Appendix 4E
Preliminary Final Report in respect to
Treasury Wine Estates Limited
For the year ended 30 June 2013
ABN 24 004 373 862

1. Results for announcement to the market

Key information	**Year ended 30 June 2013 $m**	**Year ended 30 June 2012 $m**	**% Change increase / (decrease)**	**Amount increase / (decrease) $m**
Revenue from ordinary activities	1,728.4	1,680.6	2.8 %	47.8
Profit attributable to members of Treasury Wine Estates Limited	42.3	89.9	(52.9)%	(47.6)
Earnings before interest, tax, SGARA and material items	209.2	210.2	(0.5)%	(1.0)

Earnings per share	**Year ended 30 June 2013 Cents per share**	**Year ended 30 June 2012 Cents per share**
Basic earnings per share	6.5	13.9
Basic earnings per share, adjusted to exclude SGARA and material items	21.1	20.9

Dividends (distributions)	**Cents per share**	**Franking %**
Final dividend – year ended 30 June 2013 (determined subsequent to balance date) (i),(ii)	7.0 cents	unfranked
Interim dividend – half year ended 31 December 2012	6.0 cents	50%
Final dividend – year ended 30 June 2012	7.0 cents	50%

(i) Non-resident withholding tax is payable on the unfranked component of this dividend as the conduit foreign income component for the period is declared to be nil.

(ii) The record date for determining an entitlement to receipt of the final dividend is Tuesday 10 September 2013 and the Company expects to pay the dividend on Tuesday 8 October 2013.

2. Preliminary final financial statements

Please refer to pages 1 through 55 of this report wherein the following are provided:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2013
- Consolidated statement of financial position as at 30 June 2013
- Consolidated statement of changes in equity for the year ended 30 June 2013
- Consolidated statement of cash flows for the year ended 30 June 2013 and;
- Notes to the consolidated financial statements

This report is based on accounts which are in the process of being audited. The audit report will be made available with the Company's final annual report.

The Company expects to release its final annual report for the year ended 30 June 2013 on 20 September 2013.

3. Net tangible asset backing

Net tangible asset backing per ordinary share	**Year ended 30 June 2013 $**	**Year ended 30 June 2012 $**
Net tangible asset backing per ordinary share	3.09	3.05

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

The Annual General Meeting will be held as follows:

Place: National Wine Centre of Australia
Corner of Botanic and Hackney Roads
Adelaide, South Australia, Australia

Time: 10.00am, Wednesday 23 October 2013

5. Further information

Further information can be obtained from:

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $m	2012 $m
Revenue	3	1,728.4	1,680.6
Cost of sales		(1,303.9)	(1,100.0)
Gross profit		**424.5**	**580.6**
Other income	3	9.5	32.7
Selling expenses		(182.1)	(182.1)
Marketing expenses		(70.9)	(90.4)
Administration expenses		(94.9)	(90.1)
Other expenses		(28.8)	(104.7)
Share of net profits of associates and joint ventures accounted for using the equity method		1.0	0.8
Profit before tax and finance costs		**58.3**	**146.8**
Finance income		0.7	3.3
Finance costs		(15.1)	(9.6)
Net finance costs	3	(14.4)	(6.3)
Profit before tax		**43.9**	**140.5**
Income tax expense	5	(1.2)	(50.8)
Net profit		**42.7**	**89.7**
Net (profit)/loss attributable to non-controlling interests		(0.4)	0.2
Net profit attributable to members of Treasury Wine Estates Limited		**42.3**	**89.9**
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		0.5	(0.5)
Tax on cash flow hedges		(0.3)	0.3
Exchange difference on translation of foreign operations		106.4	52.0
Other comprehensive income for the year, net of tax		**106.6**	**51.8**
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		148.9	141.7
Non-controlling interests		0.4	(0.2)
Total comprehensive income for the year		**149.3**	**141.5**
Earnings per share for profit attributable to the ordinary equity holders of the Company		**Cents Per Share**	**Cents Per Share**
Basic	7	6.5	13.9
Diluted	7	6.5	13.8

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $m	2012 $m
Current assets			
Cash and cash equivalents	9	10.8	28.6
Receivables	10	457.1	445.2
Inventories	11	714.5	711.5
Current tax assets		0.1	10.9
Assets held for sale	13	2.5	3.5
Derivative financial assets	19	1.0	0.6
Total current assets		**1,186.0**	**1,200.3**
Non-current assets			
Receivables	10	3.8	2.4
Inventories	11	446.0	362.5
Investments	12	2.0	6.6
Derivative financial assets	19	0.2	0.3
Property, plant and equipment	14	1,024.4	931.1
Agricultural assets	15	227.1	195.6
Intangible assets	16	1,009.9	932.6
Deferred tax assets	5	228.8	189.4
Total non-current assets		**2,942.2**	**2,620.5**
Total assets		**4,128.2**	**3,820.8**
Current liabilities			
Payables	17	480.0	464.0
Borrowings	20	0.7	21.0
Provisions	21	88.2	54.4
Derivative financial liabilities	19	4.3	1.1
Total current liabilities		**573.2**	**540.5**
Non-current liabilities			
Borrowings	20	224.3	43.2
Deferred tax liabilities	5	314.4	293.2
Provisions	21	3.7	4.2
Derivative financial liabilities	19	4.7	0.4
Total non-current liabilities		**547.1**	**341.0**
Total liabilities		**1,120.3**	**881.5**
Net assets		**3,007.9**	**2,939.3**
Equity			
Contributed equity	23	3,042.6	3,042.2
Reserves	24	(236.2)	(345.8)
Retained earnings		197.3	239.1
Total parent entity interest		**3,003.7**	**2,935.5**
Non-controlling interest		4.2	3.8
Total equity		**3,007.9**	**2,939.3**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $m	Retained earnings $m	Cash flow hedge reserve $m	Share based payments reserve $m	Foreign currency translation reserve $m	Demerger and other reserve $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 30 June 2011	**3,045.0**	**61.0**	**-**	**0.2**	**(404.4)**	**170.7**	**2,872.5**	**4.3**	**2,876.8**
Profit/(loss) for the year	-	89.9	-	-	-	-	89.9	(0.2)	89.7
Total other comprehensive income/(loss)	-	-	(0.2)	-	52.0	-	51.8	-	51.8
Total comprehensive income/(loss) for the year	**-**	**89.9**	**(0.2)**	**-**	**52.0**	**-**	**141.7**	**(0.2)**	**141.5**
Transactions with owners in their capacity as owners directly in equity									
Share-based payment expense	-	-	-	6.6	-	-	6.6	-	6.6
Purchase of own shares	(2.8)	-	-	-	-	-	(2.8)	-	(2.8)
Dividends to owners of the Company	-	(77.7)	-	-	-	-	(77.7)	(0.3)	(78.0)
Common control transaction	-	-	-	-	-	(4.8)	(4.8)	-	(4.8)
Transfer to/(from) equity accounts	-	165.9	-	-	-	(165.9)	-	-	-
Balance at 30 June 2012	**3,042.2**	**239.1**	**(0.2)**	**6.8**	**(352.4)**	**-**	**2,935.5**	**3.8**	**2,939.3**
Profit for the year	-	42.3	-	-	-	-	42.3	0.4	42.7
Total other comprehensive income	-	-	0.2	-	106.4	-	106.6	-	106.6
Total comprehensive income for the year	**-**	**42.3**	**0.2**	**-**	**106.4**	**-**	**148.9**	**0.4**	**149.3**
Transactions with owners in their capacity as owners directly in equity									
Share-based payment expense	-	-	-	7.9	-	-	7.9	-	7.9
Shares issued - deferred share plan	4.9	-	-	(4.9)	-	-	-	-	-
Purchase of own shares	(4.5)	-	-	-	-	-	(4.5)	-	(4.5)
Dividends to owners of the Company	-	(84.1)	-	-	-	-	(84.1)	-	(84.1)
Balance at 30 June 2013	**3,042.6**	**197.3**	**-**	**9.8**	**(246.0)**	**-**	**3,003.7**	**4.2**	**3,007.9**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $m Inflows/ (Outflows)	2012 $m Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		2,121.3	2,053.5
Payments to suppliers, governments and employees		(1,969.0)	(1,807.2)
Interest received		0.7	3.4
Borrowing costs paid		(15.4)	(10.2)
Income taxes paid		(23.2)	(59.9)
Other cash payments		(1.3)	-
Net cash flows from operating activities	30	**113.1**	**179.6**
Cash flows from investing activities			
Payments for property, plant, equipment and agricultural assets		(134.9)	(69.8)
Payments for intangible assets		(28.9)	(14.2)
Payments for subsidiaries, investments and other assets	22	(27.5)	(0.5)
Net proceeds from repayment of loans		-	0.9
Loans to other parties		(2.0)	(1.2)
Proceeds from sale of property, plant and equipment		2.2	0.9
Proceeds from sale of assets held for sale		1.1	2.9
Proceeds from sale of investments and other assets		-	2.8
Other cash receipts		1.4	31.5
Net cash flows from investing activities		**(188.6)**	**(46.7)**
Cash flows from financing activities			
Payments for on-market share purchase		(4.5)	(2.8)
Payments to non-controlling interests		-	(0.3)
Dividend payments		(84.1)	(77.7)
Proceeds from borrowings		750.3	318.5
Repayment of borrowings		(610.5)	(408.9)
Net cash flows from financing activities		**51.2**	**(171.2)**
Total cash flows from activities		**(24.3)**	**(38.3)**
Cash and cash equivalents at the beginning of the year		28.6	64.8
Effects of exchange rate changes on foreign currency cash flows and cash balances		6.5	2.1
Cash and cash equivalents at end of the year	9, 30	**10.8**	**28.6**

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

Note 1 Summary of significant accounting policies

Treasury Wine Estates Limited (the 'Company') is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The significant accounting policies adopted in preparing the consolidated financial statements of the Company and of its controlled entities (collectively 'the consolidated entity' or '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 is a 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.

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.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and 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 2013. The directors have the power to amend and reissue the financial statements.

Principles of consolidation

The consolidated financial statements have been prepared for the consolidated entity comprising the Company, and all its controlled entities. Controlled entities are listed in note 33.

Where control of an entity is obtained during a financial year, its results are included in the statement of profit or loss and other 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 Company, using consistent accounting policies. Average exchange rates used in translating profit and loss items in 2013 are AUD$1 = USD 1.0274 and GBP 0.6552 (2012: USD 1.0317 and GBP 0.6511). Year end exchange rates used in translating financial position items in 2013 are AUD$1 = USD 0.9282 and GBP 0.6084 (2012: USD 1.0033 and GBP 0.6467).

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 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 relevant 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 profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. These amounts remain in equity until

Note 1 Summary of significant accounting policies (continued)

Principles of consolidation (continued)

Transactions and balances (continued)

either the hedged transaction occurs or the disposal of the net investment, at which time they are recognised in the statement of profit or loss and other 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.

Foreign group companies

The results and financial position of the foreign group entities that have a functional currency different to Australian dollars are translated into the presentation currency of the Company (being Australian dollars) as follows:

(i) assets and liabilities are translated at the closing rate at the statement of financial position date;
(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates for the period; and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve in shareholders' equity.

Monetary items form part of a net investment in a foreign operation even if they are not denominated in the functional currency of the entity or the foreign operation.

When a foreign operation is sold, the cumulative exchange difference in the foreign currency translation reserve for this operation is recognised in the statement of profit or loss and other comprehensive income as part of the gain and loss on sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as operating revenue are net of sales discounts and rebates, duties and taxes.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and revenue can be reliably measured. The following specific recognition criteria must also be met before certain types of revenue are recognised.

Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer, the amount can be reliably measured and collectability of the related receivable is reasonably assured. Generally, revenue is recognised when goods are despatched or when goods are delivered.

Products are often sold with volume discounts and other rebates. Sales are recorded based on the price specified in the sales contracts, net of the estimated discount or rebate at the time of sale. Accumulated experience is used to estimate and provide for the discounts based on anticipated annual purchases.

Property

Revenue from the sale of properties is recognised when an executable contract becomes unconditional.

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which applies a rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Note 1 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Royalties

Revenue is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Dividends

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

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of the asset.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Acquisition of assets

The purchase method of accounting is used for all asset acquisitions regardless of whether equity instruments or other assets are required. Cost is measured as the fair value of cash, shares issued or liabilities undertaken at the date of acquisition. Costs directly attributable to the acquisition are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, other costs are expensed when they are incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value as at the date of acquisition.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Note 1 Summary of significant accounting policies (continued)

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal assessment of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written-down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of profit or loss and other comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment losses recognised for goodwill are prohibited from being reversed.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held at call with banks, cash in transit, short term deposits and investments with maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents are disclosed net of outstanding bank overdrafts.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Credit terms are generally between 30 – 120 days depending on the nature of the transaction.

