APPENDIX 4E

PRELIMINARY FINAL REPORT IN RESPECT TO TREASURY WINE ESTATES LIMITED FOR THE YEAR ENDED 30 JUNE 2015 ABN 24 004 373 862

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION	YEAR ENDED 30 JUNE 2015 $M	YEAR ENDED 30 JUNE 2014 $M	% CHANGE INCREASE/ (DECREASE)	AMOUNT INCREASE/ (DECREASE) $M
Revenue from ordinary activities	1,962.1	1,790.2	9.6%	171.9
Profit/(loss) attributable to members of Treasury Wine Estates Limited	77.6	(100.9)	NM	178.5
Net profit after tax before material items, SGARA and 2014 $80.5 million tax consolidation benefit	142.5	112.8	26.3%	29.7
Earnings before interest, tax, SGARA and material items	225.1	184.6	21.9%	40.5

EARNINGS PER SHARE	YEAR ENDED 30 JUNE 2015 CENTS PER SHARE	YEAR ENDED 30 JUNE 2014 CENTS PER SHARE
Basic earnings per share	11.9	(15.6)
Basic earnings per share, adjusted to exclude SGARA and material items (2014 also included $80.5 million tax consolidation benefit, refer note 22)	21.9	17.4

DIVIDENDS (DISTRIBUTIONS)(i)	CENTS PER SHARE	FRANKING %
Final dividend – year ended 30 June 2015 (determined subsequent to balance date)(ii),(iii)	8.0 cents	unfranked
Interim dividend – half year ended 31 December 2014	6.0 cents	unfranked
Final dividend – year ended 30 June 2014	7.0 cents	unfranked

NM – Not meaningful.

(i) The Dividend Reinvestment Plan of the Company, suspended on 20 August 2014, remains suspended.

(ii) 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.

(iii) The record date for determining an entitlement to receipt of the final dividend is Friday 4 September 2015 and the Company expects to pay the dividend on Friday 2 October 2015.

2. PRELIMINARY FINAL FINANCIAL STATEMENTS

Please refer to pages 1 through 43 of this report wherein the following are provided:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015;
- Consolidated statement of financial position as at 30 June 2015;
- Consolidated statement of changes in equity for the year ended 30 June 2015;
- Consolidated statement of cash flows for the year ended 30 June 2015; 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.

3. NET TANGIBLE ASSET BACKING

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE	YEAR ENDED 30 JUNE 2015 $	YEAR ENDED 30 JUNE 2014 $
Net tangible asset backing per ordinary share	3.47	3.24

4. ASSOCIATES AND JOINT VENTURES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	YEAR ENDED 30 JUNE 2015 $M	YEAR ENDED 30 JUNE 2014 $M
Investments accounted for using the equity method	2.2	2.0
Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting. The Group holds a 50% investment in Trebuchet Logistics Pty Ltd, a company incorporated in Australia. Additionally, the Group holds a 50% interest in Fiddlesticks LLC and a 12% interest in Vision Robotics Corporation. Both companies are incorporated in the United States of America. The percentage ownership at 30 June 2015 is consistent with the prior period.		

5. DETAILS IN RESPECT TO THE COMPANY'S ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 10.00am (Adelaide time) on Thursday 12 November 2015 at the National Wine Centre, Corner of Botanic and Hackney Roads, Adelaide, South Australia, Australia.

6. FURTHER INFORMATION

Further information can be obtained from:

Media:	**Investors:**
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $M	2014 $M
Revenue	3	**1,962.1**	1,790.2
Cost of sales		**(1,338.7)**	(1,209.5)
Gross profit		**623.4**	580.7
Other income	3	**5.6**	6.2
Selling expenses		**(205.4)**	(204.4)
Marketing expenses		**(115.3)**	(71.7)
Administration expenses		**(114.3)**	(105.6)
Other expenses		**(61.5)**	(424.6)
Profit/(loss) before tax and finance costs		**132.5**	(219.4)
Finance income		**5.4**	1.5
Finance costs		**(27.0)**	(23.1)
Net finance costs	4	**(21.6)**	(21.6)
Profit/(loss) before tax		**110.9**	(241.0)
Income tax benefit/(expense)	22	**(33.3)**	138.6
Net profit/(loss)		**77.6**	(102.4)
Net loss attributable to non-controlling interests		**–**	1.5
Net profit/(loss) attributable to members of Treasury Wine Estates Limited		**77.6**	(100.9)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**(2.3)**	3.9
Tax on cash flow hedges		**0.9**	(1.5)
Exchange difference on translation of foreign operations		**207.5**	11.8
Other comprehensive income for the year, net of tax		**206.1**	14.2
Total comprehensive income/(loss) for the year attributable to members of Treasury Wine Estates Limited		**283.7**	(86.7)
Non-controlling interests		**–**	(1.5)
Total comprehensive income/(loss) for the year		**283.7**	(88.2)

