5	-
EBITS margin	2.1%	4.5%	(2.4)pts	2.1%	-

In EMEA market conditions remain challenging. The retail environment in most markets is extremely competitive and currency movements have reduced profitability. As a result, TWE changed its approach by reducing deep discounts and, where appropriate, taking price increases. As expected, volume declined however net sales revenue per case increased.

The UK and Ireland delivered a solid improvement in performance, and while volume declined, net sales revenue per case benefited from price increases on Luxury, improvements in promotional efficiency and innovation at premium price points.

Within the Nordics, TWE maintained its 38.8% value share[3] of the Australian category in Sweden and continues to hold more than 50% value share[4] of the Australian category in Norway. However, TWE's volume in Sweden and Norway was below the prior year as the monopoly retailers reduced the number of tenders in the Australian category. TWE's volume decline in Sweden and Norway was partially offset by strong growth in Finland and the Baltic region. Net sales revenue per case was also impacted by lower volume in the higher value Swedish and Norwegian markets.

In Continental Europe, strong volume growth in Penfolds, Wolf Blass and Beringer was offset by declines in lower margin products following a reduction in promotional activity.

Exchange rate movements reduced EMEA EBITS by approximately $8.5 million.

On a constant currency basis, EMEA EBITS was in line with the prior comparative period, with second half earnings $2.5 million below the prior period. EBITS in the second half was impacted by lower volume in the higher value Nordic markets.

[3] Systembolaget: MAT to 30 June 2011
[4] Vinmopolet: MAT to 30 June 2011

Asia

A$m For the year ended 30 June	Pro Forma 2011	Pro Forma 2010	*Change*	Pro Forma *Constant currency* 2010	*Change*
Volume (m 9L cases)	1.0	0.9	10.5 %	0.9	10.5 %
NSR	81.9	66.3	23.5 %	65.7	24.7 %
NSR per case (A$)	85.56	76.52	11.8 %	75.83	12.8 %
EBITS	27.4	23.1	18.6 %	23.0	19.1 %
EBITS margin	33.5%	34.8%	(1.3)pts	35.0%	(1.5)pts

In Asia, the consumer spending environment remains strong and TWE again performed very well. TWE's growth in the region was driven by a strategy of consistent and measured investment to build brands, relationships and organisational capability. Advertising and promotional spend more than doubled during the period and was focused on long term brand building activities to support Foundation Brands. TWE also expanded in-market sales and marketing teams to execute on brand building activities. TWE intends to further increase its investment in the coming year.

Volume increased 10.5% and, on a constant currency basis, net sales revenue increased 24.7% with EBITS increasing 19.1%.

Volume growth was driven by strong gains across premium brands like Penfolds and Beringer. Volume in China grew 37.6%.

On a constant currency basis, net sales revenue per case increased 12.8% on the back of higher demand for Luxury wines.

EBITS increased 19.1% on a constant currency basis. EBITS margin was slightly below last year as investment in long term brand building activities and organisational capability increased.

Australian and Californian Vintage Update

Total industry intake in the Australian 2011 vintage increased 1% to 1.6[5] million tonnes. The vintage coincided with higher than average rainfall and challenging growing conditions across key regions in much of South Eastern Australia. This increased the incidence of disease, and while overall industry grape production was similar to the prior year, there was significantly reduced availability of quality fruit. Growing conditions in Western Australia were generally favourable.

Throughout the vintage, TWE maintained its rigorous quality standards, rejecting disease and rain affected fruit produced by contracted growers and at Company-owned vineyards. To offset this, additional grape and bulk wine supply was secured from unaffected vineyards and regions, and bulk wine from the 2010 vintage purchased to extend the 2010 release programs of a number of products.

Overall TWE emerged from the vintage having secured the vast majority of its white wine and Commercial red wine requirements. TWE also secured the majority of its Premium red wine requirements, and sufficient quantities of suitable quality fruit to produce 2011 vintages for the majority of its Luxury red wines, including Penfolds Grange. However, volume of Luxury red wine

[5] Source: Winemakers' Federation of Australia June 2011 Vintage Report

and a number of Premium red wine products are expected to be below average. TWE will look to increase its in-take in the 2012 vintage, assuming a more normal vintage.

The increase in the SGARA loss reflects lower production at Company-owned vineyards.

The 2011 Californian vintage is expected to commence shortly. Expectations are for a lower yielding vintage as a result of mild growing conditions.

Balance Sheet

A$m **For the year ended 30 June**	**Statutory** **2011**	**Pro forma** **2010**	***Change***
Receivables[1]	452.6	437.1	15.5
Inventories	965.2	1,179.8	(214.6)
Property, plant and equipment	912.7	1,008.3	(95.6)
Agricultural assets	180.5	193.7	(13.2)
Intangible assets	927.1	986.5	(59.4)
Other assets	22.0	34.9	(12.9)
Total operating assets[1]	**3,460.1**	**3,840.3**	**(380.2)**
Payables[1]	369.2	430.2	(61.0)
Provisions	51.4	71.6	(20.2)
Other liabilities	0.6	-	0.6
Total operating liabilities[1]	**421.2**	**501.8**	**(80.6)**
Net operating assets[1]	**3,038.9**	**3,338.5**	**(299.6)**
Net debt	71.7		
Net tax (assets) / liabilities	90.4		
Net assets[1]	**2,876.8**		

[1] Excludes receivables from and payables to Foster's Group in 2010

Net operating assets declined by approximately $300 million with the impact of exchange rate movements on inventory, Property, Plant and Equipment, Agricultural and Intangible assets the major contributor.

In addition to the impact of exchange rate movements, the $214.6 million decline in inventory also reflects reduced in-take in the Australian 2011 vintage.

Intangible assets include a $50.6 million Information Technology asset recognised by TWE under the demerger Information Technology arrangements with Foster's Group.

Payables declined by $61.0 million as a result of exchange rate movements and lower payables in the ANZ region. Under the demerger, Foster's Group paid an adjusting amount representing the net value of certain wine related trade receivables and trade payables retained by Foster's Group in the ANZ region. As result of this arrangement, TWE's trade receivable and payables in the ANZ region immediately after the demerger were nil. Subsequent to the demerger, TWE's trade receivables have largely returned to average levels. However, trade payables at 30 June 2011 remain below average levels.

Net debt at 30 June 2011 was $71.7 million and consisted of $64.8 million in cash and borrowings of $136.5 million. Gross debt consisted of US$147 million drawn under TWE's A$500 million committed multi-currency revolving debt facility. This amount has been drawn at floating US dollar interest rates. In addition to interest, TWE's finance costs include fixed facility fees, transactional banking costs and costs associated with the debtor sale arrangements in the UK.

Under the facility, TWE has committed undrawn facilities of A$362.5 million.

Cash Flow and Capital Expenditure

A$m **For the year ended 30 June**	**Pro Forma 2011**	**Pro Forma 2010**	***Change***
EBITDAS	267.0	297.8	(10.3)%
Change in working capital	9.5	125.3	
Other items	(5.7)	(15.7)	
Net operating cash flows before financing costs, tax and material items	**270.8**	**407.4**	**(33.5)%**
Capital expenditure	(71.1)	(78.1)	
Asset sale proceeds	2.7	66.7	
Net operating cash flows after net capital expenditure, before financing costs, tax and material items	**202.4**	**396.0**	**(48.9)%**
Cash conversion	**101.4%**	**136.8%**	**(35.4)pts**
Material item cash flows			
- Redundancy and restructuring provision payments	(20.7)	(27.7)	
Cash conversion including material items	93.7%	127.5%	(33.8)pts

The 2010 pro forma cash flow information includes $3.1 million of operating cash flow relating to the distribution of Foster's Group beer, cider and spirits products in New Zealand, and $0.4 million of capital expenditure. These items were not included in the TWE pro forma financial information presented in the demerger scheme booklet.

Operating cash flow prior to interest and tax (OCFIT) was $270.8 million and cash conversion was 101.4%.

Cash conversion in the prior period benefited from a reduction in inventory and initial benefits from the implementation of improved debtor and creditor management practices in Americas.

In fiscal 2011, cash conversion benefited from a reduced in-take in the 2011 Australian vintage. However this benefit was largely offset by a reduction in payables as a result of the working capital settlement in Australia as part of the demerger arrangements with Foster's Group.