All trade receivables are regularly reviewed and a provision for impairment of trade receivables is established when there is objective evidence that all amounts may not be collectible according to the original terms of the sales transaction. Bad debts are written-off when identified.

Other receivables

Other debtors are initially recorded at fair value of the consideration received or receivable.

Other debtors are classified as current assets unless the debtor has an unconditional right to defer settlement of the debt for at least 12 months after balance date, in which case the debt is classified as a non-current asset.

Subsequent measurement of other non-current debtors occurs at amortised cost, where the nominal value is discounted to present value, using the effective interest rate method over the expected period of settlement.

Note 1 Summary of significant accounting policies (continued)

Inventories

Inventories of finished goods, raw materials and stores and work in progress are valued at the lower of cost (using average or FIFO basis) and estimated net realisable value. Cost of manufactured goods is determined on a consistent basis, comprising raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity, but excludes borrowing costs.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs to be incurred in marketing, selling and distribution.

Inventories of wine stocks, have been classified between current and non-current based on sales projections for the ensuing year.

Investments in associates

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

Under this method, the Group's share of profits or losses are recognised in the statement of profit or loss and other comprehensive income and its share of movements in reserves are recognised in the Group's other comprehensive income. The cumulative post acquisition changes in the Group's share of net assets of the associate, less any impairment losses, are adjusted against the cost of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the 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 Group recognises its share of any changes and discloses, when applicable, in the consolidated statement of profit or loss and other comprehensive income. Associates are those entities over which the 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 Group and its associates are eliminated to the extent of the Group's interest in the associates.

Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interest in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate.

When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the statement of profit or loss and other comprehensive income.

Note 1 Summary of significant accounting policies (continued)

Financial assets (continued)

Held-to-maturity investment

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Interest bearing investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in the statement of profit or loss and other comprehensive income when the investments are derecognised or in the event of impairment, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified within any of the three preceding categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

For investments where there is no active market or no quoted market price, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment; discounted cash flow analysis and option pricing models.

Impairment of financial assets

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the statement of profit or loss and other comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is revised. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Note 1 Summary of significant accounting policies (continued)

Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party. The derecognition of financial assets takes place when the rights to receive cash flow from the assets expire or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts and options are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction; or hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Forecast intra-group transactions qualify as a hedged item when the transaction is highly probable, not in the functional currency of the entity entering into the transaction and the foreign currency risk will affect the consolidated position. Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

In relation to fair value hedges (interest rate swaps) which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the statement of profit or loss and other comprehensive income. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the statement of profit or loss and other comprehensive income such that it is fully amortised by maturity.

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss and other comprehensive income.

When the hedged firm commitment results in the recognition of an asset or a liability, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the statement of profit or loss and other comprehensive income in the same period in which the hedged firm commitment affects the profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Note 1 Summary of significant accounting policies (continued)

Derivative financial instruments

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Where an asset is acquired by means of a finance lease, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, costs are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit or loss and other comprehensive income.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The Group depreciates plant and equipment so that the assets are written-off over their estimated useful economic lives, using reducing balance or straight-line methods as appropriate. Lease premiums and leasehold improvements are written-off over the period of the lease or estimated useful economic life, whichever is the shorter.

Plant and equipment under construction is shown as ‘projects in progress’ at cost. The cost of construction includes the cost of materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

The depreciation rates used for each class of asset are as follows:

Freehold buildings and improvements	1.5% - 10.0%
Leasehold buildings and improvements	10.0% - 20.0%
Plant and equipment	3.3% - 40.0%

Residual values, useful lives and amortisation methods are reviewed annually and adjusted where applicable.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the period the asset is derecognised.

Note 1 Summary of significant accounting policies (continued)

Intangible assets

Brand names

Acquired brand names are initially included in the financial statements at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The cost of acquired brand names is determined by reference to independent valuations performed on the acquisition of businesses. Internally generated brand names, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

The useful lives of brand names are assessed to be either finite or indefinite. Brand names with a long-term strategic focus have indefinite lives and are not amortised. In certain circumstances where brand names have definite lives, the carrying amount of the applicable brand names are amortised over their expected useful lives (4 – 10 years) and the expense is taken to the statement of profit or loss and other comprehensive income.

Brand names are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived brand names the carrying value is tested for impairment as part of the annual testing of cash-generating units. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Expenditure incurred in developing, maintaining or enhancing brand names is written-off in the statement of profit or loss and other comprehensive income in the year in which it is incurred.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

IT development and software

Costs incurred in developing information technology (IT) products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as intangible IT assets. Following initial recognition, IT assets are carried at cost less any accumulated amortisation. Costs incurred in developing IT assets include the cost of purchased software and labour used in the development of software, and software licenses and are amortised over the expected useful life of the intangible asset (4 - 10 years).

Agricultural assets

Agricultural assets comprise grape vines and olive trees. Both of these assets are measured at fair value less estimated point-of-sale costs, with changes in the fair value during the period recognised in the statement of profit

Note 1 Summary of significant accounting policies (continued)

Agricultural assets (continued)

or loss and other comprehensive income. Costs incurred in maintaining agricultural assets are recognised as expenses in the statement of profit or loss and other comprehensive income as incurred.

The fair value of picked grapes and olives is recognised in the statement of profit or loss and other comprehensive income in the year of harvest.

Assets held for sale and discontinued operations

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recorded at fair value of the consideration received, net of issue costs directly associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issuance.

Gains and losses are recognised in the statement of profit or loss and other comprehensive income in the event that the liabilities are derecognised.

Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or the Group.

Trade payables are normally settled within 60 days from the end of the month from which the invoice is received unless alternate terms have been agreed with the supplier.

Employee benefits

Wages, salaries, annual leave, bonuses and non-monetary benefits

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within 12 months) are accrued at undiscounted amounts and are calculated at amounts expected to be paid as at reporting date.

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

Liabilities for Short Term Incentive Plan (STIP) rewards are recognised where there is a contractual or constructive obligation and accrued on an undiscounted basis.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of a current employee according to a detailed formal plan without possibility of withdrawal or upon the provision of an offer to encourage voluntary redundancy.

Note 1 Summary of significant accounting policies (continued)

Employee benefits (continued)

Superannuation

Superannuation contributions are recognised as an employee benefit expense when they are due and payable.

Shared-based payment transactions

The Group provides benefits to employees in the form of share-based payment awards, whereby employees render services in exchange for shares or performance rights over shares under the Group's Employee Share Plan. Information relating to this plan is set out in note 26.

The fair value of the shares granted is determined by reference to observed market values. The fair value of the TSR component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. The non-market performance conditions (ROCE and EPS) do not impact the value of the non-market component of shares and performance rights. For the non-market components, the fair value is independently determined based on the share price less the present value of dividends. The impact of non-market conditions are taken into account in the expensing process (described below).

Subsequent to grant date, and over the applicable vesting period, the fair value of the shares and performance rights is progressively recognised as an employee benefits expense with a corresponding increase in equity. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. In the case of performance rights, vesting conditions require the achievement of certain performance hurdles and the completion of specified service periods, whilst in the case of share awards the vesting condition relates to the completion of specified service periods only.

At each reporting date the Group revises its estimate of the number of shares and the non-market component of performance rights that are expected to vest and the employee benefits expense recognised each period takes this estimate into account. No expense is recognised for shares and performance rights that do not ultimately vest, except in the case of certain performance rights where vesting is conditional upon a market condition (such as TSR) and that market condition is not met.

Provisions

Provisions are recognised when a present obligation (legal, equitable or constructive) to make a future sacrifice of economic benefits to other entities arises as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Restructuring

Liabilities arising directly from undertaking a restructuring program, not in connection with the acquisition of an entity or operations, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced, by either entering into contracts to undertake the restructuring activities or making a detailed announcement such that affected parties are in no doubt the restructuring program will proceed.

Restructuring provisions are only recognised on acquisition when the provision is a recognised liability of the acquired entity at the time of acquisition.

The cost of restructurings provided for is the estimated future cash flows, discounted at the appropriate rate which reflects the risks of the cash flows.

Note 1 Summary of significant accounting policies (continued)

Onerous contracts

Provisions recognised in relation to onerous contracts are recognised where the unavoidable costs of meeting the obligations under these contracts exceed the expected benefits expected to be received.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax assets and liabilities are measured at the local tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws applicable to the origin of the temporary differences) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss and other of comprehensive income.

No provision has been made for foreign taxes which may arise in the event of retained profits of foreign controlled entities being remitted to Australia as there is no present intention to make any such remittances.

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

Deferred tax assets and deferred tax liabilities associated with indefinite life intangibles such as brand names are measured based on the tax consequences that would follow from the sale of that asset. Deferred tax assets are only booked where recovery of that asset is probable.

Tax consolidation legislation

The Company formed a consolidated group for income tax purposes with each of its Australian resident subsidiaries on 21 May 2011.

The Company and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured on a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each reporting entity in the group.

Contributed equity

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

Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Group by the weighted average number of ordinary shares outstanding 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.

Note 1 Summary of significant accounting policies (continued)

Operating segments

The 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 the aggregation of 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 Group has identified the following reportable segments:

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

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

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

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

Types of products and services
The Group's wine portfolio includes some of the world's leading commercial, masstige and luxury wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass and Rosemount. The Group also distributes beer under license in New Zealand. In the year ended 30 June 2013, the Group commenced providing contract bottling services to third parties.

Accounting policies and intersegment 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 Group is centralised through the Group's treasury function.

Segment loans payable and loans receivable
Segment loans are initially recognised at the consideration received excluding transaction costs. Intersegment 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 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 Group has two major customers whose revenues represent 17.8% (2012: 18.2%) and 11.0% (2012: 12.0%) of the Group's reported revenues.

New Accounting Standards and Interpretations

The Group has adopted the following new and revised Accounting Standard issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations. The adoption of this standards did not have any effect on the financial position or performance of the Group.

Reference	Title
AASB 2011-9	Presentation of items of other comprehensive income

Note 1 Summary of significant accounting policies (continued)

Recently issued or amended accounting standards

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

AASB 9 Financial Instruments, AASB 2009-11, AASB 2010-7
These amendments affect the valuation and recognition of certain types of financial assets and liabilities and are not expected to have a significant impact on the financial statements other than disclosure and becomes applicable 1 January 2015.

AASB 10 Consolidated Financial Statements, AASB 2011-7
Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Group. This standard is not expected to have a significant impact on the financial statements and becomes applicable to annual reporting periods commencing 1 January 2013.

AASB 11 Joint Arrangements
Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. This standard is not expected to have a significant impact on the financial statements and becomes applicable to annual reporting periods commencing 1 January 2013.

AASB 12 Disclosure of interests in other entities
The standard includes disclosure requirements for entities covered under AASB 10 and 11. This standard is not expected to have a significant impact on the financial statements and becomes applicable to annual reporting periods commencing 1 January 2013.

AASB 13 Fair value measurement
The standard provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. This standard is not expected to have a significant impact on the financial statements and becomes applicable to annual reporting periods commencing 1 January 2013.

AASB 119 Employee benefits
The standard changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. Revised accounting for defined benefit plans removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. This standard is not expected to have a significant impact on the financial statements and becomes applicable to annual reporting periods commencing 1 January 2013.

AASB 2011-4 Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements
The AASB removed the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures in 2011, to achieve consistency with the international standards and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements and becomes applicable 1 July 2013.

Note 2 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, and 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:

Note 2 Critical accounting estimates and judgements in applying the Company's accounting policies (continued)

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. Net realisable value of inventory 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. 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 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.

On 21 May 2011, the Company and its wholly owned Australian resident subsidiaries formed an Australian tax consolidated group. Under the current tax consolidation rules, the tax costs of assets brought into the income tax consolidated group by members that join the consolidated group are required to be reset under the tax cost setting process. In the financial year ended 30 June 2011, the Company performed an estimate of the effect of the tax cost resetting process which resulted in an increase in deferred tax liabilities of approximately $2 million.

During the financial year ended 30 June 2013, the Company has commenced additional analysis to confirm the original estimates on the impact of the tax consolidation reset cost base rules given that the Australian Federal Government's potential changes to Australian tax laws, to apply to demergers after 9 November 2010, have not been enacted since their original announcement date. As at 22 August 2013, this analysis is incomplete, however based on preliminary estimations, it is anticipated that the Company should be entitled to tax refunds relating to the 2011 to 2013 financial years. These tax refunds will be predominantly realised by the Company in the form of tax offsets that can be utilised against TWE's future tax liabilities. As a result of these anticipated tax refunds, the Company does not expect to be able to frank any future dividends for the next 2 years.