		CENTS PER SHARE	CENTS PER SHARE
Earnings per share for profit or loss attributable to the ordinary equity holders of the Company			
Basic	7	**11.9**	(15.6)
Diluted	7	**11.9**	(15.6)

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 2015

	NOTE	2015 $M	2014 $M
Current assets			
Cash and cash equivalents	9	**122.1**	52.0
Receivables	9	**504.9**	407.9
Inventories	9	**704.2**	707.1
Current tax assets		**18.2**	45.7
Assets held for sale	13	**91.2**	2.5
Other current assets		**3.1**	3.1
Total current assets		**1,443.7**	1,218.3
Non-current assets			
Inventories	9	**533.8**	525.2
Property, plant and equipment	10	**928.8**	958.3
Agricultural assets	11	**255.1**	229.9
Intangible assets	12	**791.1**	747.1
Deferred tax assets	22	**193.3**	171.4
Other non-current assets		**4.0**	10.3
Total non-current assets		**2,706.1**	2,642.2
Total assets		**4,149.8**	3,860.5
Current liabilities			
Bank overdraft	9	**13.0**	–
Trade and other payables	9	**455.2**	449.8
Current tax liabilities		**5.2**	39.0
Provisions	15	**90.3**	86.5
Other current liabilities		**7.0**	6.8
Total current liabilities		**570.7**	582.1
Non-current liabilities			
Borrowings	17	**324.4**	264.8
Deferred tax liabilities	22	**194.1**	159.6
Other non-current liabilities		**9.9**	5.2
Total non-current liabilities		**528.4**	429.6
Total liabilities		**1,099.1**	1,011.7
Net assets		**3,050.7**	2,848.8
Equity			
Contributed equity	18	**3,061.3**	3,051.4
Reserves	20	**(23.3)**	(222.4)
Retained earnings		**10.1**	17.2
Total parent entity interest		**3,048.1**	2,846.2
Non-controlling interest		**2.6**	2.6
Total equity		**3,050.7**	2,848.8

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 2015

	CONTRIBUTED EQUITY $M	RETAINED EARNINGS $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	OTHER RESERVES $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2013	**3,042.6**	**202.2**	**(246.0)**	**4.9**	**3,003.7**	**4.2**	**3,007.9**
Loss for the year	–	(100.9)	–	–	(100.9)	(1.5)	(102.4)
Total other comprehensive income	–	–	11.8	2.4	14.2	–	14.2
Total comprehensive income/(loss) for the year	**–**	**(100.9)**	**11.8**	**2.4**	**(86.7)**	**(1.5)**	**(88.2)**
Transactions with owners in their capacity as owners directly in equity							
Share-based payment expense	–	–	–	8.0	8.0	–	8.0
Net changes in contributed equity	8.8	–	–	(3.5)	5.3	–	5.3
Dividends to owners of the Company	–	(84.1)	–	–	(84.1)	(0.1)	(84.2)
Balance at 30 June 2014	**3,051.4**	**17.2**	**(234.2)**	**11.8**	**2,846.2**	**2.6**	**2,848.8**
Profit for the year	–	77.6	–	–	77.6	–	77.6
Total other comprehensive income	–	–	207.5	(1.4)	206.1	–	206.1
Total comprehensive income/(loss) for the year	**–**	**77.6**	**207.5**	**(1.4)**	**283.7**	**–**	**283.7**
Transactions with owners in their capacity as owners directly in equity							
Share-based payment expense	–	–	–	3.1	3.1	–	3.1
Net changes in contributed equity	9.9	–	–	(10.1)	(0.2)	–	(0.2)
Dividends to owners of the Company	–	(84.7)	–	–	(84.7)	–	(84.7)
Balance at 30 June 2015	**3,061.3**	**10.1**	**(26.7)**	**3.4**	**3,048.1**	**2.6**	**3,050.7**