Capex was $71.1 million and with major items relating to purchases of oak and incremental upgrades to winery and packaging facilities. Overall capex was similar to depreciation in fiscal 2011.

Material item cash payments of $20.7 million relate to initiatives announced by Foster's Group in February 2009.

STATUTORY RESULT

EBITS was $42.3 million and net profit after tax was $64.1 million. The statutory results do not reflect the current structure of TWE's business. To provide a view of the performance of TWE's business as it is currently structured, pro forma financial information has been prepared to present a view as if the demerger had been effective from 1 July 2009.

Reconciliation between statutory result and pro forma financial information

$Am For the year ended 30 June 2011	Statutory	Entities not previously in TWE Group	Wine business in Beer entities	Corporate Costs	Logistics Costs	Revaluation of foreign currency loans	Pro forma
NSR	1,461.8	142.5	153.9	-	-	-	1,758.3
Other revenue	13.0	22.5	2.7	-	-	-	38.3
Total revenue	**1,474.8**	**165.1**	**156.6**	**-**	**-**	**-**	**1,796.6**
Cost of sales	(1,078.4)	(113.7)	18.3	-	8.5	-	(1,165.3)
Gross profit	**396.5**	**51.4**	**175.0**	**-**	**8.5**	**-**	**631.3**
Other income	1.7	-	-	-	-	-	1.7
Selling expenses	(127.8)	(18.3)	(57.7)	-	-	-	(203.8)
Marketing expenses	(80.8)	(16.1)	(35.1)	-	-	-	(132.0)
Administration expenses	(33.6)	(14.4)	(27.8)	(24.5)	-	-	(100.2)
Other expense	(113.4)	12.4	-	-	-	98.2	(2.7)
Associates profit	(0.2)	-	1.3	-	-	-	1.0
EBITS	**42.3**	**15.0**	**55.7**	**(24.5)**	**8.5**	**98.2**	**195.2**
SGARA	(24.1)	-	-	-	-	-	(24.1)
EBIT	**18.2**	**15.0**	**55.7**	**(24.5)**	**8.5**	**98.2**	**171.1**

Entities not in TWE Group/Wine Business in Beer Entities

Immediately prior to the demerger, Foster's Group undertook an internal corporate restructure that resulted in several entities ceasing to be, and several entities becoming subsidiaries of TWE. In addition, a number of assets and liabilities were transferred between TWE and Foster's Group.

TWE's statutory income statement includes the results of those entities, assets and liabilities that ceased to be part of TWE under the corporate restructure for the period from 1 July 2010 until immediately prior to the demerger. Similarly, TWE's statutory income statement only includes the results of the entities, assets and liabilities that became part of TWE under the corporate restructure for the period from 9 May 2011 to 30 June 2011.

The $15.0 million adjustment relating to entities not in the TWE Group, and the $55.7 million adjustment relating to wine business in beer entities is the estimated result for those entities, assets and liabilities that became part of the TWE immediately prior to the demerger for the period from 1 July 2010 until immediately prior to the demerger.

Corporate costs

TWE's statutory results includes corporate costs associated with TWE becoming a stand alone entity from the demerger effective date to 30 June 2011. The $24.5 million pro forma corporate cost adjustment represents estimated additional corporate costs had TWE operated as an independent listed company in the period from 1 July 2010 to demerger effective date.

Logistics costs

Foster's Group provides logistics services to TWE under a Logistics Service Agreement (LSA). The LSA commenced immediately prior to the demerger and includes a pricing methodology that differs to the methodology used by Foster's Group to allocate logistics costs to TWE prior to the demerger.

TWE's statutory result includes the impact of changes in the pricing methodology for logistics services from the demerger effective date to 30 June 2011. The pro forma adjustment of $8.5 million reflects the estimated change in logistics costs had the pricing methodology under the LSA been effective in the period from 1 July 2010 until immediately prior to the demerger.

Revaluation of foreign currency denominated loans to Foster's Group entities

Prior to the demerger, TWE had various internal financing arrangements with other Foster's Group entities. These included various foreign currency denominated intercompany loans and borrowings between TWE and other Foster's Group entities. TWE's statutory result includes a $98.2 million loss relating to the revaluation of these foreign currency denominated loans and borrowings to reflect exchange rate movements in the period from 1 July 2010 to immediately prior to the demerger. These internal financing arrangements no longer form part of TWE as an independent company, and the loss relating to the revaluation of these loans recognised in the statutory result has been excluded from the pro forma financial information.

Treasury Wine Estates Limited
Preliminary Final Report - Appendix 4E

Consolidated statement of comprehensive income for the financial year ended 30 June 2011

	Note	2011 $m	2010 $m
Revenue	4	**1,474.9**	1,445.4
Cost of sales		**(1,078.4)**	(1,094.5)
Gross profit		**396.5**	350.9
Other income	4	**1.7**	1.4
Selling expenses		**(127.8)**	(118.6)
Marketing expenses		**(80.8)**	(65.0)
Administration expenses		**(33.6)**	(5.6)
Other expenses	5	**(137.6)**	(1,136.4)
Share of net profits of associates and joint ventures accounted for using the equity method		**(0.2)**	-
Profit/(loss) before tax and finance costs		**18.2**	(973.3)
Finance income		**169.5**	104.0
Finance costs		**(103.1)**	(86.9)
Net finance income	4	**66.4**	17.1
Profit/(loss) before tax		**84.6**	(956.2)
Income tax benefit/ (expense)		**(20.2)**	56.2
Net profit/(loss)		**64.4**	(900.0)
Net profit attributable to non-controlling interests		**(0.3)**	(0.6)
Net profit/ (loss) attributable to members of Treasury Wine Estates		**64.1**	(900.6)
Other comprehensive income			
Cash flow hedges		**(1.5)**	(1.8)
Tax on cash flow hedges		**0.4**	0.5
Exchange difference on translation of foreign operations		**(119.7)**	(67.2)
Other comprehensive loss for the year, net of tax		**(120.8)**	(68.5)
Total comprehensive (loss) for the year attributable to members of Treasury Wine Estates		**(56.7)**	(969.1)
Non controlling interests		**0.3**	0.6
Total comprehensive (loss)/ income for the year		**(56.4)**	(968.5)
Earnings per share for profit attributable to the ordinary equity holders of the company	8	**Cents per share**	**Cents per share**
Limited (cents)			
- Basic		**18.4**	(1,025.8)
- Diluted		**18.4**	(1,025.8)

The statement of comprehensive income should be read in conjunction with the accompanying notes.

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Consolidated statement of financial position as at 30 June 2011

	Note	2011 $m	2010 $m
Current assets			
Cash and cash equivalents		**64.8**	37.1
Receivables		**451.6**	6,198.4
Inventories		**768.5**	689.3
Assets held for sale		**12.4**	25.6
Derivative financial assets		**0.7**	10.2
Total current assets		**1,298.0**	6,960.6
Non-current assets			
Receivables		**1.0**	0.8
Inventories		**196.7**	324.3
Investments		**8.9**	62.0
Property, plant and equipment		**912.7**	1,005.9
Agricultural assets		**180.5**	193.7
Intangible assets	7	**927.1**	795.0
Deferred tax assets		**178.8**	262.4
Total non-current assets		**2,405.7**	2,644.1
Total assets		**3,703.7**	9,604.7
Current liabilities			
Payables		**369.2**	10,782.9
Borrowings		**1.1**	319.3
Current tax liabilities		**11.3**	2.8
Provisions		**47.5**	46.9
Derivative financial liabilities		**0.6**	1.1
Total current liabilities		**429.7**	11,153.0
Non-current liabilities			
Payables		**-**	1.3
Borrowings		**135.4**	392.3
Deferred tax liabilities		**257.9**	310.2
Provisions		**3.9**	3.0
Total non-current liabilities		**397.2**	706.8
Total liabilities		**826.9**	11,859.8
Net assets		**2,876.8**	(2,255.1)
Equity			
Contributed equity	11	**3,045.0**	650.0
Reserves		**1,207.0**	(319.0)
Retained earnings		**(1,379.5)**	(2,590.1)
Total parent entity interest		**2,872.5**	(2,259.1)
Non-controlling interest		**4.3**	4.0
Total equity		**2,876.8**	(2,255.1)

The statement of financial position should be read in conjunction with the accompanying notes.