Impairment of assets

Consistent with the impairment accounting policy in note 1, 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 3 Revenue, income and expenses

	2013 $m	2012 $m
Revenue		
Net sales revenue*	1,656.5	1,640.8
Other revenue	71.9	39.8
Total revenue	**1,728.4**	**1,680.6**
Other income		
Fair value adjustment to investment	7.9	-
IT contract settlement receipt	1.1	31.5
Net profit on disposal of property, plant and equipment	0.5	1.2
Total other income	**9.5**	**32.7**
Depreciation of property, plant and equipment	(72.3)	(66.1)
Amortisation of intangible assets	(4.5)	(1.6)
Net agriculture valuation movement	3.8	(23.4)
Finance income	0.7	3.3
Finance costs	(15.1)	(9.6)
Net finance cost	**(14.4)**	**(6.3)**
Other disclosures		
Doubtful debts	(2.1)	(0.1)
Inventory obsolescence	(82.7)	-
Rental expense relating to operating leases	(50.3)	(36.5)
Net foreign exchange gains/(losses)	(5.3)	(2.2)
Impairment of non-current assets:		
Property, plant and equipment (note 14)	-	(7.0)
Intangible assets (note 16)	-	(35.8)

**Net sales revenue is net of trade discounts and volume rebates.*

Note 4 Material items

The following individually material items are included within the consolidated statement of profit or loss and other comprehensive income.

	2013 $m	2012 $m
Individually material items included in profit/(loss) before income tax:		
Inventory write-down to NRV - tax benefit applicable $29.7m	(82.4)	-
Special depletion allowance - tax benefit applicable $14.0m	(38.1)	-
Net distributor inventory destruction - tax benefit applicable $12.4m	(33.8)	-
Fair value adjustment to investments and other assets - tax expense applicable $0.0m	7.9	-
Lease termination costs - tax benefit applicable $0.4m	(2.5)	-
Restructuring and redundancy - tax benefit applicable $1.0m (2012: tax benefit applicable $7.0m)	(6.9)	(22.8)
IT contract settlement receipt - tax expense applicable $0.0m (2012: tax expense applicable $0.0m)	1.1	31.5
Net gains arising from fixed asset valuation assessments - (2012: tax expense applicable $3.3m)	-	7.6
Loss on derecognition of abandoned asset and stranded costs - (2012: tax benefit applicable $6.2m)	-	(56.3)
Total material items - tax benefit applicable $57.5 m (2012: $9.9m tax benefit)	**(154.7)**	**(40.0)**

Total consolidated material items after tax is $97.2 million (2012: $30.1m).

Note 4 Material items (continued)

The Group is working with its major US distribution partners to address excess aged and deteriorating inventory. In the 2013 financial year $154.3 million of provisions have been raised relating to the destruction of the aged and obsolete inventory at distributors, the acceleration of depletions with additional investment in discounts and rebates and a write down of inventory to net realisable value. These provisions have been disclosed in the financial statements as outlined below.

Material item	Consolidated statement of profit or loss and other comprehensive income	Consolidated statement of financial position	$m
Inventory write-down to NRV	Cost of sales	Inventories	82.4
Special depletion allowance	Net sales revenue	Payables	38.1
Gross distributor inventory destruction	Cost of sales	Provisions	39.6
Discounts and rebates on distributor inventory destruction	Net sales revenue	Payables	(5.8)
			154.3

Note 5 Income tax

	2013 $m	2012 $m
The major components of income tax expense/(benefit) are:		
Current income tax	30.9	32.6
Deferred income tax	(29.7)	18.2
Total tax expense	**1.2**	**50.8**
Deferred income tax expense included in the income tax expense comprises:		
Increase in deferred tax assets	(25.4)	(0.5)
(Decrease)/increase in deferred tax liabilities	(4.3)	18.7
Deferred income tax	**(29.7)**	**18.2**

The amount of income tax expense as shown in the statement of profit or loss and other comprehensive income differs from the prima facie income tax expense attributable to earnings. The differences are reconciled as follows:

	2013 $m	2012 $m
Profit before tax excluding material items	198.6	180.5
Material items before tax	(154.7)	(40.0)
Profit before tax	**43.9**	**140.5**
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (2012: 30%) tax effect of:	13.2	42.2
Non-taxable income and profits, net of non-deductible expenditure	(0.3)	6.2
Other deductible items	(0.8)	(1.5)
Tax losses recouped	(2.3)	-
Change in tax rate	(1.1)	(1.5)
Foreign tax rate differential	(8.9)	(0.3)
Other	2.3	9.2
Over provisions in previous years	(0.9)	(3.5)
Total tax expense	**1.2**	**50.8**
Income tax expense on operations	58.7	60.7
Income tax benefit attributable to material items	(57.5)	(9.9)
Income tax expense	**1.2**	**50.8**

Note 5 Income tax (continued)

	2013 $m	2012 $m
Deferred income tax relates to the following:		
Movement in deferred tax assets:		
Opening balance	189.4	178.8
Credited to the profit or loss	25.4	0.5
Foreign currency translation	12.8	9.3
Balance sheet reclassification	-	0.5
Other	1.2	0.3
Closing balance	**228.8**	**189.4**
Movement in deferred tax liabilities:		
Opening balance	293.2	257.9
(Credited)/charged to the profit or loss	(4.3)	18.7
Business acquisitions	3.7	-
Foreign currency translation	21.9	16.5
Other	(0.1)	0.1
Closing balance	**314.4**	**293.2**
Amounts recognised directly in equity Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:		
Current tax - debited directly to equity	2.6	4.4
Net deferred tax - debited directly to equity	7.8	7.0
Total current and deferred tax recognised directly in equity	**10.4**	**11.4**

Deferred tax asset

There are potential future income tax benefits relating to accumulated losses overseas, which have not been brought to account. These possible benefits amount to $97.5 million (2012: $98.7 million).

These benefits will be realised only if and to the extent that:

- the Group derives future assessable income of a nature and amount sufficient to enable the benefit from the deduction to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax laws of various countries; and
- any further changes in the tax laws of a relevant country do not adversely affect the ability of the consolidated entity to realise the benefits of the deductions.

Note 5 Income tax (continued)	2013 $m	2012 $m
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory	23.3	21.6
Property, plant and equipment	1.2	1.4
Accruals	18.8	16.4
Provisions	96.1	72.7
Foreign exchange	0.4	0.4
Tax losses	70.4	58.2
Other	18.6	18.7
Total deferred tax assets	**228.8**	**189.4**
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	59.3	29.9
Property, plant and equipment	115.0	127.5
Intangibles	133.2	127.1
Foreign exchange	1.0	1.0
Other	5.9	7.7
Total deferred tax liabilities	**314.4**	**293.2**

Ongoing tax audits

The Group is subject to ongoing tax audits by taxation authorities in several jurisdictions covering a variety of taxes. The Group fully cooperates with these enquiries as and when they arise.

Note 6 Segment results

2013	ANZ	Americas	Asia	EMEA	Corporate	Intersegment elimination	Consolidated
	$m	$m	$m	$m	$m	$m	$m
Total revenue comprises:							
Net sales revenue	600.8	704.0	135.4	248.5	-	-	1,688.7
Other revenue	68.1	0.7	-	0.9	2.2	-	71.9
Intersegment revenue	310.7	10.3	-	38.0	-	(359.0)	-
Material items*	-	(32.2)	-	-	-	-	(32.2)
Total segment revenue (excl other income/interest)	**979.6**	**682.8**	**135.4**	**287.4**	**2.2**	**(359.0)**	**1,728.4**
Management EBITS	**110.1**	**66.8**	**54.5**	**16.0**	**(38.2)**		**209.2**
SGARA profit/(loss)	1.8	2.0	-	-	-		3.8
Material items	(6.8)	(146.1)	-	-	(1.8)		(154.7)
Management EBIT	**105.1**	**(77.3)**	**54.5**	**16.0**	**(40.0)**		**58.3**
Net finance income/(costs)							(14.4)
Consolidated profit before tax							**43.9**
Depreciation of property, plant and equipment	**47.6**	**21.7**	**-**	**1.6**	**1.4**		**72.3**
Amortisation of intangible assets	**0.2**	**-**	**-**	**-**	**4.3**		**4.5**
Share of profit of associates & joint ventures	**1.0**	**-**	**-**	**-**	**-**		**1.0**
Capital expenditure	**122.9**	**26.5**	**0.4**	**1.6**	**28.9**		**180.3**
Segment assets (excl intersegment assets)	**2,077.9**	**1,378.0**	**45.6**	**313.6**	**313.1**		**4,128.2**

* *Material items associated with net sales revenue is included in the total material items reported of $154.7m*

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FOR THE YEAR ENDED 30 JUNE 2013

Note 6 Segment results (continued)

2012	ANZ	Americas	Asia	EMEA	Corporate	Intersegment elimination	Consolidated
	$m	$m	$m	$m	$m	$m	$m
Total revenue comprises:							
Net sales revenue	574.1	707.5	106.2	253.0	-	-	1,640.8
Other revenue	35.1	0.2	0.2	0.7	3.6	-	39.8
Intersegment revenue*	345.1	10.9	-	41.5	-	(397.5)	-
Total segment revenue (excl other income/interest)	**954.3**	**718.6**	**106.4**	**295.2**	**3.6**	**(397.5)**	**1,680.6**
Management EBITS	**109.0**	**79.0**	**41.2**	**5.7**	**(24.7)**		**210.2**
SGARA profit/(loss)	(6.9)	(16.5)	-	-	-		(23.4)
Material items	(1.5)	(6.4)	-	(3.2)	(28.9)		(40.0)
Management EBIT	**100.6**	**56.1**	**41.2**	**2.5**	**(53.6)**		**146.8**
Net finance income/(costs)							(6.3)
Consolidated profit before tax							**140.5**
Depreciation of property, plant and equipment	**43.6**	**21.3**	**-**	**1.1**	**0.1**		**66.1**
Amortisation of intangible assets	**-**	**-**	**-**	**-**	**1.6**		**1.6**
Share of profit of associates & joint ventures	**0.8**	**-**	**-**	**-**	**-**		**0.8**
Capital expenditure	**41.3**	**27.1**	**-**	**1.2**	**23.0**		**92.6**
Segment assets (excl intersegment assets)	**1,891.0**	**1,312.7**	**34.2**	**313.1**	**269.8**		**3,820.8**

** Intersegment revenue within the ANZ segment as disclosed in the 2012 annual report in respect to the year ended 30 June 2012 of $365.8m has been restated down to $345.1m to reflect the elimination of revenue between Australia and New Zealand.*

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 fair valuing 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 represent those working capital and non-current assets which are located in the respective segments. Cash, tax and Corporate related assets are included in the Corporate segment.

	2013	2012
Note 7 Earnings per share	**Cents per share**	**Cents per share**
Basic earnings per share		
Basic earnings per share (cents) based on net profit attributable to members of Treasury Wine Estates Limited	6.5	13.9
Diluted earnings per share		
Diluted earnings per share (cents) based on net profit attributable to members of Treasury Wine Estates Limited	6.5	13.8
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)	647,227	647,227
Effect of potentially dilutive securities:		
Deferred shares (in thousands)	8,560	3,504
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (in thousands)	**655,787**	**650,731**
Earnings reconciliation		
Basic and diluted earnings per share	**$m**	**$m**
Net profit	42.7	89.7
Net (profit)/ loss attributable to non-controlling interests	(0.4)	0.2
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted earnings per share	**42.3**	**89.9**

Note 8 Dividends

	2013 $m	2012 $m
Dividends declared and paid during the year on ordinary shares:		
Final dividend for 2012 of 7.0 cents per share (2011: 6.0 cents)	45.3	38.8
Interim dividend for 2013 of 6.0 cents per share (2012: 6.0 cents)	38.8	38.8
	84.1	**77.7**
Dividends declared after balance date		
Since the end of the financial year, the directors declared a final dividend of 7.0 cents per share (2012: 7.0 cents) unfranked (2012: 50% franked). This dividend has not been recognised as a liability in the financial statements at year end	45.3	45.3
Franking credit balance		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2012: 30%)	17.9	8.1

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for franking credits or debits which will arise upon the payment or receipt, respectively, of tax balances disclosed in the statement of financial position.

The payment of the final dividend declared post year end will not impact the franking account balance (2012: $9.7 million reduction).

Note 9 Cash and cash equivalents

	2013 $m	2012 $m
Cash at bank and on hand	10.8	27.4
On deposit	-	1.2
Total cash and cash equivalents	**10.8**	28.6

Note 10 Receivables

	2013 $m	2012 $m
Current		
Trade debtors	422.6	389.7
Provision for doubtful debts	(3.0)	(1.0)
Other debtors	17.7	37.3
Prepayments	19.8	19.2
Total current receivables	**457.1**	445.2
Non-current		
Other debtors	0.5	1.2
Loans to other persons	3.3	1.2
Total non-current receivables	**3.8**	2.4

Note 10 Receivables (continued)

Foreign exchange transaction disclosures

Total trade and other receivables balances, net of provisions for doubtful debts at the reporting date, were denominated in the following currencies as set out in note 18(d).