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 2015

	NOTE	2015 $M INFLOWS/ (OUTFLOWS)	2014 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Receipts from customers		**2,511.9**	2,380.6
Payments to suppliers, governments and employees[1]		**(2,279.8)**	(2,210.0)
Borrowing costs paid		**(27.4)**	(22.2)
Income taxes (paid)/refunded		**(34.2)**	36.7
Other cash receipts		**5.3**	5.6
Net cash flows from operating activities[1]	8	**175.8**	190.7
Cash flows from investing activities			
Payments for property, plant, equipment and agricultural assets		**(78.8)**	(98.4)
Payments for intangible assets		**(12.0)**	(13.9)
Proceeds from sale of property, plant and equipment		**6.8**	8.1
Other cash payments		**(1.3)**	(0.9)
Net cash flows from investing activities		**(85.3)**	(105.1)
Cash flows from financing activities			
Dividend payments		**(84.7)**	(77.8)
Proceeds from borrowings[1]		**190.9**	977.5
Repayment of borrowings		**(189.5)**	(931.5)
Proceeds from settlement of currency swaps		**47.0**	(10.3)
Other cash payments		**(0.1)**	(1.1)
Net cash flows from financing activities[1]		**(36.4)**	(43.2)
Total cash flows from activities		**54.1**	42.4
Cash and cash equivalents at the beginning of the year		**52.0**	10.8
Effects of exchange rate changes on foreign currency cash flows and cash balances		**3.0**	(1.2)
Cash and cash equivalents at end of the year[2]	9	**109.1**	52.0

1. Includes reclassifications of comparative to align to the current period presentation of cash flows relating to the close out of currency swaps.
2. Represented by cash at bank of $122.1 million and bank overdrafts of $13.0 million.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: ABOUT THIS REPORT

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 – ABOUT THIS REPORT

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 (ASX).

We have adopted accounting policies in preparing our consolidated financial statements and these policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting policies that are critical to understanding the financial statements as a whole are set out in this section. Where an accounting policy is specific to one note, the policy is described in the note in which it relates. Further policies, including the impact of upcoming changes to accounting standards, are set out in note 32.

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 (AASB);
- Is on a historical cost basis, except for derivative financial instruments and agricultural assets, which have been measured at fair value;
- Contains comparative information that has been adjusted to align with the presentation of the current period, where necessary; and
- Is presented in Australian dollars with all values rounded to the nearest tenth of one million dollars unless otherwise stated, in accordance with ASIC Class Order 98/100.

Key estimate and judgement

In preparing this financial report, we are required 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 found in the following notes:

Note 3:	Revenue and other income
Note 9:	Working capital
Note 11:	Agricultural assets
Note 12:	Intangible assets
Note 14:	Impairment of non-financial assets
Note 22:	Income tax

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.

Line items labelled 'other' on the faces of the consolidated statements comprise miscellaneous income, expenses, receivables, payables or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

The notes to the financial statements

The notes include additional information required to understand our financial statements that is material and relevant to our operations, financial position and performance. Information is considered material and relevant if, the amount in question is significant because of its size or nature or it helps to explain the impact of significant changes in our business, for example, acquisitions and asset write-downs.

The notes are organised into the following sections:

Earnings: focuses on our financial results and performance. It provides disclosures relating to income, expenses, segment information, material items and earnings per share.

Working capital: shows the current assets and current liabilities generated through our trading activity. It provides information regarding working capital management and analysis of the elements of working capital.

Operating assets and liabilities: provides information regarding the physical assets and non-physical assets used by us to generate revenues and profits. This section also explains the accounting policies applied and specific judgements and estimates made by management in arriving at the value of these assets and operating liabilities.

Capital structure: provides information about our capital management practices. Particularly, how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance our activities both now and in the future.

Taxation: lays out the tax accounting policies, the current and deferred tax charges, a reconciliation of profit or loss before tax to the tax charge or credit and the movements in deferred tax assets and liabilities.

Risk: discusses our exposure to various financial risks, explains how these affect our financial position and what we do to manage these risks.

Group composition: explains aspects of our structure.

Other: other required disclosures under Australian Accounting Standards and IFRS.

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

Principles of consolidation

The consolidated financial statements include the assets and liabilities of Treasury Wine Estates Limited and its controlled entities as a whole at year-end and the consolidated results and cash flows for the year. A list of controlled entities (subsidiaries) is provided in note 27.

We regard an entity as a controlled entity when we are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to affect those returns through power over the entity.

The rights of other investors to the results and equity of our subsidiaries (called non-controlling interests) are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

The financial reports of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. Intra-group balances and transactions arising from intra-group transactions are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Functional and presentation currency

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

Foreign group companies

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statements are translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

When a foreign operation is sold, the cumulative exchange difference in equity 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.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency of the relevant entity at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising are taken to the consolidated statement of profit and loss and other comprehensive income, except for gains or losses arising on assets or liabilities that qualify for hedge accounting, discussed further in note 23. Tax charges and credits attributable to these exchange differences are also recognised in equity.

Average exchange rates used in translating profit and loss items in 2015 are:

AUD$1 = USD 0.837 (2014: USD 0.918)
AUD$1 = GBP 0.530 (2014: GBP 0.565).