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Statement of changes in equity for the year ended 30 June 2011

	Contributed Equity	Retained Earnings	Cash flow hedge reserve	Share based payments reserve	Foreign currency translation reserve	Demerger and other reserve	Total	Non controlling interests	Total Equity
Balance at 30 June 2009	**-**	**(1,689.5)**	**2.4**	**-**	**(277.5)**	**46.1**	**(1,918.5)**	**4.0**	**(1,914.5)**
Loss for the year	-	(900.6)	-	-	-	-	(900.6)	0.6	(900.0)
Total other comprehensive income	-	-	(1.3)	-	(67.2)	-	(68.5)	-	(68.5)
Total comprehensive income for the year	-	(900.6)	(1.3)	-	(67.2)	-	(969.1)	0.6	(968.5)
Transactions with owners in their capacity as owners directly in equity									
Issue of ordinary shares	650.0	-	-	-	-	-	650.0	-	650.0
Dividends to owners of the company	-	-	-	-	-	-	-	(0.6)	(0.6)
Contribution from owners regarding tax	-	-	-	-	-	(21.5)	(21.5)	-	(21.5)
Balance at 30 June 2010	**650.0**	**(2,590.1)**	**1.1**	**-**	**(344.7)**	**24.6**	**(2,259.1)**	**4.0**	**(2,255.1)**
Profit for the year	-	64.1	-	-	-	-	64.1	0.3	64.4
Total other comprehensive income	-	-	(1.1)	-	(119.7)	-	(120.8)	-	(120.8)
Total comprehensive income for the year	-	64.1	(1.1)	-	(119.7)	-	(56.7)	0.3	(56.4)
Transactions with owners in their capacity as owners directly in equity									
Issue of ordinary shares	3,500.0	-	-	-	-	-	3,500.0	-	3,500.0
Capital reduction	(1,102.5)	1,102.5	-	-	-	-	-	-	-
Retained earnings attributable to entities acquired and disposed under common control	-	44.0	-	-	-	-	44.0	-	44.0
Share based payment expense	-	-	-	0.2	-	-	0.2	-	0.2
Purchase of own shares	(2.5)	-	-	-	-	-	(2.5)	-	(2.5)
Common control transaction	-	-	-	-	60.0	1,586.6	1,646.6	-	1,646.6
Transfers to / (from) equity accounts	-	1,440.5	-	-	-	(1,440.5)	-	-	-
Balance at 30 June 2011	**3,045.0**	**61.0**	**-**	**0.2**	**(404.4)**	**170.7**	**2,872.5**	**4.3**	**2,876.8**

The statement of changes in equity should be read in conjunction with the accompanying notes.

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Consolidated statement of cash flows

	2011 $m Inflows/ (Outflows)	2010 $m Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	1,390.9	1,342.4
Payments to suppliers, governments and employees	(1,224.2)	(1,253.9)
Interest received	6.8	0.2
Borrowing costs	(31.2)	(39.0)
Income taxes paid	(4.7)	(0.6)
Net cash flows from operating activities	137.6	49.1
Cash flows from investing activities		
Payments for property, plant, equipment and agricultural assets	(74.3)	(67.2)
Payments for investments	-	(7.7)
Net proceeds from repayment of loans	0.8	0.4
Proceeds from sale of property, plant and equipment	3.0	2.2
Proceeds from sale of assets held for sale	10.7	66.0
Net cash flows from investing activities	(59.8)	(6.3)
Cash flows from financing activities		
Payments for shares bought back	(2.5)	-
Payments to non controlling interests	-	(0.6)
Proceeds from borrowings	200.0	-
Repayment of borrowings	(262.5)	(28.6)
Net cash flows from financing activities	(65.0)	(29.2)
Total cash flows from activities	12.8	13.6
Cash and cash equivalents at the beginning of the year	37.1	24.8
Proceeds from cash acquired on demerger	20.3	-
Effects of exchange rate changes on foreign currency cash flows and cash balances	(5.4)	(1.3)
Cash and cash equivalents at the end of the year	64.8	37.1

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
30 June 2011

Note 1 Extract of significant accounting policies

Treasury Wine Estates Limited (formerly known as "Berringer Blass Wine Estates Limited") is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This report is an extract from the general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

This extract of significant accounting policies adopted in preparing the consolidated financial statements of Treasury Wine Estates Limited (the 'Company') and of its controlled entities (collectively 'the consolidated entity' or 'the TWE Group') are stated below to assist in a general understanding of this financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and agricultural assets, which have been measured at fair value.

In addition we draw your attention to note 2 which describes the impact on the reported results of TWE Group arising from the transactions and restructuring activities undertaken as part of the demerger from Foster's Group.

Rounding of amounts

The Company is a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission (ASIC), relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest tenth of one million dollars or, where the amount is $50,000 or less, zero, unless specifically stated to be otherwise.

Statement of compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report was authorised for issue by the Board of Directors on 22 August 2011.

Principles of consolidation

The consolidated financial statements have been prepared for the consolidated entity comprising Treasury Wine Estates Limited as the parent entity, and all its controlled entities.

Where control of an entity is obtained during a financial year, its results are included in the statement of comprehensive income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The financial reports of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Average exchange rates used for the translating profit and loss items in 2011 are AUD$1 = USD 0.9876 and GBP 0.6205 (2010: USD 0.8814 and GBP 0.5579). Period end exchange rates used for translating financial position items in 2011 are AUD$1 = 1.0690 USD and GBP 0.6650 (2010: USD 0.8500 and GBP 0.5646).

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company and its Australian subsidiaries. Each entity in the TWE Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions denominated in a foreign currency are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, arising from those transactions, are retranslated at the exchange rates at reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. These amounts remain in equity until either the hedged transaction occurs or the disposal of the net investment, at which time they are recognised in the statement of comprehensive income.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Notes to the consolidated financial statements
30 June 2011

Note 1 Extract of significant accounting policies (continued)

Investments in controlled entities

Investments in controlled entities are accounted for using the purchase method. Under this method, the cost of an acquisition is measured at fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Changes in ownership interests of a subsidiary (that do not result in loss of control) are accounted for as an equity transaction, and have no impact on goodwill. To the extent that the consideration received for the acquisition of non-controlling interest exceeds the carrying value, the excess is recognised directly in equity attributable to the controlling interest.

Investments in associates and joint ventures

In the consolidated financial statements, investments in associates, which includes partnerships, are accounted for using the equity method of accounting and are initially recognised at cost.

Under this method, the TWE Group's share of profits or losses are recognised in the statement of comprehensive income and its share of movements in reserves are recognised in the TWE Group's consolidated other comprehensive income. The cumulative post acquisition changes in the TWE Group's share of net assets of the associate, less any impairment losses, are adjusted against the cost of the investment. When the TWE Group's share of losses in an associate equals or exceeds its interest in the associate, the TWE Group does not recognise any further losses, unless it has an obligation on behalf of the associate. Where there has been a change recognised directly in the associate's equity, the TWE Group recognises its share of any changes and discloses, when applicable, in the consolidated Statement of comprehensive income. Associates are those entities over which the TWE Group has significant influence, but not control and which is neither a subsidiary nor a joint venture.

Unrealised gains and losses in transactions between the TWE Group and its associates are eliminated to the extent of the TWE Group's interest in the associates.

Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of TWE by the weighted average number of ordinary shares outstanding during the year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares issued in relation to dilutive potential ordinary shares.

Operating Segments

The TWE Group has identified its operating segments based on the internal reports reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. These reports present a view of the business from a geographic perspective

The reportable segments are based on operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

The TWE Group has identified the following reportable segments:

i. Australia & New Zealand Wine (ANZ Wine)
This segment is responsible for the manufacture, sale and marketing of wine within Australia and New Zealand.

ii. Europe, Middle East and Africa (EMEA Wine)
This segment is responsible for the sale and marketing of wine within the EMEA region.

iii. Americas Wine
This segment is responsible for the manufacture, sale and marketing of wine within the Americas region.

iv. Asia Wine
This segment is responsible for the sale and marketing of wine within the Asia region.