All Balances Translated to AUD	AUD $m	USD $m	GBP $m	Other $m	Total $m
2013					
Trade receivables (net of provision for doubtful debts)	190.1	153.5	39.7	36.3	419.6
Other receivables	13.0	4.4	0.8	3.3	21.5
Total receivables	**203.1**	**157.9**	**40.5**	**39.6**	**441.1**
2012					
Trade receivables (net of provision for doubtful debts)	162.9	152.8	36.1	36.9	388.7
Other receivables	23.9	4.3	4.3	7.2	39.7
Total receivables	**186.8**	**157.1**	**40.4**	**44.1**	**428.4**

Credit risk

The Group's Credit Managers are responsible for the ongoing review and application of the Accounts Receivable Credit Policy within the business. The credit quality of individual debtors is assessed prior to offering credit terms and monitored on a regular basis. Each customer is assigned a risk profile that reflects an assessment of the risk associated with supplying goods on credit. The profile is based upon the measurable risk indicators for dishonoured payments, adverse information and average days late together with the securities held in terms of credit applications and guarantees.

All prospective accounts are required to complete a credit application and if from a proprietary limited company, a director's guarantee is required with minimal exceptions. Failure to provide a director's guarantee results in either no credit or a limited level of credit offered. Credit terms may be reduced or extended credit terms permitted for individual customers on the basis of risk. Past due accounts are subject to a number of collection activities which range from telephone contact, suspension of orders through to legal action. Past due accounts are reviewed monthly with specific focus on accounts that are greater than 90 days overdue and are subject to provisions for doubtful debts after assessing the debtor for recoverability.

The ageing of the consolidated Group trade receivables net of provisions for doubtful debt is outlined below:

Ageing of trade receivables net of provisions for doubtful debt	2013 $m	2012 $m
Not past due	364.2	353.3
Past due 1-30 days	32.8	27.0
Past due 31-60 days	5.9	3.6
Past due 61 days+	16.7	4.8
Total	**419.6**	388.7
Comprising		
Current	**419.6**	388.7

There are no other receivables that are overdue.

Trade debtors have been aged according to their original due date in the above analysis. Terms may be extended on a temporary basis to support promotional activity. This may only occur with the approval of finance management.

The past due debtors that are not subject to a provision for doubtful debts comprise customers who have a good debt history and are considered recoverable. Past due debtors are monitored via monthly reviews and collection activity conducted from aged trial balances. Where debt cannot be recovered, it is escalated from the credit representative to the credit manager to initiate recovery action.

There is no collateral held as security against the debtors above.

Note 10 Receivables (continued)

Credit risk (continued)

As at 30 June 2013 the amount of the provision for doubtful debts was $3.0 million (2012: $1.0 million). The movement in the provision for trade doubtful debts is:

Movement in provision for trade doubtful debts

	2013 $m	2012 $m
Opening provision for trade doubtful debts	(1.0)	(2.0)
Add additional provisions raised	(2.1)	(0.1)
Less amounts used	0.1	1.2
Foreign exchange differences	-	(0.1)
Closing provision for trade doubtful debts	**(3.0)**	(1.0)

Note 11 Inventories

	2013 $m	2012 $m
Current		
Raw materials and stores	22.9	19.9
Work in progress	404.6	381.4
Finished goods	287.0	310.2
Total current inventories	**714.5**	711.5
Non-current		
Work in progress	398.2	359.5
Finished goods	47.8	3.0
Total non-current inventories	**446.0**	362.5
Total inventories	**1,160.5**	1,074.0

Inventories recognised as an expense during the year and included in cost of sales amounted to $719.4 million (2012: $774.0 million).

In 2013 the write-down of inventories to net realisable value amounted to $84.7 million (2012: $0.6million). The reversal of write-downs amounted to $2.0 million (2012: $1.0 million). The write-down and reversals are included in cost of sales.

Note 12 Investments

	2013 $m	2012 $m
Investments accounted for using the equity method	2.0	6.6
Total investments	**2.0**	**6.6**

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 Group.

Name of entity	Country of Incorporation	Reporting date	2013 %	2012 %
Trebuchet Logistics Pty. Ltd.	Australia	31 December	**50.0**	-
Fiddlesticks LLC	United States of America	31 December	**50.0**	**50.0**
Rapaura Vintners Limited*	New Zealand	30 June	-	**50.0**

** On 1 November 2012, a Group controlled entity, Treasury Wine Estates (Matua) Limited purchased the remaining 50% issued capital of Rapaura Vintners Limited. A gain of $7.9m was recognised in other income prior to the acquisition, as a result of remeasuring the existing equity interest in Rapaura Vintners Limited to fair value.*

Note 13 Assets held for sale

	2013 $m	2012 $m
Assets		
Production and distribution facilities	2.5	3.5
Total assets classified as held for sale	**2.5**	**3.5**

Assets held for sale include Australian vineyards and wineries.

Note 14 Property, plant and equipment

	2013 $m	2012 $m
Land		
At cost	**306.3**	**280.8**
Freehold buildings and improvements		
At cost	357.9	333.3
Accumulated depreciation and impairment	(142.3)	(131.0)
	215.6	**202.3**
Leasehold buildings and improvements		
At cost	56.7	49.2
Accumulated depreciation and impairment	(31.0)	(28.8)
	25.7	**20.4**
Plant and equipment		
At cost	1,166.4	1,100.9
Accumulated depreciation and impairment	(736.7)	(695.5)
Projects in progress at cost	47.1	22.2
	476.8	**427.6**
Total property, plant and equipment	**1,024.4**	**931.1**

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous year are set out below.

	Land		Freehold Buildings		Leasehold Buildings		Plant and Equipment		Total	
	2013 $m	2012 $m	2013 $m	2012 $m	2013 $m	2012 $m	2013 $m	2012 $m	2013 $m	2012 $m
Carrying amount at start of year	**280.8**	265.8	**202.3**	199.2	**20.4**	21.3	**427.6**	426.4	**931.1**	912.7
Additions	**11.6**	1.3	**4.0**	5.4	**6.2**	1.1	**92.6**	56.0	**114.4**	63.8
Business acquisition	**1.1**	-	**4.7**	-	**-**	-	**18.3**	-	**24.1**	-
Assets classified as held for sale	**-**	5.1	**-**	0.4	**-**	-	**-**	4.7	**-**	10.2
Disposals	**(0.3)**	-	**-**	(0.1)	**-**	-	**(1.4)**	(3.4)	**(1.7)**	(3.5)
Impairment	**-**	-	**-**	(0.8)	**-**	(0.6)	**-**	(5.6)	**-**	(7.0)
Depreciation expense	**-**	-	**(6.0)**	(5.1)	**(2.3)**	(2.7)	**(64.0)**	(58.3)	**(72.3)**	(66.1)
Transfer	**0.5**	-	**2.1**	-	**-**	-	**(8.7)**	-	**(6.1)**	-
Foreign currency translation	**12.6**	8.6	**8.5**	3.3	**1.4**	1.3	**12.4**	7.8	**34.9**	21.0
Carrying amount at end of year	**306.3**	280.8	**215.6**	202.3	**25.7**	20.4	**476.8**	427.6	**1,024.4**	931.1

	2013 $m	2012 $m
Note 15 Agricultural assets		
Agricultural assets	227.1	195.6
Total agricultural assets	**227.1**	**195.6**

Agricultural assets mainly comprise grape vines, with a minor holding of olive trees.

The Group has total owned vineyard resources of around 10,511 hectares (2012: 10,057* hectares). These vineyards provide the Group with access to some of Australia's highest quality super premium fruit from regions such as the Barossa Valley in central South Australia, Coonawarra in south-eastern South Australia and the Hunter Valley in New South Wales. Other Australian vineyards are also located in the Clare Valley, Eden Valley, Great Western, Heathcote, Langhorne Creek, the Limestone Coast, McLaren Vale, Margaret River, Mornington Peninsula, Mudgee, Murray Valley, Padthaway, Robe and the Yarra Valley. The Group also holds vineyards in North America (mainly Napa Valley and Sonoma County), Italy and New Zealand.

The geographic spread of the vineyard holdings not only provides the Group with a diversity of premium fruit styles, but also reduces viticultural risk.

Of the total land area under vine, around 1,966 hectares (2012: 1,800 hectares) is under lease arrangements. The Group also has around seven hectares (2012: seven hectares) of olive groves in Tuscany, a region of Italy.

During the fiscal year, the Group owned and leased vineyards yielded 89,441 tonnes of grapes (2012: 78,927** tonnes). Northern Hemisphere harvest of vines normally occurs in September - October, with southern hemisphere harvest around March - April.

The Company is exposed to financial risks arising from agricultural factors beyond the Company's control such as pests, disease, rainfall and extreme weather conditions. The financial risks are managed by operating a flexible grape sourcing model, sourcing fruit from a variety of geographic locations and sources, such as own grown, leased and contracted supply.

Vines and grapes are measured at fair value, less estimated point-of-sale costs, with changes in fair value included in the statement of profit or loss and other comprehensive income in the period in which it arises. 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 value of vines is determined through operational reviews of the vineyard portfolio which identify, where applicable, any factors affecting the long-term viability and value of the vines. The fair value of harvested grapes is determined with reference to the weighted district average of grape prices for each region for the current vintage. Annual prices for grapes will vary with the grade quality of grapes produced in each particular region.

The measurement basis for vines and grapes as prescribed by AASB 141 'Agriculture' has resulted in a net gain before tax of $3.8 million (2012: net loss before tax of $23.4 million) comprising a decrement in vines valuation of nil (2012: nil) and gain on grape valuation of $3.8 million (2012: $23.4 million loss) being recognised.

* *The total vineyard resources disclosed in 2012 of 10,956 included 899 hectares of leased vineyards in Australia.*
** *The total tonnes of grapes yielded of 87,646 disclosed in 2012 has been updated to more properly reflect produce from the Group owned and leased vineyards.*

Note 15 Agricultural assets (continued)

Reconciliations

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

	2013 $m	2012 $m
Carrying amount at start of year	195.6	180.5
Acquisitions	19.5	6.0
Disposal	-	(0.2)
Transfers from/(to) assets held for sale	-	6.7
Fair value increment/(decrement)	-	(2.8)
Transfer	4.2	-
Foreign currency translation	7.8	5.4
Carrying amount at end of year	**227.1**	**195.6**

Note 16 Intangible Assets

	2013 $m	2012 $m
Brand names and licences		
Brand names and licences at cost	**920.7**	**892.9**
IT development costs		
At cost	57.6	36.8
Accumulated amortisation	(6.3)	(1.8)
	51.3	**35.0**
Goodwill		
Goodwill at cost	**37.9**	**4.7**
Total intangible assets	**1,009.9**	**932.6**

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 and Licences		IT Development Costs		Goodwill		Total	
	2013 $m	2012 $m	2013 $m	2012 $m	2013 $m	2012 $m	2013 $m	2012 $m
Carrying amount at start of year	**892.9**	871.4	**35.0**	50.6	**4.7**	5.1	**932.6**	927.1
Acquisitions	**-**	1.0	**18.9**	21.8	**-**	-	**18.9**	22.8
Business acquisitions	**-**	-	**-**	-	**30.8**	-	**30.8**	-
Impairment	-	-	**-**	(35.8)	-	-	**-**	(35.8)
Amortisation expense	**-**	-	**(4.5)**	(1.6)	**-**	-	**(4.5)**	(1.6)
Transfer	**-**	-	**1.9**	-	**-**	-	**1.9**	-
Foreign currency translation	**27.8**	20.5	**-**	-	**2.4**	(0.4)	**30.2**	20.1
Carrying amount at end of year	**920.7**	892.9	**51.3**	35.0	**37.9**	4.7	**1,009.9**	932.6

IT development costs

In the prior period a strategic review of information technology infrastructure identified $35.8 million of assets which were impaired and accordingly these assets were written-off as being surplus to the Group's needs.

Note 16 Intangible Assets (continued)

Recoverable amount of cash-generating units (CGUs)

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

Australia & New Zealand (ANZ)
Americas
Europe, Middle East & 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. The recoverable amount is determined based on value in use which is calculated using a discounted cash flow methodology. 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 & New Zealand (ANZ)
The recoverable amount of net assets in the ANZ CGU was determined to be in excess of the carrying value and accordingly no impairment was evident in the current or comparative period.

Americas
The recoverable amount of net assets in the Americas CGU was determined to be in excess of the carrying value and accordingly no impairment was evident in the current or comparative period.

EMEA
The recoverable amount of net assets in the EMEA CGU was determined to be in excess of the carrying value and accordingly no impairment was evident in the current or comparative period.

Key assumptions and sensitivities
The value in use tests are sensitive to a number of assumptions, which are discussed in turn below.

The pre-tax, nominal discount rates used in the respective CGU impairment tests were:

	2013	2012
ANZ	13.5%	14.0%
Americas	12.8%	13.5%
EMEA	13.5%	14.0%

The reduction in the discount rates from 2012 to 2013 is primarily as a result of lower risk free rates, market risk premiums and the industry risk profile.