Year-end exchange rates used in translating financial position items in 2015 are:

AUD$1 = USD 0.767 (2014: USD 0.942)
AUD$1 = GBP 0.488 (2014: GBP 0.553).

Fair value measurement

We measure certain financial instruments, including derivatives, and certain non-financial assets such as agricultural assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. It is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial item assumes it is put to its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Accounting standards prescribe a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly (i.e. derived by prices) observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Subsequent events

On 31 July 2015, we finalised the sale of our Asti winery (announced on 21 July 2015), Souverain brand and inventory, and co-located vineyard assets in Sonoma County, California. A pre-tax loss of $9.7 million (US$7.5 million) arose on disposal. The assets have been classified as held for sale within the 30 June 2015 financial statements (refer note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: EARNINGS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 – SEGMENT INFORMATION

The Group's segments

We report segment information on the same basis as our internal management reporting structure and consistent with the information used to organise and manage the Group.

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 identified reportable segments with our Group are below:

(i) Australia and New Zealand (ANZ)
This segment is responsible for the manufacture, sale and marketing of wine within Australia and New Zealand. The segment also distributes beer and cider under licence.

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

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

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

Presentation of segment results

Management EBITS

Our principal profit metric for internal management reporting is management EBITS. Management EBITS is 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 accounting policies

Segment assets and liabilities

Segment assets and liabilities represent those working capital and non-current assets and liabilities which are located in the respective segments. Cash is not considered to be a segment asset as it is managed by our centralised treasury function. Consistent with the use of EBITS for measuring profit, tax assets and liabilities, which do not contribute towards EBITS, are not allocated to operating segments.

Intersegment transactions

The price of an intersegment transaction is set at an arm's length basis. Whilst these transactions are eliminated on consolidation, they are shown within the segment revenue and EBITS to properly reflect segment of origin performance, including production.

Corporate charges

Unallocated corporate charges are reported in the Corporate/unallocated segment. Net finance costs are not allocated to segments as our financing function is centralised through our treasury function.

Segment loans payable and loans receivable

Segment loans are initially recognised at the amount transferred. Intersegment loans receivable and payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates.

Other

If items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments.

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
2015								
Total revenue comprises:								
Net sales revenue	586.3	794.5	200.4	267.1	–	1,848.3	–	1,848.3
Other revenue	94.9	13.2	–	0.9	–	109.0	4.8	113.8
Intersegment revenue	386.1	2.0	–	22.3	(410.4)	–	–	–
Total segment revenue (excl other income/interest)	**1,067.3**	**809.7**	**200.4**	**290.3**	**(410.4)**	**1,957.3**	**4.8**	**1,962.1**
Management EBITS	**84.4**	**93.2**	**73.1**	**14.4**	–	**265.1**	**(40.0)**	**225.1**
SGARA loss	(11.1)	(7.8)	–	–	–	(18.9)	–	(18.9)
Material items	(37.9)	(26.8)	(0.8)	(1.1)	–	(66.6)	(7.1)	(73.7)
Management EBIT	**35.4**	**58.6**	**72.3**	**13.3**	–	**179.6**	**(47.1)**	**132.5**
Net finance costs								**(21.6)**
Consolidated profit/(loss) before tax								**110.9**
Depreciation of property, plant and equipment	**48.9**	**22.0**	–	**2.3**	–	**73.2**	**2.0**	**75.2**
Amortisation of intangible assets	**0.8**	–	–	–	–	**0.8**	**8.5**	**9.3**
Assets held for sale	**21.7**	**69.5**	–	–	–	**91.2**	–	**91.2**
Capital expenditure	**48.9**	**27.2**	**0.4**	**2.1**	–	**78.6**	**12.2**	**90.8**
Segment assets (excl intersegment assets)	**2,053.5**	**1,346.9**	**56.3**	**315.0**	–	**3,771.7**	**378.1**	**4,149.8**
Segment liabilities (excl intersegment liabilities)	**254.1**	**177.2**	**23.3**	**67.6**	–	**522.2**	**576.9**	**1,099.1**