Note 1 Extract of significant accounting policies (continued)

Operating segments (continued)

Types of products and services

TWE's wine portfolio includes some of the world's leading premium wine brands such as Penfolds, Beringer, Lindemans, Wolf Blass and Rosemount.

Accounting policies and inter-segment transactions

The price is set on an arm's length basis which is eliminated on consolidation.

Corporate charges

Certain Corporate shared service charges, except for net finance costs, are allocated to each business segment on a proportionate basis linked to segment revenue or head count depending on the nature of the charge to determine a segment result. Unallocated costs are reported in the Corporate segment. Net finance costs are not allocated to segments as the financing function of the TWE Group is centralised through the TWE Group's treasury function.

Segment loans payable and loans receivable

Segment loans are initially recognised at the consideration received excluding transaction costs. Inter-segment loans receivable and payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates.

Other

It is the TWE Group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liability are also not allocated to segments.

Major customers

The TWE Group has one customer whose revenues represent 17.6% (2010: 19.8%) of the TWE Group's reported revenues.

New accounting standards and interpretations

The TWE Group has adopted the following new and revised Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations:
- Improvements to AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments.
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues.
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process.
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions.

Recently issued or amended accounting standards

The following Australian Accounting Standards have recently been issued or amended by are not yet effective and have not been adopted for this annual reporting period:

Applicable to the TWE Group for the financial year commencing on or after 1 July 2011.

- AASB 124 (2009) Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards - applicable for reporting periods beginning on or after 1 January 2011. These amendments expand on the definition of what is a related party. There are unlikely to be any financial impacts upon the amounts recognised in the financial report following adoption of this standard.
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project applicable for annual reporting periods beginning on or after 1 January 2011. These amendments are likely to have disclosure impacts only.
- AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - applicable for reporting periods beginning on or after 1 July 2011. These amendments are likely to have disclosure impacts only.
- AASB 9 "Financial Instruments", AASB 2010-7 "Amendments to Australian Accounting Standards arising from AASB 9" and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 – applicable for reporting periods beginning on or after 1 January 2015. These amendments affect the valuation and recognition of certain types of financial assets and liabilities and is not expected to have a significant impact on the financial statements other than disclosure.

Notes to the consolidated financial statements
30 June 2011

Note 1 Extract of significant accounting policies (continued)

Critical accounting estimates and judgements in applying the Company's accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. These judgements, estimates and assumptions are continually evaluated, they are often based on historical experience and assessed to be reasonable under the circumstances at the relevant time. Actual results may differ from these estimates under different assumptions and conditions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Net realisable value of inventory

Inventories of finished goods, raw materials and stores and work in progress are valued at lower of cost and estimated net realisable value. The period over which some wine inventories are converted from raw materials to finished goods can be a significant length of time. For this component of finished goods, net realisable value is determined using forecast demand and expected market prices at the time the wine is expected to be sold. Forecast demand and market prices can vary significantly over the holding period up to the likely date of sale and therefore involves estimating the most likely conditions at the expected point of sale.

Agriculture

The fair value of acquired vines is determined with reference to independent valuations of vineyards and the market price of purchased vines (rootlings). Subsequent movements in the fair values of vines are determined through operational reviews or valuations of the vineyard portfolio which identify, where applicable, any factors affecting the long term viability and value of the vines.

Critical estimates are required in the identification of factors that have a long-term impact on the viability of the vines and in the measurement of the change in value such factors have on the valuation of vines.

Taxation

The TWE Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment of assets

Consistent with the aforementioned impairment accounting policy, TWE Group assets become impaired when their carrying value exceeds their recoverable amount. Recoverable amount is the greater of fair value less costs to sell or value in use. In determining recoverable amount certain judgements and assumptions are made in the determination of likely net sale proceeds or in the determination of future cash flows which support a value in use. Specifically with respect to future cash flows, judgements are made in respect to the quantum of those future cash flows, the discount rates used to present value the cash flows and exchange rates.

Useful life of intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Brand names that have indefinite lives are not amortised. Management use judgement in determining whether an individual brand will have a finite life or an indefinite life. In making this determination, management make use of information on the long-term strategy for the brand, the level of growth or decline of the markets that the brand operates in, and the history of the market and the brand's position within that market. If a brand is assessed to have a finite life, management will use judgement in determining the useful life of the brand and will consider the period over which expected cash flows will continue to be derived in making that decision.

Note 2 Treasury Wine Estates' demerger

Effective from 9 May 2011 Treasury Wine Estates Limited (the Company) and its controlled entities (collectively referred to as the TWE Group) demerged from Foster's Group, and the Company was listed as a separate stand alone entity on the Australian Securities Exchange on 10 May 2011.

The demerger of the TWE Group required Foster's Group to undertake an internal corporate restructure immediately prior to the demerger becoming effective. The internal corporate restructure resulted in several entities ceasing to be, and several entities becoming, subsidiaries of the Company immediately prior to the demerger. In addition, a number of assets and liabilities were transferred between the TWE Group and Foster's Group.

The TWE Group's statutory financial information includes the results of those entities, assets and liabilities that ceased to be part of the TWE Group under the corporate restructure for the period from 1 July 2009 until immediately prior to the demerger, relating to certain non-wine activities and external borrowings that formed part of the TWE Group prior to the demerger, but were retained by Foster's Group.

The TWE Group's statutory financial information only includes the results of the entities, assets and liabilities that became part of the TWE Group under the corporate restructure for the period from 9 May 2011 to 30 June 2011, including the TWE Group's current business in the EMEA region, and certain activities in the ANZ region.

The TWE Group's statutory financial information for the year ended 30 June 2011 and for the comparative year ended 30 June 2010 present the TWE Group's performance in compliance with statutory reporting obligations. However, as a result of the corporate restructure immediately prior to the demerger, the statutory financial information does not give a view of the performance of the TWE Group as it is currently structured. In addition, the TWE Group's statutory financial results only reflect changes in operating and corporate costs associated with the TWE Group becoming a stand alone consolidated entity from 9 May 2011.

To assist shareholders and other stakeholders in their understanding of the TWE Group's business as it is now structured, pro forma financial information for the years ended 30 June 2010 and 2011 is provided in the Company's media release to the Australian Stock Exchange on 22 August 2011. In the preparation of the pro forma financial information, adjustments have been made to the TWE Group's statutory results to present a view of performance as if the internal corporate restructure associated with the demerger had been effective from 1 July 2009. Additional adjustments have also been made in the presentation of pro forma financial information to reflect changes in costs associated with Treasury Wine Estates Limited becoming a stand alone listed entity as if those costs had been incurred from 1 July 2009.

The pro forma adjustments referred to above have been made on a basis consistent with those contemplated on page 64 of the Foster's Group demerger scheme booklet. A reconciliation between the pro forma financial information and Treasury Wine Estates Limited's statutory income statement is included within the aforementioned media release.

Note 3 Businesses acquired and disposed

As part of the activities undertaken by TWE Group pursuant to the Demerger Agreement with Foster's Group, certain assets, liabilities and legal entities have been acquired and divested by TWE Group.

These transactions occurred while under the common control of Foster's Group and for consolidation purposes have been accounted for as transactions between entities under common control by TWE Group. No acquisition accounting in the form of a purchase price allocation was undertaken and therefore the assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. Rather, the TWE Group has elected to account for business combinations under common control at carrying value and accordingly all assets and liabilities acquired by the TWE Group as a result of the demerger have been recognised at values consistent with the carrying value of those assets and liabilities in Foster's Group Limited's accounts immediately prior to the demerger.

The assets and liabilities that moved with and were recognised by TWE Group following the demerger are as follows:

	$m
Cash and cash equivalents	20.3
Trade receivables	69.1
Other receivables	15.5
Inventory	52.3
Property, Plant and equipment	0.9
Intangible assets – brand names	163.5
Intangible assets – IT development costs capitalised	50.8
Trade payables	(10.3)
Other payables	(40.5)
Provisions	(1.1)
Net tax balances	13.5
Net identifiable assets and liabilities recognised	**334.0**

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements
30 June 2011

Note 3 Businesses acquired and disposed (continued)

The assets and liabilities that remained with Foster's and are no longer recognised by TWE Group following the demerger are as follows:

	$m
Investments	52.7
Interest Payable	(7.5)
Net tax balances	19.9
External borrowings	(521.4)
Net identifiable assets and liabilities derecognised	**(456.3)**

The net amount payable in respect to the preceding acquisition and disposal transactions was reflected in an increase in the net debt owed by the TWE Group to Foster's Group, which, pursuant to the Demerger Agreement with Foster's was subsequently forgiven in the amount of $1.66 billion.