In 2013 the recoverable amount is determined based on value in use which is calculated using a discounted cash flow methodology. Cash flows are based on the most recent financial plans approved by management which incorporate the expected impact of the reduced shipments to US distributors in the Americas CGU. For each CGU, the cash flow projections for a five-year period have been determined based on expectations about future performance. Key assumptions in the cash flows include sales volume growth, costs of sales and costs of doing business. The assumptions regarding sales volume growth and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectation about future vintage costs.

In the prior period the recoverable amount was based upon fair value less cost to sell using a discounted cash flow methodology and forecast exchange rates 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 $1.03 for 2012 declining over a five year forecast period to A$1 = USD $0.91 and a GBP exchange rate of A$1 = GBP 0.66 for 2012 declining over a five year forecast period to A$1 = GBP 0.56.

Long-term growth rate – cash flows beyond a five year period are extrapolated using a growth rate of 3% (2012: 3%). The growth rate does not exceed the long term growth rate for the business in which the CGU operates.

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

A change of +0.5% in the ANZ, Americas and EMEA CGUs discount rate would not result in an impairment (2012: No impairment for ANZ and EMEA CGU's, impairment of the Americas CGU by $35.8 million).

Note 16 Intangible Assets (continued)

An increase/decrease of 5 cents / pence in both the USD and the GBP exchange rate would not result in an impairment to the ANZ, Americas and EMEA CGUs in the current or prior period.

A change of -0.5% in the ANZ, Americas and EMEA CGUs long-term growth rate would not result in an impairment (2012: No impairment for ANZ and EMEA CGU's, impairment of the Americas CGU by $24.1 million).

A 5% reduction to the ANZ, Americas and EMEA CGU's cash flows for all years in the forecast period and also in the terminal year calculation would not result in an impairment (2012: No impairment for ANZ and EMEA CGU's, impairment of the Americas CGU by $37.1m).

Goodwill and indefinite life brand names have been allocated to individual CGU's according to business segment and country of operation.

A CGU level summary of goodwill and indefinite life intangibles is presented below.

	Americas		EMEA		ANZ		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	$m	$m	$m	$m	$m	$m	$m	$m
Carrying amount of goodwill	**-**	-	**5.2**	4.7	**32.7**	-	**37.9**	4.7
Carrying amount of indefinite life brand names	**364.2**	337.0	**2.8**	2.5	**553.7**	553.4	**920.7**	892.9

Indefinite life brand names in EMEA and ANZ as at 30 June 2012 have been restated as indefinite life brand names with a carrying value of $163.5m, previously presented within the EMEA CGU, have been appropriately reflected within the ANZ CGU.

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 $920.7 million (2012: $892.9 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. The key individual brand names in the wine portfolio are Penfolds, Beringer, Rosemount, Lindeman's and Wolf Blass.

	2013	2012
	$m	$m
Note 17 Payables		
Current		
Trade creditors	188.6	174.9
Other creditors	291.4	289.1
Total current payables	**480.0**	**464.0**

Trade payables are normally settled within 60 days (2012: 60 days) from the date of invoice unless alternative terms have been agreed by the supplier and do not incur interest expense. Other creditors are settled when they become due and payable.

Note 17 Payables (continued)

Foreign exchange transaction disclosures
Trade creditors and other creditors at the reporting date were denominated in the following currencies.

All Balances Translated to AUD	AUD $m	USD $m	GBP $m	Other $m	Total $m
2013					
Trade creditors	105.6	56.3	12.2	14.5	188.6
Other creditors	137.3	115.9	21.4	16.8	291.4
Total creditors	**242.9**	**172.2**	**33.6**	**31.3**	**480.0**
2012					
Trade creditors	105.3	44.8	9.1	15.7	174.9
Other creditors	153.2	76.3	37.3	22.3	289.1
Total creditors	**258.5**	**121.1**	**46.4**	**38.0**	**464.0**

Note 18 Financial risk management objectives and policies

Capital structure and financial risk management framework

The Group's centralised Treasury function (Group Treasury) is delegated operational responsibility by the Group's Board for the identification and management of the Group's financial risks in accordance with the Group Treasury Policy, which sets out the Group's financial risk management policies with respect to risk tolerance, internal controls (including segregation of duties), organisational relationships, functions, delegated authority levels, management of foreign currency, interest rate and counterparty credit exposures, and the reporting of exposures. The Group Treasury Policy is reviewed at least annually and approved by the Group's Board of Directors.

Capital structure and financial risk management framework

The key financial risks covered by the Group Treasury Policy are:

- liquidity risk;
- interest rate risk;
- foreign exchange risk; and
- counterparty credit risk.

The following table summarises the Group's assessment of how these risks impact the Group's financial assets and liabilities (a cross represents exposure to risk):

	Note	Liquidity	Interest Rate	Foreign Exchange	Credit
Net debt	20	X	X	X	
Receivables	10	X	X	X	X
Other financial assets				X	X
Payables	17	X		X	
Derivative financial assets and liabilities	19			X	X

The Group's specific risk management objectives in relation to each of the above financial risks are summarised below.

(a) Liquidity risk
The Group's approach to managing liquidity is to ensure the maintenance, at all times, of an appropriate minimum level of liquidity, comprising committed, unused bank facilities and cash resources, to meet the Group's financial obligations as and when they fall due.

Note 18 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Group Treasury manages liquidity risk by maintaining sufficient cash reserves, banking facilities and standby borrowing facilities of various maturities and by monitoring forecast and actual cash flows. At reporting date, the standby arrangements and unused credit facilities of the Group are as follows:

	2013 $m	2012 $m
Committed arrangements/facilities available to the Group:		
Arrangements to provide standby funds and/or support facilities	500.0	500.0
Amounts utilised	(225.1)	(44.9)
Amount of credit unused	**274.9**	**455.1**

The Group is in compliance with all undertakings under its various financing arrangements. Unutilised facilities totalling $274.9 million (2012: $455.1 million), of which $200million is maturing in April 2014 and $74.9million with maturity date beyond twelve months of balance date.

As outlined in note 32, on 8 August 2013, the Group entered a new committed syndicated revolving term debt facility, totalling US$250m, with USD$170m maturing in August 2016 and USD$80m maturing in August 2018.

Group Treasury, in managing the Group's liquidity risk, will have regard to the Group's ability and cost of access to alternative funding sources for short to medium term refinancing requirements, core assets and working capital funding requirements.

The following tables analyse the maturities of the Group's financial liabilities, net and gross settled derivative financial instruments based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2013	Maturing in:						
	6 Months or Less $m	6 Months to 1 year $m	1 to 2 years $m	2 to 5 years $m	over 5 years $m	Contractual Total $m	Carrying Amount $m
Bank loans *	5.1	4.8	8.3	232.0	-	250.2	223.8
Other loans	-	1.0	0.2	-	-	1.2	1.2
Foreign exchange contracts	2.9	1.4	4.2	0.5	-	9.0	9.0
Trade creditors	188.6	-	-	-	-	188.6	188.6
Other creditors	291.4	-	-	-	-	291.4	291.4
Total financial liabilities	**488.0**	**7.2**	**12.7**	**232.5**	**-**	**740.4**	**714.0**
2012							
Bank loans *	20.5	0.5	43.8	-	-	64.8	63.0
Other loans	-	1.0	0.2	-	-	1.2	1.2
Foreign exchange contracts	0.9	0.2	0.4	-	-	1.5	1.5
Trade creditors	174.9	-	-	-	-	174.9	174.9
Other creditors	289.0	0.1	-	-	-	289.1	289.1
Total financial liabilities	**485.3**	**1.8**	**44.4**	**-**	**-**	**531.5**	**529.7**

**Bank loans are stated net of capitalised facility borrowing costs in this table.*

The Group's financial liabilities represent trade and other creditors and amounts payable to controlled entities. Trade and other creditors are payable within six months or less.

(b) Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders and to provide benefits to other stakeholders. Management also aims to maintain an optimal capital and funding structure that optimises the cost of capital available to the Group over the long term.

Note 18 Financial risk management objectives and policies (continued)

Capital management (continued)

The key objectives include:

- maintaining a credit profile and the requisite financial metrics that secures access to alternative funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity; and
- optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

In order to maximise the capital structure, management may alter the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, vary discretionary capital expenditure, draw-down additional debt or sell assets to reduce debt in line with the strategic objectives and operating plans of the Group.

Various financial ratios and internal targets are assessed and reported to the Board on a regular basis by management to monitor and support the key objectives set out above. These ratios and targets include:

- an earnings to net interest expense ratio
- and a total net indebtedness to earnings before interest, tax, depreciation, amortisation and self-generating and regenerating assets ratio.

(c) Interest rate risk

The Group's approach to managing interest rate risk is to balance its exposure to fixed and floating interest rates in accordance with policies determined by the Board using approved derivative instruments and having regard to cash flow volatility and interest coverage.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	2013 $m	2012 $m
Financial assets		
Cash and cash equivalents	10.8	28.6
Other loans	3.3	1.2
Total assets	**14.1**	**29.8**
Financial liabilities		
Bank loans	(225.1)	(63.0)
Total liabilities	**(225.1)**	**(63.0)**

Group Treasury, in managing the Group's interest rate risk, will have regard to the underlying operating cash flows available to service the Group's interest obligations. The majority of the Group's interest rate risk arises from borrowings. Other sources of interest rate risk for the Group may include interest-bearing investments, creditor's accounts offering a discount and debtors accounts on which discounts are offered. The Group's interest rate exposure may be managed using derivative financial instruments, which includes interest rate swaps, interest rate options and forward rate agreements.

The following sensitivity analysis shows the impact if the consolidated Group's weighted average floating interest rates had changed from the year-end rates of 3.34% (2012: 2.17%) with all other variables held constant.

Currency	Sensitivity Assumption		Pre-Tax Impact on Profit			
	2013	2012	2013		2012	
			- $m	+ $m	- $m	+ $m
United States dollar	**+ / - 25bp**	+ / - 25bp	**0.3**	**(0.3)**	0.2	(0.2)
Australian dollar	**+ / - 25bp**	+ / - 25bp	**0.2**	**(0.2)**	-	-
Great Britain pound	**+ / - 25bp**	+ / - 25bp	**-**	**-**	-	-

The movements in profit on a consolidated level are primarily a result of interest costs from borrowings. There would have been no significant impact on equity.

Note 18 Financial risk management objectives and policies (continued)

(d) Foreign exchange risk

The focus of the Group's foreign exchange risk management activities is on its transactional foreign exchange exposure in relation to the underlying currency net cash flows. The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the controlled entities, primarily Australian dollars (AUD), United States dollars (USD) and Great British Pounds (GBP). The currencies in which these transactions are primarily denominated are AUD, USD, GBP, Euros (EUR), New Zealand dollars (NZD), Swedish Krona (SEK) and Norwegian Krone (NOK).

To manage the foreign exchange risk arising on these transactions, the Board has approved a risk management framework utilising derivative financial instruments, which include forward exchange contracts and foreign exchange options. Transactions can be hedged for up to three years with a declining percentage of cover the further the timeframe to the anticipated transaction. Only exposures that are forecast as being highly probable are hedged. In implementing the framework, Group Treasury will have regard to the underlying currency net cash flows of the Group, comprising operating, investing and financing cash flows. Details of foreign exchange options and forward exchange contracts at reporting date are outlined in note 19.

Net debt, at the reporting date was denominated in the following currencies:

All balances translated to AUD	AUD	USD	GBP	Other	Total
2013	**$m**	**$m**	**$m**	**$m**	**$m**
Cash and cash equivalents	3.9	0.6	(2.9)	9.2	10.8
Loan receivable	3.3	-	-	-	3.3
Bank loans	(85.0)	(138.8)	-	-	(223.8)
Other loan payable	(1.0)	-	(0.2)	-	(1.2)
Net debt	**(78.8)**	**(138.2)**	**(3.1)**	**9.2**	**(210.9)**
2012					
Cash and cash equivalents	17.9	1.5	2.2	7.0	28.6
Loan receivable	1.2	-	-	-	1.2
Bank loans	(20.0)	(43.0)	-	-	(63.0)
Other loans	(1.0)	-	(0.2)	-	(1.2)
Net debt	**(1.9)**	**(41.5)**	**2.0**	**7.0**	**(34.4)**

The following table illustrates the impact to profit before tax of foreign exchange movements on the statement of financial position at 30 June:

Currency *	Sensitivity Assumption**		Pre-Tax Impact on Profit				Impact on Equity			
	2013	2012	**2013**		2012		**2013**		2012	
			+	-	+	-	+	-	+	-
			$m	$m	$m	$m	$m	$m	$m	$m
United States dollar***	**12.1%**	13.3%	**6.3**	**(8.9)**	6.1	(4.7)	**(105.4)**	**134.5**	(112.1)	146.4
Great Britain pound***	**10.8%**	10.9%	**9.5**	**(8.7)**	8.6	(5.4)	**(9.3)**	**11.6**	(9.5)	11.8
Euro	**11.1%**	10.7%	**(2.8)**	**3.5**	(2.4)	3.0	**(2.5)**	**3.1**	(2.4)	3.0
Canadian dollar	**9.4%**	8.8%	**(2.1)**	**2.5**	(1.8)	2.2	**-**	**-**	-	-
New Zealand dollar	**7.0%**	7.4%	-	-	(1.0)	1.2	**(7.6)**	**8.7**	(6.1)	7.1

* *Australian dollar versus individual currencies.*

** *Implied 1 year currency volatility at reporting date (Source: Bloomberg).*

*** *2012 comparatives revised for consistent classification with 2013.*

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments (including financial guarantees). Credit risk for financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts. The maximum counterparty credit risk exposure at 30 June in respect of derivative financial instruments was $1.2 million (2012 $0.7 million) and in respect to cash and other investments were nil (2012: nil).

Note 18 Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's counterparty credit risk management philosophy is to limit its loss from default by any one counterparty by dealing only with financial institution counterparties of good credit standing, setting maximum exposure limits for each counterparty, and taking a conservative approach to the calculation of counterparty credit limit usage.

Group Treasury, in managing the Group's counterparty credit risk, will have regard to the credit opinions on counterparties from two reputable credit rating agencies, with counterparty credit limits set by reference to the lower of the two ratings.

(f) Fair values

The fair values of cash and cash equivalents and financial assets and financial liabilities in respect of bank loans and derivatives approximate their carrying value. There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments used to hedge interest rate and foreign exchange risks are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The valuation of derivative financial assets and liabilities detailed below reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the Group's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely in the absence of abnormal circumstances that these contracts would be terminated prior to maturity.

The carrying amount and fair values of financial assets and financial liabilities of the Group at reporting date are:

	2013 Carrying Amount $m	2012 Carrying Amount $m	**2013 Fair Value $m**	2012 Fair Value $m
Cash and deposits	10.8	28.6	10.8	28.6
Loans and receivables				
Trade debtors	419.6	388.7	419.6	388.7
Other debtors	18.2	38.5	18.2	38.5
Loan receivable	3.3	1.2	3.3	1.2
Financial assets designated as hedged items				
Foreign exchange contracts	1.2	0.9	1.2	0.9
Total financial assets	**453.1**	**457.9**	**453.1**	**457.9**
Financial liabilities at amortised cost				
Payables	480.0	464.0	480.0	464.0
Bank loans	223.8	63.0	223.8	63.0
Other loans	1.2	1.2	1.2	1.2
Financial liabilities designated as hedged items				
Foreign exchange contracts	9.0	1.5	9.0	1.5
Total financial liabilities	**714.0**	**529.7**	**714.0**	**529.7**

Bank loans represent loans denominated in AUD and USD.

For all other assets and liabilities, based on the facts and circumstances existing at reporting date and the nature of the Group's assets and liabilities including hedged positions, the Group has no reason to believe that any of the above assets could not be exchanged, or any of the above liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

Note 19 Derivative financial instruments

AASB 7, Financial Instruments: Disclosures requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group only holds Level 2 derivative financial instruments as outlined below:

	2013 $m	2012 $m
Financial assets		
Current foreign exchange contracts	1.0	0.6
Non-current foreign exchange contracts	0.2	0.3
Financial liabilities		
Current foreign exchange contracts	4.3	1.1
Non-current foreign exchange contracts	4.7	0.4

The fair value of forward exchange contracts and options are determined using forward exchange market rates at the end of the reporting period.

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in foreign exchange rates and interest rates in accordance with the Group's financial risk management policies.

The Group's foreign currency transactions are primarily denominated in AUD, USD, EUR, GBP, CAD, NZD, SEK and NOK. At year end there were $509.4 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (2012: $371.1 million).

Hedge of transactional foreign currency

The following table shows the movements in the cash flow hedge reserve associated with hedging of transactional foreign currency:

	2013 $m	2012 $m
Cash flow hedge reserve - opening	0.5	-
Amount recognised in equity during the year	(0.5)	0.8
Amount removed from equity during the year	-	(0.3)
Cash flow hedge reserve - closing	**-**	**0.5**

Note 20 Borrowings

	2013 $m	2012 $m
Current		
Unsecured	-	20.0
Other	0.7	1.0
Total current borrowings	**0.7**	**21.0**
Non-current		
Unsecured	224.1	43.0
Other	0.2	0.2
Total non-current borrowings	**224.3**	**43.2**
Total net borrowings consist of:		
Current	0.7	21.0
Non-current	224.3	43.2
Total borrowings	**225.0**	**64.2**

Details of major arrangements

Bank loans of $225.1million, of which $140.1million was drawn in USD with an interest rate of 2.32% (2012: 2.17%) and $85 million in AUD with interest rate of 5.01% at year end (2012: nil AUD bank loan).

Receivable purchasing agreement

The Group has entered into an uncommitted, non-recourse receivable purchasing agreement to sell certain domestic and international receivables, from time to time, to an unrelated entity in exchange for cash. The facility limit under the receivable purchasing agreement is GBP 80 million (2012: GBP 40 million). As at 30 June 2013, the Group had sold receivable balances equivalent to GBP 74.6 million in exchange for cash (2012: GBP 15.4 million).

Financial guarantees

The Company has financial guarantees to banks and other financiers of $225.5 million (2012: $45.6 million) and to other persons of $30.5 million (2012: $27.2 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. The Company does not expect any payments will eventuate under these financial guarantees as the Company and the Group are expected to meet their respective obligations to the beneficiaries of these guarantees.

Note 21 Provisions

	2013 $m	2012 $m
Current		
Employee entitlements	37.3	40.1
Other	50.9	14.3
Total current provisions	**88.2**	**54.4**
Non-current		
Employee entitlements	3.7	4.2
Total non-current provisions	**3.7**	**4.2**

Other provisions

2013	Onerous Contracts $m	Restructuring $m	Distributor Inventory / Other $m	Total $m
Carrying amount at start of year	12.6	0.1	1.6	14.3
Charged/(credited) to comprehensive income	4.1	-	42.9	47.0
Payments	(10.1)	(0.1)	(1.1)	(11.3)
Foreign currency translation	0.1	-	0.8	0.9
Carrying amount at end of year	**6.7**	**-**	**44.2**	**50.9**

Onerous contract provisions are held for non-cancellable lease contracts that have been identified as being surplus to the Group's needs.

The Group has recognised other provisions for a present obligation to pay US distributors inventory destruction costs. This obligation is documented in note 4.

Note 22 Businesses acquired

a) Summary of acquisition

On 1 November 2012 a Group controlled entity, Treasury Wine Estates (Matua) Limited purchased the remaining 50% of the issued share capital of Rapaura Vintners Limited. Rapaura Vintners Limited is an integrated winery, packaging and warehouse facility located in Wairau Valley, Marlborough.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Consideration	$m
Cash (refer to (b) below)	27.5
Fair value of equity interest held before the business combination	12.2
	39.7

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $m
Net trading assets*	1.2
Plant and equipment	24.1
Net tax balances	(3.7)
Provision for employee benefits	(0.1)
Borrowings**	(12.6)
	8.9
Add: goodwill	30.8
Net assets acquired	**39.7**

* the fair value of acquired trade receivables is $0.8m

** borrowings includes $2.7m payable to TWE

The goodwill is attributable to the substantial benefits to the Group in gaining control over the facility, which will enable the Group to expand the facility and increase the crush capacity from 15,000 tonnes to 25,000 tonnes. The goodwill will not be deductible for tax purposes.

There were no acquisitions in the year ended 30 June 2012.

The acquired business contributed revenues of $2.0m and net profit of $1.1m to the Group for the period 1 November 2012 to 30 June 2013. If the acquisition had occurred on 1 July 2012, consolidated revenue and net profit for the year ended 30 June 2013 would have been $4.0m and $0.9m respectively.

b) Purchase consideration – cash outflow

	$m
Outflow of cash to acquire subsidiary, net of cash acquired	40.1
Less: balances acquired	
Borrowings	(12.6)
Outflow of cash - investing activities	**27.5**

Acquisition related costs of $13,702 are included in other expenses within profit or loss and in operating cash flows in the statement of cash flows.

Note 23 Contributed equity	Note	Shares Million	Shares Million
Paid up capital			
Ordinary fully paid shares	(a),(b)	**647.2**	**647.2**

		2013 $m	2012 $m
Paid up capital			
Ordinary fully paid shares	(a)	3,047.5	3,047.5
Treasury shares	(b)	(4.9)	(5.3)
		3,042.6	3,042.2

(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) Treasury shares

Included within ordinary fully paid shares are 1.2 million (2012: 1.5 million) shares which are available to satisfy any entitlements which vest under the Group's restricted share plan. Details in respect to the Group's restricted share plans are set out in note 26.

Note 24 Reserves	Note	2013 $m	2012 $m
Cash flow hedge reserve	(a)	-	(0.2)
Share based payments reserve	(b)	9.8	6.8
Foreign currency translation reserve	(c)	(246.0)	(352.4)
Total reserves		**(236.2)**	**(345.8)**

Nature and purpose of reserves

(a) Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be effective.

(b) Share based payment reserve

This reserve records the value of shares under the Group's Long Term Incentive Plan offered to employees as part of their remuneration. Refer to note 26 for further details of this plan.

(c) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities within the Group, are taken to the foreign currency translation reserve, as described in the accounting policy note 1.

Note 25 Key Management Personnel (KMP) disclosures

Information regarding individual director and executive remuneration and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Directors' Report.

Key Management Personnel compensation

The following table shows the compensation paid or payable to KMP personnel of the Company and the Group:

	2013 $	2012 $
Short-term employee benefits	4,963,192	6,783,845
Post-employment benefits	151,806	163,012
Share-based payments	2,434,527	1,596,543
Termination benefits	660,389	487,947
Total	**8,209,914**	**9,031,347**

Note 25 Key Management Personnel (KMP) disclosures (continued)

Equity instrument disclosures relating to KMP

The number of shares in the Company held by each director and other KMP of the Group, including their related parties, together with the number of performance rights granted by the Group as compensation during the years 2013 and 2012, are shown in the tables below.

	Balance at Start of Year	Shares Acquired During the Year as Part of Remuneration	Shares Acquired through the Year through the Vesting of LTIP	Other Shares Acquired During the Year	Other Changes During the Year	Balance of Shares Held at End of Year
2013						
Non-executive Directors						
P Rayner	35,000	-	-	20,500	-	55,500
ML Cattermole	61,214	644	-	18,848	-	80,706
WL Every-Burns	26,667	-	-	-	-	26,667
P Hearl	-	-	-	10,000	-	10,000
G Hounsell	-	-	-	30,000	10,000	40,000
E Chan	-	1,932	-	1,891	-	3,823
M Cheek	-	1,718	-	11,680	-	13,398
MG Ould	32,573	-	-	-	(32,573)	-
total	**155,454**	**4,294**	**-**	**92,919**	**(22,573)**	**230,094**
Executive KMP						
DCM Dearie	132,272	91,506	93,727	-	-	317,505
M Fleming	110,974	48,800	-	-	(36,991)	122,783
P Conroy	116,548	41,875	57,667	-	(57,667)	158,423
S McNab	62,183	47,168	25,391	-	-	134,742
M Collins	-	-	-	-	-	-
Key management personnel total	**421,977**	**229,349**	**176,785**	**-**	**(94,658)**	**733,453**
Grand total	**577,431**	**233,643**	**176,785**	**92,919**	**(117,231)**	**963,547**
2012						
Non-executive Directors						
MG Ould	32,573	-	-	-	-	32,573
ML Cattermole	61,214	-	-	-	-	61,214
WL Every-Burns	1,667	-	-	25,000	-	26,667
P Rayner	-	-	-	35,000	-	35,000
P Hearl	-	-	-	-	-	-
total	**95,454**	**-**	**-**	**60,000**	**-**	**155,454**
Executive KMP						
DCM Dearie	118,015	14,257	-	-	-	132,272
M Fleming	110,974	-	-	-	-	110,974
P Conroy	111,538	18,501	-	-	(13,491)	116,548
S McNab	22,033	40,150	-	-	-	62,183
B Williams	-	10,647	-	-	-	10,647
Key management personnel total	**362,560**	**83,555**	**-**	**-**	**(13,491)**	**432,624**
Grand total	**458,014**	**83,555**	**-**	**60,000**	**(13,491)**	**588,078**

Boyd Williams resigned 1 July 2013
The following are disclosed within "other changes during the year"
- Garry Hounsell was appointed to the board 1 September 2013, at which point had held 10,000 shares
- Max Ould retired from the board at 1 September 2013, at which point he held 32,573 shares

Note 25 Key management personnel (KMP) disclosures (continued)

Other transactions with KMP and their personally-related entities

The Group entered into transactions which are insignificant in amount with KMP and their related parties within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings which include payments of salaries and benefits and purchase of Group products.