As all of the above transactions were undertaken at the direction of and while under the common control of Foster's, these transactions have been recognised for consolidation purposes in the equity account called the demerger and other reserve. The $1.61 billion balance in the demerger reserve represents the net amount of the reorganisation activities and transactions undertaken at the direction of Foster's as part of the demerger process.

	2011 $m	2010 $m
Note 4 Revenue, income and expenses		
Revenue		
Sales revenue*	**1,461.8**	1,434.8
Net sales revenue	**1,461.8**	1,434.8
Other revenue	**13.1**	10.6
Total other revenue	**13.1**	10.6
Total revenue	**1,474.9**	1,445.4
Other income		
Net profit on disposal of		
- property, plant and equipment	**1.7**	1.4
Total other income	**1.7**	1.4
Depreciation of property, plant and equipment	**(71.7)**	(95.2)
Amortisation of intangible assets	**(0.2)**	-
Net agriculture valuation movement	**(24.1)**	(66.1)

*Sales revenue is net of trade discounts and volume rebates

Notes to the consolidated financial statements
30 June 2011

	2011 $m	2010 $m
Note 4 Revenue, income and expenses (continued)		
Finance income		
- Foster's Group entities (formerly related parties)	**162.8**	103.7
- other persons	**6.7**	0.3
Finance costs		
- Foster's Group entities (formerly related parties)	**(85.8)**	(43.9)
- other persons	**(17.3)**	(43.0)
Net finance costs	**66.4**	17.1
Other disclosures		
- doubtful debts expense	**(1.2)**	(0.7)
Write-down in value of inventories	**(1.1)**	(0.8)
Rental expense relating to operating leases	**(20.0)**	(19.2)
Impairment of non-current assets:		
- property, plant and equipment	**-**	(174.8)
- intangible assets (note 7)	**-**	(858.3)
- assets held for sale	**(2.5)**	(0.6)

Note 5 Material items

	2011 $m	2010 $m
Individually material items included in profit / (loss) before income tax:		
2010 wine asset impairment		
- goodwill (tax impact $nil)	-	(759.9)
- brand names (tax benefit applicable: $17 million)	-	(98.4)
- property, plant & equipment (tax benefit applicable: $66.4 million)	-	(174.8)
- agriculture asset fair value adjustments (tax benefit applicable: $14.4 million)	-	(48.1)
Total impairment charges	-	(1,081.2)
Wine review and business restructure impairment charges and provisions		
- Wine assets held for sale (tax expense applicable $8.6 million)	-	26.0
- other asset provisions (tax benefit applicable $1.8 million)	-	(5.1)
- employee provisions (tax expense applicable $1.8 million)	-	5.1
Total material items (tax benefit applicable $89.2 million)	-	(1,055.2)

Total consolidated material items after tax is nil (2010: $966.0 million)

Material item expenditure of $ nil (2010: $1,055.2 million) has been disclosed under other expenses.

Notes to the consolidated financial statements
30 June 2011

Note 6 Segment results

2011	ANZ wine $m	Americas wine $m	Asia wine $m	EMEA wine $m	Corporate $m	Intersegment elimination $m	Consolidated $m
Total revenue comprises							
Net sales revenue	529.1	794.7	81.9	56.1	-	-	1,461.8
Other revenue	9.5	1.6	0.2	0.6	1.2	-	13.1
Inter-segment revenue	255.8	6.7	-	19.5	-	(282.0)	-
Total segment revenue (excl other income/interest)	794.4	803.0	82.1	76.2	1.2	(282.0)	1,474.9
Management EBITS	7.7	88.2	26.2	6.2	(86.0)		42.3
SGARA loss	(18.3)	(5.8)	-	-	-		(24.1)
Material items	-	-	-	-	-		-
Management EBIT	(10.6)	82.4	26.2	6.2	(86.0)		18.2
Net finance income							66.4
Consolidated earnings before tax							84.6
Depreciation of property, plant and equipment	46.9	23.7	-	1.1	-		71.7
Amortisation of intangible assets	-	-	-	-	0.2		0.2
Share of profit of associates & joint ventures	(0.2)	-	-	-	-		(0.2)
Capital expenditure	40.5	29.6	-	0.9	0.1		71.1
Segment assets (excl intersegment assets)	1,828.0	1,247.4	26.6	309.3	264.9		3,676.2

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements
30 June 2011

Note 6 Segment results (continued)

2010	ANZ wine $m	Americas wine $m	Asia wine $m	EMEA wine $m	Corporate $m	Intersegment elimination $m	Consolidated $m
Total revenue comprises							
Net sales revenue	435.0	933.0	66.3	0.5	-		1,434.8
Other revenue	8.4	1.1	0.2	0.9	-		10.6
Inter-segment revenue	278.7	6.8	-	22.5	-	(308.0)	-
Total segment revenue (excl other income/interest)	722.1	940.9	66.5	23.9	-	(308.0)	1,445.4
Management EBITS	(24.4)	101.8	23.1	0.4	(0.1)		100.8
SGARA loss	(15.8)	(2.2)	-	-			(18.0)
Material items	(985.9)	(70.2)	-	-			(1,056.1)
Management EBIT	(1,026.1)	29.4	23.1	0.4	(0.1)		(973.3)
Net finance income							17.1
Consolidated earnings before tax							(956.2)
Depreciation of property, plant and equipment	63.4	30.2	-	1.6	-		95.2
Amortisation of intangible assets	-	-	-	-	-		-
Share of profit of associates & joint ventures	-	-	-	-	-		-
Capital expenditure	48.4	28.3	-	1.0	0.4		78.1
Segment assets (excl intersegment assets)	6,127.9	1,550.0	0.1	37.6	1,889.1		9,604.7

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Note 6 Segment results (continued)

Management EBITS

The Chief Executive Officer assesses the financial performance of each segment by analysing the segment's result on a measure of management EBITS. Management EBITS is defined as profit from continuing operations excluding the effect of net finance costs, tax, material items and the net profit effects of agricultural assets (SGARA). Corporate charges are allocated to each segment on a proportionate basis linked to segment revenue or head count depending on the nature of the charge.

Segment assets

Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. Cash, tax and Corporate related assets are not considered to be operating assets and are therefore excluded from segment assets, and instead included in the Corporate/Unallocated column.

Americas external revenue predominantly includes amounts derived in the United States of America and from Canada.

All non current assets in Americas are held in the United States.

	2011	2010
	$m	$m
Note 7 Intangible assets		
Brand names and licences		
Brand names and licences at cost	**871.4**	789.7
IT development costs		
At cost	**50.8**	-
Accumulated amortisation	**(0.2)**	-
	50.6	-
Goodwill		
Goodwill at cost	**5.1**	5.3
Total intangible assets	**927.1**	795.0

Reconciliations

Reconciliations of the carrying amount of intangibles at the beginning and end of the current and previous year are set out below.

	Brand names & Licences		IT development costs		Goodwill		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$m	$m	$m	$m	$m	$m	$m	$m
Consolidated								
Carrying amount at start of year	**789.7**	910.0	**-**	**-**	**5.3**	825.9	**795.0**	1,735.9
Acquisitions	**163.5**	-	**50.8**	**-**	**-**	-	**214.3**	-
Transfers from/ (to) assets held for sale	**-**	0.4	**-**	**-**	**-**	-	**-**	0.4
Impairment	**-**	(98.4)	**-**	**-**	**-**	(759.9)	**-**	(858.3)
Amortisation expense	**-**	-	**(0.2)**	**-**	**-**	-	**(0.2)**	-
Foreign currency exchange	**(81.8)**	(22.3)	**-**	**-**	**(0.2)**	(60.7)	**(82.0)**	(83.0)
Carrying amount at end of year	**871.4**	789.7	**50.6**	**-**	**5.1**	5.3	**927.1**	795.0

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Note 7 Intangible assets (continued)

Recoverable amount of cash generating units (CGUs)

For the purpose of impairment testing, the TWE Group's CGUs have been reviewed and determined as follows:

- Australia and New Zealand (ANZ)
- Americas
- Europe, Middle East and Africa (EMEA)

For the purposes of testing for impairment, the carrying amount of each individual CGU's net assets has been compared to their recoverable amount, with the recoverable amount being calculated as the higher of fair value less costs to sell and value in use. Fair value less costs to sell has been calculated using a discounted cash flow methodology. In each instance, future cash flow projections for a five year period have been determined based on expectations about future performance. Foreign currency denominated cash flows are converted to Australian dollars at the estimated exchange rates for the period in question. Discount rates used to present value nominal cash flows are similarly consistent with the time period over which cash flows are estimated. When considering the recoverable amount, the net present value of cash flows has also been compared to reasonable earnings multiples for comparable wine and beverage companies

Australia and New Zealand (ANZ)

In 2011, the carrying value of the ANZ CGU's net assets was determined to be not in excess of their recoverable amount and accordingly no impairment was evident in 2011. However, in 2010, an impairment charge of $962.9 million was recognised in respect to the ANZ CGU's net assets. This impairment primarily resulted from adverse exchange rates movements and changes in the discount rate used to present value cash flows.

Americas

In 2011, the carrying value of the Americas CGU's net assets was determined to be not in excess of their recoverable amount and accordingly no impairment was evident in 2011. However, in 2010, an impairment charge of $70.1 million was recognised in respect to the Americas CGU's net assets. This impairment primarily resulted from adverse exchange rates movements and changes in the discount rate used to present value cash flows.

EMEA

As the EMEA CGU was first acquired by the TWE Group as part of the demerger of Treasury Wine Estates from Foster's Group in 2011, the EMEA CGU was first assessed for impairment by the TWE Group in 2011. The outcome of this assessment was that the carrying value of the EMEA CGU's net assets in 2011 was determined to be not in excess of their recoverable amount and accordingly no impairment was evident in 2011.

Key assumptions and sensitivities

The fair value less cost to sell and value in use tests are sensitive to a number of assumptions which are discussed in turn below:

The discount rates used in the respective CGU impairment tests were:

	2011	2010
ANZ	14.0 %	14.0 %
Americas	13.5 %	13.5 %
EMEA	14.0 %	Not applicable

Long term growth rate – Cash flows beyond a five year period are extrapolated using a growth rate of 3% (2010: 3%). The growth rate does not exceed the long term growth rate for the business in which the CGU operates.

Exchange rate – The fair value less costs to sell CGU tests converted forecast foreign currency cash flows at the exchange rate expected to be in place at the time of the forecast transaction. Most foreign currency cash flows are denominated in USD and GBP. The recoverable amount test included a forecast USD exchange rate of A$1 – USD $1.00 for 2011 declining over a five year forecast period to $A = USD $0.92 (30 June 2010: A$1 = USD $0.91 declining over a five year forecast period to A$1 = USD $0.73) and a GBP exchange rate of A$1 = GBP 0.62 for 2011 and declining over a five year forecast period to A$1 = GBP 0.55 (30 June 2010: A$1 = 0.43 graduating up over a five year forecast period to A$1 = GBP 0.46).

A material difference to recoverable amount may also result from applying a different discount rate, exchange rate or long-term growth rate assumption to the recoverable amount calculation.

A change of +0.5% in the discount rate would impair the Americas CGU by $38.5 million. A change in the ANZ and EMEA CGUs discount rate of +0.5% would not cause the carrying amount to exceed the recoverable amount. A change of -0.5% in the discount rate would not cause the carrying amount to exceed the recoverable amount.

A change of +1 cent/ pence in both the USD and the GBP exchange rate would not cause the carrying amount to exceed the recoverable amount of the ANZ, Americas and EMEA CGUs.

A change of -0.5% in the long term growth rate would impair the Americas CGU by $18.5 million. A change in the ANZ and EMEA CGUs long term growth rate of -0.5% would not cause the carrying amount to exceed the recoverable amount.

***We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited*.**

Notes to the consolidated financial statements
30 June 2011

Note 7 Intangible assets (continued)

The following table outlines the allocation of the impairment losses, including for completeness those referrable to items of property, plant and equipment, across the appropriate assets of each CGU.

	Americas Wine		EMEA Wine		ANZ Wine		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Impairment loss arising from CGU recoverable amount test:								
Goodwill	-	-	-	-	-	759.9	-	759.9
Brand names	-	45.1	-	-	-	53.3	-	98.4
Property, plant and equipment	-	25.1	-	-	-	149.7	-	174.8
Total CGU recoverable amount write-downs	-	70.2	-	-	-	962.9	-	1,033.1

Goodwill and indefinite life brand names has been allocated to individual cash-generating units (CGU) according to business segment and country of operation.

A segment-level summary of all indefinite life intangibles is presented below:

	Americas		EMEA		ANZ		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Carrying amount of goodwill	**-**	-	**5.1**	5.3	**-**	-	**5.1**	5.3
Goodwill expensed in the statement of comprehensive income	**-**	-	**-**	-	**-**	759.9	**-**	759.9
Carrying amount of indefinite life brand names	**316.3**	397.8	**166.2**	2.8	**388.9**	389.1	**871.4**	789.7
Indefinite life brand names expensed in the statement of comprehensive income	**-**	45.1	**-**	-	**-**	53.3	**-**	98.4

Impairment losses have not been recognised directly in equity and there have been no reversals of impairment losses recognised during the year.

Indefinite life brand names

Brand names with a carrying value of $871.4 million (2010: $789.7 million) are assessed as having an indefinite useful life. The indefinite useful life reflects management's intention to continue to manufacture or distribute these brands to generate net cash inflows into the foreseeable future. Management's annual review of indefinite life brands has not identified any factors that would significantly restrict the market or the brand position in the market (such as contractual, customer or consumer constraints). The annual review of grape supply has also demonstrated the ability to manufacture and distribute the brands into the foreseeable future. As part of the demerger, the Rosemount and Lindemans brands were acquired the TWE Group. The other key individual brand names in the wine portfolio are Penfolds, Beringer and Wolf Blass.

Notes to the consolidated financial statements
30 June 2011

	2011	2010
Note 8 Earnings per share	**Cents per share**	Cents per share
Basic earnings per share		
Basic earnings per share (cents) based on net (loss)/ profit attributable to members of Treasury Wine Estates Limited	**18.4**	(1,025.8)
Diluted earnings per share		
Diluted earnings per share (cents) based on net (loss)/ profit attributable to members of Treasury Wine Estates Limited	**18.4**	(1,025.8)
Weighted average number of shares	**Number**	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (in thousands)	**348,003**	87,769
Effect of dilution:		
Deferred shares & options (in thousands)	**152**	-
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (in thousands)	**348,155**	87,769

Earnings reconciliation

Basic earnings per share	**$m**	$m
Net profit/ (loss)	**64.4**	(900.0)
Net (profit)/ loss attributable to non-controlling interests	**(0.3)**	(0.6)
Net profit/ (loss) attributable to members of Treasury Wine Estates Limited used in calculating basic earnings per share	**64.1**	(900.6)
Diluted earnings per share		
Net profit/ (loss)	**64.4**	(900.0)
Net (profit)/ loss attributable to non-controlling interests	**(0.3)**	(0.6)
Net profit/ (loss) attributable to members of Treasury Wine Estates Limited used in calculating diluted earnings per share	**64.1**	(900.6)

Note 9 Dividends

A final dividend of 6 cents per share cents per share, 50% franked, was declared on 22 August 2011. This dividend has not been recognised as a financial liability in the financial statements. No other dividends were proposed or declared during the year (2010: nil). The record date for determining an entitlement to receipt of the final dividend is 5pm, Wednesday 7 September 2011.

Dividend Franking Account

As at 30 June, the amount of franking credits available for subsequent years is nil (2010: nil). The franking debit which will arise when the dividend declared post year end is paid is $8.3m.