Some directors of the Company are also directors of public companies which have transactions with the Group. The relevant directors do not believe they have the individual capacity to control or significantly influence the financial policies of those companies. The companies are therefore not considered to be related parties for the purpose of the disclosure requirements of AASB 124 'Related Party Disclosures'.

Note 26 Employee equity plans

As at 30 June 2013, the Group has the share-based payment arrangements outlined in this note. Further details of the equity arrangements are included in the Directors' Report.

The Group operates a Short Term Incentive Plan (STIP) Deferred Share Plan which mandates that one third of an Executive's STIP award that vests is delivered in the form of Deferred Shares, with the remainder delivered in the form of cash.

The Group operates the following equity plans:

- Long Term Incentive Plan (LTIP)
- Restricted Equity Plan.

STIP Deferred Share Plan

Under the STIP Deferred Share Plan, one third of a participant's STIP award that vests is delivered in the form of Deferred Shares. The Deferred Shares are subject to a mandatory two year disposal restriction period and continued employment with the Group. Participants are entitled to dividends and to exercise their voting rights attached to the Deferred Shares during the restriction period. If the executive is dismissed for cause, tenders his/her resignation, is terminated for performance reasons (as determined by the Board) or commits an act that the Board deems to result in forfeiture, then any Restricted Equity will generally be forfeited.

LTIP

Under the LTIP, eligible participants receive a grant of performance rights, which entitles participants to receive shares in the Company (Shares) at no cost at the end of the performance period subject to the achievement of performance conditions (Performance Rights). No dividends on shares are payable to participants prior to vesting.

For the 2013 and 2012 awards, Performance Rights are subject to dual performance measures with equal weighting over a performance period of three years. The performance measures are relative Total Shareholder Return (TSR) and Earnings per Share (EPS) compound annual growth rate (CAGR).

For the 2011 awards, two offers of one-off Demerger Performance Rights were granted to participants to create immediate alignment with shareholder interests and drive performance during the period post-demerger. Dual performance measures with equal weighting apply (TSR CAGR and Return on Capital Employed (ROCE) CAGR).

If an executive ceases employment before the end of the performance period, unvested Performance Rights will generally lapse.

In exceptional circumstances (such as death, disability or redundancy), the Board, in its discretion, may determine that a portion of the award vests having regard to performance and time lapsed to date of cessation (or that an equivalent cash payment be made).

Note 26 Employee equity plans (continued)

Restricted Equity Plan

Under the Restricted Equity Plan, eligible participants receive a grant of Restricted Shares or Deferred Rights (Restricted Equity awards) at no cost that are subject to a restriction period. Restricted Equity awards are subject to forfeiture if the participant resigns from the Group prior to the conclusion of the restriction period applicable to the offer. Participants are entitled to dividends and to exercise their voting rights attached to the Restricted Shares during the restriction period.

Awards under the Restricted Equity Plan are in the form of the following:

- Demerger Restricted Shares

In 2011 two offers of one-off Demerger Restricted Shares were granted to eligible participants to create immediate alignment with shareholder interest, drive performance during the period post-demerger and for the purposes of retention.

- Restricted Equity awards

These awards (in the form of Restricted Shares or Deferred Rights) are made to compensate employees for foregoing equity compensation in their previous organisation, as a sign-on award and/or as a retention incentive.

Fair value of awards

The grant-date fair value of the LTIP Performance Rights granted during the year ended 30 June 2013 is detailed below. The TSR component is valued using a Monte-Carlo simulation. The valuation model uses standard option pricing inputs, including the term of the award, share price at grant date, exercise price, expected annual dividend yield, expected risk-free interest rate for the performance period and expected share price volatility.

For the ROCE and EPS component of the LTIP awards, a likely vesting outcome due the performance hurdle is overlaid onto the fair value, derived from the current share price less the present value of dividends. The likely vesting outcome reflects the performance to date against targets.

Note 26 Employee equity plans (continued)

Plan	Grant date	Expiry date	Balance start of year No.	Granted during year No.	Forfeited during year No.	Exercised during year No.	Balance end of year No.	Grant date share price $	Fair values estimate at grant date $	Expected dividend yield (i) %	Expected share price volatility (ii) %	Risk-free interest rate (iii) %
2013												
STIP Deferred Share Plan												
STI	15-Sep-11	14-Sep-13	591,558	-	25,808	47,835	517,915	3.36	N/A	N/A	N/A	N/A
STI	14-Sep-12	14-Sep-14	-	396,191	-	57,217	338,974	4.78	N/A	N/A	N/A	N/A
LTIP												
ROCE	6-Jun-11	30-Sep-12	418,844	-	418,844	-	-	3.46	3.33	3.5	20.0	4.8
ROCE	6-Jun-11	30-Sep-13	403,446	-	45,231	-	358,215	3.46	3.22	3.5	20.0	4.9
TSR	6-Jun-11	30-Sep-12	418,844	-	8,117	410,727	-	3.46	1.09	3.5	20.0	4.8
TSR	6-Jun-11	30-Sep-13	403,446	-	49,294	-	354,152	3.46	0.86	3.5	20.0	4.9
TSR	25-Nov-11	30-Jun-14	393,586	-	-	-	393,586	3.76	2.61	3.5	33.0	3.0
EPS	25-Nov-11	30-Jun-14	393,586	-	-	-	393,586	3.76	3.43	3.5	33.0	3.0
EPS	13-Apr-12	30-Jun-14	3,250,734	-	675,975	-	2,574,759	4.35	4.06	3.1	30.0	3.3
TSR	13-Apr-12	30-Jun-14	3,250,734	-	656,999	-	2,593,735	4.35	3.21	3.1	30.0	3.3
EPS	22-Nov-12	30-Jun-15	-	1,752,675	183,602	-	1,569,073	5.16	4.75	3.2	28.0	2.7
TSR	22-Nov-12	30-Jun-15	-	1,752,675	183,602	-	1,569,073	5.16	3.35	3.2	28.0	2.7
EPS	28-Jun-13	30-Jun-14	-	54,813	-	-	54,813	5.82	5.66	2.8	25.0	2.8
TSR	28-Jun-13	30-Jun-14	-	54,813	-	-	54,813	5.82	5.33	2.8	25.0	2.8
Restricted Share Plans												
Demerger	3-Jun-11	5-May-14	702,828	-	-	405,386	297,442	3.42	N/A	N/A	N/A	N/A
Targeted	29-Aug-11	30-Jun-14	18,493	-	-	-	18,493	3.24	N/A	N/A	N/A	N/A
Targeted	3-Feb-12	3-Feb-14	92,178	-	-	46,089	46,089	3.48	N/A	N/A	N/A	N/A
Targeted	1-Jun-12	1-Jun-15	4,512	-	4,512	-	-	4.43	N/A	N/A	N/A	N/A
Targeted	23-Nov-12	23-Nov-15	-	11,942	-	-	11,942	5.02	N/A	N/A	N/A	N/A
Targeted	8-Mar-13	8-Mar-16	-	4,469	-	-	4,469	5.59	N/A	N/A	N/A	N/A
2012												
STIP Deferred Share Plan												
STI	15-Sep-11	14-Sep-13	-	710,638	24,335	94,745	591,558	3.36	N/A	N/A	N/A	N/A
LTIP												
ROCE	6-Jun-11	30-Sep-12	493,707	-	68,229	6,634	418,844	3.46	3.33	3.5	20.0	4.8
ROCE	6-Jun-11	30-Sep-13	532,072	-	101,907	26,719	403,446	3.46	3.22	3.5	20.0	4.9
TSR	6-Jun-11	30-Sep-12	493,707	-	63,266	11,597	418,844	3.46	1.09	3.5	20.0	4.8
TSR	6-Jun-11	30-Sep-13	532,072	-	98,317	30,309	403,446	3.46	0.86	3.5	20.0	4.9
TSR	25-Nov-11	30-Jun-14	-	393,586	-	-	393,586	3.76	2.61	3.5	33.0	3.0
EPS	25-Nov-11	30-Jun-14	-	393,586	-	-	393,586	3.76	3.43	3.5	33.0	3.0
EPS	13-Apr-12	30-Jun-14	-	3,405,181	141,971	12,476	3,250,734	4.35	4.06	3.1	30.0	3.3
TSR	13-Apr-12	30-Jun-14	-	3,405,181	141,971	12,476	3,250,734	4.35	3.21	3.1	30.0	3.3
Restricted Share Plans												
Demerger	3-Jun-11	5-May-14	743,784	-	40,956	-	702,828	3.42	N/A	N/A	N/A	N/A
Targeted	29-Aug-11	30-Jun-14	-	18,493	-	-	18,493	3.24	N/A	N/A	N/A	N/A
Targeted	3-Feb-12	3-Feb-14	-	138,267	-	46,089	92,178	3.48	N/A	N/A	N/A	N/A
Targeted	1-Jun-12	1-Jun-15	-	4,512	-	-	4,512	4.43	N/A	N/A	N/A	N/A

(i) The dividend yield is based on historic and future yield estimates.
(ii) In the absence of a significant trading history, the volatility assumption is based on the actual historical volatility of TWE's daily closing share price since listing.
(iii) The risk-free rate is derived from the yield on Australian Government Bonds of appropriate term.

Note 27 Employee benefits

	2013 $m	2012 $m
The aggregate amount of employee benefits is comprised of:		
Accrued wages, salaries and on-costs	12.8	43.0
Provisions (current)	37.3	40.1
Provisions (non-current)	3.7	4.2
Total employee benefits	**53.8**	**87.3**

The aggregate of employee entitlement provisions is $41.0 million (2012: $44.3 million). Employee benefits incurred during the year were $283.3 million (2012: $243.4 million).

Note 28 Remuneration of auditors

	2013 $'000	2012 $'000
Amount received, or due and receivable, by the auditors for:		
Auditing and reviewing the financial statements		
auditors of TWE	1,298	830
associated firms of TWE auditors	814	770
Total audit and other assurance		
auditors of TWE	1,298	830
associated firms of TWE auditors	814	770
	2,112	**1,600**
Total other services		
auditors of TWE	90	80
associated firms of TWE auditors	10	-
	100	**80**
Total fees earned		
auditors of TWE	1,388	910
associated firms of TWE auditors	824	770
Total remuneration of auditors	**2,212**	**1,680**

The Group employs its statutory auditor PricewaterhouseCoopers to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service and as long as stringent independence requirements are satisfied. In the year ended 30 June 2013, PricewaterhouseCoopers earned fees in respect to the provision of taxation and advisory services.

The Audit and Risk Committee has completed an evaluation of the overall effectiveness and independence of the external auditor, PricewaterhouseCoopers. As part of this process, the external auditor has provided a written statement that no professional engagement for the Group has been carried out which would impair their independence as auditor. The Chairman of the Audit and Risk Committee has advised the Board that the Committee's assessment is that the auditor is independent.

Note 29 Commitments

	2013 $m	2012 $m
Leases		
Non-cancellable operating leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
under 1 year	41.8	39.2
between 1 year and 5 years	90.1	73.6
over 5 years	69.0	62.3
Total lease commitments	**200.9**	**175.1**
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**7.2**	**13.8**

The Group leases property under operating leases expiring from 1 to 17 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Note 30 Notes to the cash flow statement

Reconciliation of cash

For the purpose of the cash flow statements, cash includes cash at bank and on hand and on short-term deposit, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

	2013 $m	2012 $m
Cash at bank and on hand (note 9)	**10.8**	**28.6**
Reconciliation of net cash flows from operating activities to profit/(loss) after income tax		
Profit for the year	42.7	89.7
Depreciation and amortisation	76.8	67.7
Contributions from associates	(1.0)	(0.8)
Profit on disposal of non-current assets	(0.5)	(1.2)
Valuation (increment)/decrement on agricultural assets	-	2.8
Revaluation assets held for sale and investments	(7.9)	(8.2)
Cash (receipts)/payments investing activities	0.9	(31.5)
Asset impairment charges - PPE/intangibles	-	42.8
Share-based payments expense	7.9	6.6
Change in working capital, net of effects from acquisition/disposal of controlled entities		
Receivables	(12.5)	5.4
Inventories	(85.5)	(108.8)
Derivative financial assets/liabilities	7.2	0.8
Payables	15.4	94.8
Net tax balances	(7.4)	2.5
Provisions	33.3	7.2
Foreign exchange in working capital	43.7	9.8
Net cash flows from operating activities	**113.1**	**179.6**

Note 31 Non-Director related party disclosures

Ownership interests in related parties
All material ownership interests in related parties are disclosed in note 33 to the financial statements.