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements
30 June 2011

	Notes	2011 $m	2010 $m
Note 10 Investments			
Investments accounted for using the equity method	(i)	**8.9**	9.3
Other investments	(ii)	**-**	52.7
Total investments		**8.9**	62.0

(i) Investments accounted for using the equity method

Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the entity holding the ownership interest. The entities are primarily involved in, or have been involved in the production, marketing and distribution activities of the TWE Group.

Name of entity	Country of Incorporation	Reporting date	Ownership interest 2011 %	Ownership interest 2010 %
Fiddlesticks LLC	United States of America	31 December	**50.0**	**50.0**
Judd Road Vineyards Limited	New Zealand	30 June	**50.0**	**50.0**
Make Wine Pty. Ltd.	Australia	30 June	**50.0**	**50.0**
Make Wine Trust	Australia	30 June	**50.0**	**50.0**
Oak Vale Vineyard Limited	New Zealand	30 June	**50.0**	**50.0**
Rapuara Vintners Limited	New Zealand	30 June	**50.0**	**50.0**

(ii) Other Investments

Other investments in 2010 represent the TWE Group's 20% investment in EMEA Investments Limited (UK). As part of the demerger of the TWE Group from the Foster's Group, the TWE Group disposed of this investment.

	2011 Shares million	2010 Shares million
Note 11 Contributed equity		
Paid up capital		
Ordinary fully paid shares (a)	**647.2**	650.0
Opening balance - ordinary fully paid shares	**650.0**	-
Issued for consideration	**3,500.0**	650.0
Share capital consolidation (b)	**(4,150.0)**	-
Shares issued under the Fosters demerger scheme (c)	**647.2**	-
Closing balance	**647.2**	650.0

a) Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(b) Share consolidation
Immediately prior to demerger the Company undertook a share consolidation whereby all shares on issue were converted to one ordinary share.

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Note 11 Contributed equity (continued)

(c) Fosters demerger scheme

Under the Foster's Group demerger scheme, one Treasury Wine Estate Limited share was offered for every three Foster's Group Limited ordinary share held on the record date, being 16 May 2011, thereby resulting in the issue of 647.2 million ordinary shares.

	2011 $m	2010 $m
Note 12 Contingent liabilities		
Retirement benefits payable on termination in certain circumstances, under service agreements with Executive Directors and other persons who take part in the management of the TWE Group	**4.4**	5.4
Total contingent liabilities	**4.4**	5.4

Litigation

Various entities in the TWE Group are party to legal actions which have arisen in the ordinary course of business. The actions are being defended and no material losses are expected to arise.

Note 13 Events subsequent to reporting date

Subsequent to year end TWE Group Management announced an intention to undertake a cost reduction program. Once off costs of between $15m to $20m will be incurred in the 2012 financial year as this program is executed.

There are no other matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the TWE Group, the results of those operations or the state of affairs of the TWE Group in subsequent financial years.

Notes to the consolidated financial statements
30 June 2011

Note 14 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries. Entities which have entered or existed the TWE Group during the year are reflected in the table which follows as well as those which have formed part of the TWE Group during both the 2011 and 2010 financial years.

Entity	Notes	Country of incorporation	Equity Holding 2011	Equity Holding 2010
			%	**%**
Aldershot Nominees Pty. Ltd.*		Australia	**100.00**	100.00
B Seppelt & Sons Limited*		Australia	**100.00**	100.00
Barossa Vineyards Limited	(a)	Australia	**-**	-
Beringer Blass Distribution S.R.L.		Italy	**100.00**	100.00
Beringer Blass Italia S.R.L.		Italy	**100.00**	100.00
Beringer Blass Wine Estates Chile Limitada		Chile	**100.00**	100.00
Beringer Blass Wine Estates Limited	(b)	UK	**100.00**	-
Beringer Blass Wines Pty. Ltd.*		Australia	**100.00**	100.00
Bilyara Vineyards Pty. Ltd.*		Australia	**100.00**	100.00
Brenchley Pty. Limited.	(a)	Australia	**-**	-
Cellarmaster Wines (UK) Limited		UK	**100.00**	100.00
Cellarmaster Wines Holdings (UK) Limited		UK	**100.00**	100.00
Coldstream Australasia Limited*		Australia	**100.00**	100.00
Cuppa Cup Vineyards Pty. Ltd.		Australia	**100.00**	100.00
Devil's Lair Pty. Ltd.		Australia	**100.00**	100.00
Etude Wines, Inc.	(c)	USA	**-**	100.00
Ewines Pty. Ltd.	(b)	Australia	**100.00**	-
FBG Treasury (USA) Inc.	(d)	USA	**-**	100.00
FBL Holdings Limited	(b)	UK	**100.00**	-
Foster's Beverage Trading (Shanghai) Co. Ltd.	(b)(ao)	China	**100.00**	-
Foster's Finance Corp.	(d)	USA	**-**	100.00
Foster's Wine Estates Sales Company	(ap)	USA	**100.00**	100.00
Glenloth Wines Pty. Limited	(a)	Australia	**-**	-
Graymoor Estate Joint Venture		Australia	**48.80**	48.80
Graymoor Estate Pty. Ltd.		Australia	**48.80**	48.80
Graymoor Estate Unit Trust		Australia	**48.80**	48.80
Great Western Sparkling Wines Pty. Ltd.	(e)	Australia	**-**	100.00
Greg Norman Estates Joint Venture		Australia	**70.00**	70.00
Ieiro Pty. Ltd.	(e)	Australia	**-**	100.00
Il Cavaliere del Castello di Gabbiano S.r.l.		Italy	**100.00**	100.00
Interbev Pty. Ltd.*		Australia	**100.00**	100.00
Invin Wines Pty. Ltd.	(b)	Australia	**100.00**	-
Island Cooler Pty. Ltd.	(d)	Australia	**100.00**	100.00
James Herrick Wines Limited		UK	**100.00**	100.00
Kaiser Stuhl Wines Pty. Ltd.	(e)	Australia	**-**	100.00
Killawarra Vintage Wines Pty. Ltd.	(e)	Australia	**-**	100.00
Leo Buring Pty. Ltd.		Australia	**100.00**	100.00
Lindeman (Holdings) Limited*		Australia	**100.00**	100.00

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements 30 June 2011

Note 14 Controlled entities (continued)

Entity	Notes	Country of incorporation	Equity Holding 2011	2010
			%	%
Lindemans Wines Pty. Ltd.		Australia	**100.00**	100.00
Mag Wines Pty. Ltd		Australia	**100.00**	100.00
Majorca Pty. Ltd.*		Australia	**100.00**	100.00
Matua Finance Limited	(f)	New Zealand	**-**	100.00
Matua Valley Wines Limited	(g)	New Zealand	**-**	-
MBL Packaging Pty. Ltd.	(d)	Australia	**100.00**	100.00
Mildara Blass Wines Inc.	(c)	USA	**-**	100.00
Mildara Holdings Pty. Ltd.*		Australia	**100.00**	100.00
Neyog (UK) Limited	(h)	UK	**-**	-
North America Packaging (Pacific Rim) Corporation		USA	**100.00**	100.00
North Napa Land Co.	(i)	USA	**-**	100.00
North Para Environment Control Pty. Ltd.		Australia	**69.90**	69.90
Penfolds Wines Pty Ltd		Australia	**100.00**	100.00
Premium Land, Inc.		USA	**100.00**	100.00
RAL European Holdings Limited	(h)	Netherlands	**-**	-
Raust International Investments BV		Netherlands	**100.00**	100.00
RH Wines Pty. Ltd		Australia	**100.00**	100.00
Robertsons Well Pty. Ltd.		Australia	**100.00**	100.00
Robertsons Well Unit Trust		Australia	**100.00**	100.00
Rosemount Estate Wines Limited	(h)	UK	**-**	-
Rosemount Estates Pty. Ltd.		Australia	**100.00**	100.00
Rosemount Ventures Australia Pty Ltd	(j)	Australia	**-**	-
Rosemount Vineyards Pty. Limited	(a)	Australia	**-**	-
Rothbury Wines Pty. Ltd.*		Australia	**100.00**	100.00
Roxburgh Vineyards Pty. Ltd.		Australia	**100.00**	100.00
SCA 605 Pty. Ltd.		Australia	**100.00**	100.00
SCW 905 Limited*		Australia	**100.00**	100.00
Seaview Wynn Pty. Ltd.*		Australia	**100.00**	100.00
Selion Pty. Ltd.		Australia	**100.00**	100.00
Shingle Peak Wines Limited	(g)	New Zealand	**-**	-
Southcorp Australia Pty. Ltd.*		Australia	**100.00**	100.00
Southcorp Brands Pty. Ltd.*		Australia	**100.00**	100.00
Southcorp Employee Share Plan Pty. Ltd.	(k)	Australia	**-**	100.00
Southcorp Executive Share & Option Plan Pty. Ltd.	(k)	Australia	**-**	100.00
Southcorp Finance Europe Limited	(h)	UK	**-**	-
Southcorp Finance USA, Inc.	(am)	USA	**-**	100.00
Southcorp International Investments Pty. Ltd.*		Australia	**100.00**	100.00
Southcorp Investments Pty. Ltd.	(l)	Australia	**-**	100.00
Southcorp Limited*		Australia	**100.00**	100.00
Southcorp NZ Pty. Ltd.*		Australia	**100.00**	100.00