Parent entity
The ultimate parent entity within the Group is Treasury Wine Estates Limited, which is domiciled and incorporated in Australia.

Transactions with entities in the wholly-owned Group
Transactions between the Company and entities in the Group during the current and prior year included:
- purchases and sales of goods and services; and
- provision of accounting and administrative assistance.

Transactions with controlled entities are made on normal commercial terms and conditions.

Transactions with other related parties
Transactions between the Company and related parties to the Group during the current year included:

Note 31 Non-Director related party disclosures (continued)

	2013 $'000	2012 $'000
Loans to related parties:		
Opening balance	-	-
Loans advanced	2,000	-
Interest charged	229	-
	2,229	**-**

All loans were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on loans during the year was 5.4%.

Note 32 Events subsequent to reporting date

Since 30 June 2013, the directors have declared a final dividend of 7.0 cents per ordinary share (2012: 7.0 cents). The total amount of the final dividend is $45.3 million (2012: $45.3 million). This has not been provided for in the 30 June 2013 financial statements (refer to note 8).

On 8 August 2013, the Group entered a new committed syndicated revolving term debt facility, totalling US$250m, with USD$170m maturing in August 2016 and USD$80m maturing in August 2018.

On 21 May 2011, the Company and its wholly owned Australian resident subsidiaries formed an Australian tax consolidated group. Under the current tax consolidation rules, the tax costs of assets brought into the income tax consolidated group by members that join the consolidated group are required to be reset under the tax cost setting process. In the financial year ended 30 June 2011, the Company performed an estimate of the effect of the tax cost resetting process which resulted in an increase in deferred tax liabilities of approximately $2 million.

During the financial year ended 30 June 2013, the Company has commenced additional analysis to confirm the original estimates on the impact of the tax consolidation reset cost base rules given that the Australian Federal Government‘s potential changes to Australian tax laws, to apply to demergers after 9 November 2010, have not been enacted since their original announcement date. As at 22 August 2013, this analysis is incomplete, however based on preliminary estimations, it is anticipated that the Company should be entitled to tax refunds relating to the 2011 to 2013 financial years. These tax refunds will be predominantly realised by the Company in the form of tax offsets that can be utilised against TWE’s future tax liabilities. As a result of these anticipated tax refunds, the Company does not expect to be able to frank any future dividends for the next 2 years.

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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Note 33 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Entity	Notes	Country of Incorporation	Equity Holding	
			2013	**2012**
			%	%
Aldershot Nominees Pty. Ltd.*		Australia	**100**	100
B Seppelt & Sons Limited*		Australia	**100**	100
Beringer Blass Distribution S.R.L.		Italy	**100**	100
Beringer Blass Italia S.R.L.		Italy	**100**	100
Beringer Blass Wine Estates Chile Limitada		Chile	**100**	100
Beringer Blass Wine Estates Limited		UK	**100**	100
Beringer Blass Wines Pty. Ltd.*		Australia	**100**	100
Bilyara Vineyards Pty. Ltd.*		Australia	**100**	100
Cellarmaster Wines (UK) Limited		UK	**100**	100
Cellarmaster Wines Holdings (UK) Limited		UK	**100**	100
Coldstream Australasia Limited*		Australia	**100**	100
Cuppa Cup Vineyards Pty. Ltd.		Australia	**100**	100
Devil's Lair Pty. Ltd.		Australia	**100**	100
Ewines Pty. Ltd.		Australia	**100**	100
FBL Holdings Limited		UK	**100**	100
Foster's Wine Estates Sales Company	(a)	USA	**-**	100
Graymoor Estate Joint Venture		Australia	**48.8**	48.8
Graymoor Estate Pty. Ltd.		Australia	**48.8**	48.8
Graymoor Estate Unit Trust		Australia	**48.8**	48.8
Greg Norman Estates Joint Venture		Australia	**70**	70
Il Cavaliere del Castello di Gabbiano S.r.l.		Italy	**100**	100
Interbev Pty. Ltd.*		Australia	**100**	100
Invin Wines Pty. Ltd.		Australia	**100**	100
Island Cooler Pty. Ltd.		Australia	**100**	100
James Herrick Wines Limited		UK	**100**	100
Leo Buring Pty. Ltd.		Australia	**100**	100
Lindeman (Holdings) Limited*		Australia	**100**	100
Lindemans Wines Pty. Ltd.		Australia	**100**	100
Mag Wines Pty. Ltd		Australia	**100**	100
Majorca Pty. Ltd.*		Australia	**100**	100
MBL Packaging Pty. Ltd.		Australia	**100**	100
Mildara Holdings Pty. Ltd.*		Australia	**100**	100
North America Packaging (Pacific Rim) Corporation		USA	**100**	100
North Para Environment Control Pty. Ltd.		Australia	**69.9**	69.9
Penfolds Wines Pty Ltd		Australia	**100**	100
Premium Land, Inc.		USA	**100**	100
Rapaura Vintners Limited	(b)	New Zealand	**100**	-
Raust International Investments BV		Netherlands	**100**	100
RH Wines Pty. Ltd		Australia	**100**	100
Robertsons Well Pty. Ltd.		Australia	**100**	100
Robertsons Well Unit Trust		Australia	**100**	100
Rosemount Estates Pty. Ltd.		Australia	**100**	100
Rothbury Wines Pty. Ltd.*		Australia	**100**	100
Roxburgh Vineyards Pty. Ltd.		Australia	**100**	100

Note 33 Controlled entities (continued)

Entity	Notes	Country of Incorporation	Equity Holding	
			2013	**2012**
			%	%
SCA 605 Pty. Ltd.		Australia	**100**	100
SCW 905 Limited*		Australia	**100**	100
Seaview Wynn Pty. Ltd.*		Australia	**100**	100
Selion Pty. Ltd.		Australia	**100**	100
Southcorp Australia Pty. Ltd.*		Australia	**100**	100
Southcorp Brands Pty. Ltd.*		Australia	**100**	100
Southcorp International Investments Pty. Ltd.*		Australia	**100**	100
Southcorp Limited*		Australia	**100**	100
Southcorp NZ Pty. Ltd.*		Australia	**100**	100
Southcorp Whitegoods Pty. Ltd.		Australia	**100**	100
Southcorp Wines Asia Pty. Ltd.		Australia	**100**	100
Southcorp Wines Europe Limited		UK	**100**	100
Southcorp Wines NZ Limited		New Zealand	**100**	100
Southcorp Wines Pty. Ltd.*		Australia	**100**	100
Southcorp XUK Limited		UK	**100**	100
T'Gallant Winemakers Pty. Ltd.		Australia	**100**	100
The New Zealand Wine Club Limited		UK	**100**	100
The Rothbury Estate Pty. Ltd.*		Australia	**100**	100
Tolley Scott & Tolley Limited*		Australia	**100**	100
Treasury Americas Inc		USA	**100**	100
Treasury Wine Brands Pty Limited		Australia	**100**	100
Treasury Wine Estates (China) Holding Co Pty Ltd*		Australia	**100**	100
Treasury Wine Estates Shanghai Co Ltd		China	**100**	100
Treasury Wine Estates (Matua) Limited		New Zealand	**100**	100
Treasury Wine Estates (NZ) Holding Co Pty Ltd*		Australia	**100**	100
Treasury Wine Estates (NZ) Limited		New Zealand	**100**	100
Treasury Wine Estates Asia (SEA) Pte Limited		Singapore	**100**	100
Treasury Wine Estates (UK) Holding Co Pty Ltd*		Australia	**100**	100
Treasury Wine Estates Americas Company	(a)	USA	**100**	100
Treasury Wine Estates Asia Pty. Ltd.		Australia	**100**	100
Treasury Wine Estates Australia Limited*		Australia	**100**	100
Treasury Wine Estates Barossa Vineyards Pty. Ltd.		Australia	**100**	100
Treasury Wine Estates Canada, Inc.		Canada	**100**	100
Treasury Wine Estates Denmark ApS		Denmark	**100**	100
Treasury Wine Estates EMEA Limited		UK	**100**	100
Treasury Wine Estates Finland Oy		Finland	**100**	100
Treasury Wine Estates Group Pty Limited		Australia	**100**	100
Treasury Wine Estates HK Limited	(c)	China	**100**	-
Treasury Wine Estates Holdings Inc.		USA	**100**	100
Treasury Wine Estates Limited*		Australia	**100**	100
Treasury Wine Estates Netherlands B.V		Netherlands	**100**	100
Treasury Wine Estates Norway AS		Norway	**100**	100
Treasury Wine Estates Sweden AB		Sweden	**100**	100
Treasury Wine Estates UK Brands Limited		UK	**100**	100
Treasury Wine Estates Vintners Limited*		Australia	**100**	100

Note 33 Controlled entities (continued)

Entity	Notes	Country of Incorporation	Equity Holding 2013	Equity Holding 2012
			%	%
TWE Finance (Aust) Limited*		Australia	**100**	100
TWE Finance (UK) Limited		UK	**100**	100
TWE Insurance Company Pte. Ltd.		Singapore	**100**	100
TWE Share Plans Pty Ltd		Australia	**100**	100
TWE US Finance Co.		USA	**100**	100
VEA Pty. Ltd.		Australia	**100**	100
Wolf Blass Wines Pty. Ltd.*		Australia	**100**	100
Woodley Wines Pty. Ltd.		Australia	**100**	100
Wynn Winegrowers Pty. Ltd.		Australia	**100**	100
Wynns Coonawarra Estate Pty. Ltd		Australia	**100**	100

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 34) and relieved from the requirement to prepare audited financial statements by ASIC Class Order (98/1418).

Notes

(a) Foster's Wine Estates Sales Company merged with Treasury Wine Estates Americas Company on 15 November 2012 under the name Treasury Wine Estates Americas Company.
(b) On 1 November 2012, Treasury Wine Estates (Matua) Limited purchased the remaining 50% issued capital of Rapaura Vintners Limited previously equity accounted for.
(c) Incorporated on 27 September 2012.

Note 34 Deed of Cross Guarantee

Under the terms of ASIC class order 98/1418, certain wholly-owned controlled entities have been granted relief from the requirement to prepare audited financial reports. It is a condition of the class order that the Company and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the companies party to the Deed. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in note 33 'Controlled Entities'.

A summarised consolidated statement of profit or loss and other comprehensive income, retained earnings reconciliation and a consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2013 are set out below.

	2013 $m	2012 $m
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	97.3	75.0
Income tax expense	(32.6)	(28.7)
Net profit after tax	**64.7**	**46.3**
Retained earnings at beginning of the year	172.1	(43.6)
Transfer from reserves	-	247.1
External dividends	(84.1)	(77.7)
Retained earnings at end of the year	**152.7**	**172.1**

Note 34 Deed of cross guarantee (continued)

	2013 $m	2012 $m
Current assets		
Cash and cash equivalents	1.5	17.4
Receivables	1,336.4	1,426.3
Inventories	375.6	358.1
Current tax assets	3.8	13.5
Assets held for sale	2.5	3.5
Derivative financial assets	3.1	1.3
Total current assets	**1,722.9**	**1,820.1**
Non-current assets		
Receivables	3.9	1.2
Inventories	305.8	277.7
Other financial assets	2,852.1	2,852.3
Derivative financial assets	4.9	0.7
Property, plant and equipment	492.9	464.1
Agricultural assets	83.6	68.6
Intangible assets	437.2	420.9
Retirement benefit assets	0.5	0.5
Deferred tax assets	43.0	50.9
Total non-current assets	**4,223.9**	**4,136.9**
Total assets	**5,946.8**	**5,957.0**
Current liabilities		
Payables	234.2	249.0
Borrowings	2,333.5	2,399.1
Provisions	38.8	43.8
Derivative financial liabilities	4.3	1.5
Total current liabilities	**2,610.8**	**2,693.4**
Non-current liabilities		
Borrowings	85.0	-
Deferred tax liabilities	32.4	32.3
Provisions	3.7	4.2
Derivative financial liabilities	4.9	0.7
Total non-current liabilities	**126.0**	**37.2**
Total liabilities	**2,736.8**	**2,730.6**
Net assets	**3,210.0**	**3,226.4**
Equity		
Contributed equity	3,047.5	3,047.5
Reserves	9.8	6.8
Retained earnings	152.7	172.1
Total equity	**3,210.0**	**3,226.4**

Note 35 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $'000	2012 $'000
Balance sheet		
Current assets	5,633.6	5,591.4
Total assets	7,501.5	7,459.3
Current liabilities	4,391.0	4,338.7
Total liabilities	4,391.0	4,338.7
Net assets	**3,110.5**	**3,120.6**
Shareholders' equity		
Issued capital	3,047.5	3,047.5
Share-based payments reserve	9.8	6.8
Retained earnings	53.2	66.3
Total equity	**3,110.5**	**3,120.6**
Profit for the year	71.0	83.0
Total comprehensive income	**71.0**	**83.0**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 (2012: nil).