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements
30 June 2011

Note 14 Controlled entities (continued)

Entity	Notes	Country of incorporation	Equity Holding 2011	Equity Holding 2010
			%	%
Southcorp Whitegoods Pty. Ltd.		Australia	**100.00**	100.00
Southcorp Wine Estates, LLC	(m)	USA	**-**	100.00
Southcorp Wines Asia Pty. Ltd.		Australia	**100.00**	100.00
Southcorp Wines Europe Limited	(b)	UK	**100.00**	-
Southcorp Wines NZ Limited		New Zealand	**100.00**	100.00
Southcorp Wines Pty. Ltd.*	(aj)	Australia	**100.00**	100.00
Southcorp XUK Limited		UK	**100.00**	100.00
T'Gallant Winemakers Pty. Ltd.		Australia	**100.00**	100.00
The New Zealand Wine Club Limited		UK	**100.00**	100.00
The Rothbury Estate Pty. Ltd.*		Australia	**100.00**	100.00
Tolley Scott & Tolley Limited*		Australia	**100.00**	100.00
Treasury Americas Inc	(an)	USA	**100.00**	100.00
Treasury Wine Brands Pty Limited	(n)	Australia	**100.00**	100.00
Treasury Wine Estates (China) Holding Co Pty Ltd*	(o)	Australia	**100.00**	-
Treasury Wine Estates (Matua) Limited	(p)	New Zealand	**100.00**	100.00
Treasury Wine Estates (NZ) Holding Co Pty Ltd*		Australia	**100.00**	100.00
Treasury Wine Estates (NZ) Limited	(q)	New Zealand	**100.00**	-
Treasury Wine Estates Asia (SEA) Pte Limited	(ak)	Singapore	**100.00**	100.00
Treasury Wine Estates (UK) Holding Co Pty Ltd*	(b)	Australia	**100.00**	-
Treasury Wine Estates Americas Company	(r)	USA	**100.00**	100.00
Treasury Wine Estates Asia Pty. Ltd.	(al)	Australia	**100.00**	100.00
Treasury Wine Estates Australia Limited*	(s)	Australia	**100.00**	-
Treasury Wine Estates Barossa Vineyards Pty. Ltd.	(ae)	Australia	**100.00**	100.00
Treasury Wine Estates Canada, Inc.	(t)	Canada	**100.00**	100.00
Treasury Wine Estates Denmark ApS	(u)	Denmark	**100.00**	-
Treasury Wine Estates EMEA Limited	(v)	UK	**100.00**	-
Treasury Wine Estates Finland Oy	(w)	Finland	**100.00**	-
Treasury Wine Estates Group Pty Limited	(x)	Australia	**100.00**	100.00
Treasury Wine Estates Holdings Inc.	(y)	USA	**100.00**	100.00
Treasury Wine Estates Limited*	(z)	Australia	**100.00**	100.00
Treasury Wine Estates Norway AS	(aa)	Norway	**100.00**	-
Treasury Wine Estates Sweden AB	(ab)	Sweden	**100.00**	-
Treasury Wine Estates UK Brands Limited	(ac)	UK	**100.00**	-
Treasury Wine Estates Vintners Limited*	(ad)	Australia	**100.00**	100.00
TWE Finance (Aust) Limited*	(af)	Australia	**100.00**	-
TWE Finance (UK) Limited	(b)	UK	**100.00**	-
TWE Insurance Company Pte. Ltd.	(ag)	Singapore	**100.00**	-
TWE Share Plans Pty Ltd	(ah)	Australia	**100.00**	-
TWE US Finance Co.		USA	**100.00**	100.00
VEA Pty. Ltd.	(d)	Australia	**100.00**	100.00

We draw your attention to note 2 which describes the impact on the reported results of Treasury Wine Estates arising from transactions and restructuring activities undertaken as part of the demerger from Foster's Group Limited.

Notes to the consolidated financial statements
30 June 2011

Note 14 Controlled entities (continued)

Entity	Notes	Country of incorporation	Equity Holding 2011	2010
			%	%
Vintners Imports Pty. Ltd.	(ai)	Australia	**-**	100.00
Waikoukou Vineyards Limited	(g)	New Zealand	**-**	-
Wolf Blass Wines Pty. Ltd.*		Australia	**100.00**	100.00
Woodley Wines Pty. Ltd.		Australia	**100.00**	100.00
Wynn Winegrowers Pty. Ltd.		Australia	**100.00**	**100.00**
Wynns Coonawarra Estate Pty. Ltd		Australia	**100.00**	**100.00**

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 35) and relieved from the requirement to prepare audited financial statements by ASIC Class Order (98/1418).

Notes
(a) Liquidated on 30 June 2010
(b) Joined group on 9 May 2011
(c) Liquidated on 22 November 2010
(d) Left group on 9 May 2011 as part of the demerger to become Foster's Group subsidiaries.
(e) Liquidated on 23 November 2010
(f) Left group on 31 March 2011
(g) Liquidated on 28 October 2009
(h) Liquidated on 4 March 2010
(i) Liquidated on 30 November 2010
(j) Liquidated on 3 September 2009
(k) Liquidated on 17 April 2011
(l) Liquidated on 15 October 2010
(m) Liquidated on 27 September 2010
(n) Formerly SCP 197 Pty. Ltd.
(o) Incorporated on 23 December 2010
(p) Formerly Foster's New Zealand (Matua) Limited
(q) Formerly Foster's New Zealand Ltd. Joined group on 22 March 2011.
(r) Formerly Foster's Wine Estates America Co
(s) Incorporated on 20 July 2010
(t) Formerly Foster's Wine Estates Canada, Inc.
(u) Formerly Foster's Denmark ApS. Joined group on 9 May 2011.
(v) Formerly Foster's EMEA Ltd. Joined group on 9 May 2011.
(w) Formerly Foster's Finland OY. Joined group on 9 May 2011.
(x) Formerly SRP 687 Pty. Ltd.
(y) Formerly Foster's Wine Estates Holdings, Inc.
(z) Formerly Beringer Blass Wine Estates Ltd, and prior to that Beringer Blass Wine Estates Pty. Ltd.
(aa) Formerly Foster's Norway AS. Joined group on 9 May 2011.
(ab) Formerly Foster's Sweden AB. Joined group on 9 May 2011.
(ac) Incorporated on 25 February 2011
(ad) Formerly Foster's Wine Estates Limited
(ae) Formerly Foster's Barossa Vineyards Pty. Ltd – name changed 18 July 2011.
(af) Incorporated on 2 February 2011
(ag) Incorporated on 24 March 2011
(ah) Incorporated on 22 March 2011
(ai) Liquidated on 15 October 2010
(aj) Formerly Penfolds Wines Pty. Ltd.
(ak) Formerly Foster's Asia (SEA) Pte Limited.
(al) Formerly Foster's Asia Pty. Ltd – name changed on 18 July 2011
(am) Merged with Treasury America Inc on 31 March 2011
(an) Formerly Fosters America Inc
(ao) Post year end this entity undertook to change its name to Treasury Wine Estates Shanghai Co Ltd
(ap) This entity is in the process of being dissolved