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
2014								
Total revenue comprises:								
Net sales revenue	562.2	731.9	137.6	273.9	–	1,705.6	–	1,705.6
Other revenue	90.3	16.0	–	0.7	–	107.0	2.7	109.7
Intersegment revenue	328.5	3.1	–	24.1	(355.7)	–	–	–
Material items*	–	(25.1)	–	–	–	(25.1)	–	(25.1)
Total segment revenue (excl other income/interest)	981.0	725.9	137.6	298.7	(355.7)	1,787.5	2.7	1,790.2
Management EBITS	75.1	74.9	47.7	29.1	–	226.8	(42.2)	184.6
SGARA loss	(18.0)	(1.5)	–	–	–	(19.5)	–	(19.5)
Material items	(57.3)	(218.4)	(0.3)	(58.5)	–	(334.5)	(50.0)	(384.5)
Management EBIT	(0.2)	(145.0)	47.4	(29.4)	–	(127.2)	(92.2)	(219.4)
Net finance costs								(21.6)
Consolidated profit/(loss) before tax								(241.0)
Depreciation of property, plant and equipment	49.5	25.4	0.1	1.9	–	76.9	1.7	78.6
Amortisation of intangible assets	0.2	–	–	–	–	0.2	6.9	7.1
Assets held for sale	2.5	–	–	–	–	2.5	–	2.5
Capital expenditure	82.1	16.3	0.4	2.2	–	101.0	15.6	116.6
Segment assets (excl intersegment assets)	2,111.0	1,113.0	57.1	265.2	–	3,546.3	314.2	3,860.5
Segment liabilities (excl intersegment liabilities)	236.9	195.3	11.2	58.1	–	501.5	510.2	1,011.7

* Material items associated with net sales revenue is included in the total material items reported in note 5.

NOTE 3 – REVENUE AND OTHER INCOME

	2015 $M	2014 $M
Revenue		
Net sales revenue*	**1,848.3**	1,680.5
Other revenue	**113.8**	109.7
Total revenue	**1,962.1**	1,790.2
Other income		
Insurance and other receipts	**0.8**	4.1
Net profit on disposal of property, plant and equipment and agricultural assets	**4.8**	2.1
Total other income	**5.6**	6.2

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

Types of products and services

We generate revenue through the sale of branded wines, principally as a finished, bottled product. Our 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.

We also distribute beer and cider under licence in New Zealand and provide contract bottling services to third parties.

Sales approach

We distribute wine to a range of customers across the world, with routes-to-market tailored by country. In some geographies, we sell principally to large distributors. In others, the majority of sales are direct to national retail chains, independent retailers and on premise outlets. We also have some limited sales direct to the consumer.

We have two major customers whose revenues represent 17.4% (2014: 13.6%) and 10.2% (2014: 9.5%) of our reported revenues. The customers are in the Americas and ANZ segments respectively.

Key estimate and judgement:

Volume discounts and rebates

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.

Accounting policies

Revenue is measured at the fair value of the consideration received or receivable. As we do not provide extended credit terms, this is typically the amount shown on the invoice. We record revenue net of sales discounts and rebates, duties and taxes. We record revenue only if it is probable that the economic benefits will flow to us, such as when product is sold to a credit approved purchaser.

The following specific criteria are also applied:

Wine

Revenue is recognised when the risk and rewards of ownership have passed to the buyer. Sales to national retail chains, domestic distributors, independent retailers and on premise outlets are usually recognised when goods are delivered. Sales to international distributors are recognised based on the international commercial terms the goods are shipped under, but typically when goods are despatched. This is also the case for some national retail chains that manage their own distribution networks.

Property

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

Royalties

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

Bottling services

Revenue is recognised when the relevant service has been completed.

NOTE 4 – OTHER EARNINGS DISCLOSURES

	2015 $M	2014 $M
Finance income	**5.4**	1.5
Finance costs	**(27.0)**	(23.1)
Net finance costs	**(21.6)**	(21.6)
Amortisation of intangible assets	**(9.3)**	(7.1)
Write-down of property, plant and equipment (note 5)	**(9.2)**	(72.6)
Write-down of assets classified as held for sale (note 5)	**(9.7)**	–
Net agriculture valuation movement (note 11)	**(18.9)**	(19.5)
Depreciation of property, plant and equipment (note 10)	**(75.2)**	(78.6)
Rental expense relating to operating leases	**(53.6)**	(47.5)
Net foreign exchange (losses)/gains	**(8.8)**	1.0
Employee benefit expenses	**(300.2)**	(308.4)
Impairment of intangible assets (note 5)	–	(272.6)

Accounting policies

Agricultural valuation movement
The change in fair value of vines, picked grapes and olives is recognised in the statement of profit or loss and other comprehensive income in the year of harvest.

Finance income
Finance income 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.

Finance costs
Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases, which are capitalised as part of cost of the asset.

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. Our policy on how to determine the nature of a lease is set out in note 19.

Employee benefits
Employee benefits include wages, salaries, annual leave, bonuses and non-monetary benefits. Further details of our policy on measuring employee benefits are set out in note 15.

Superannuation
Our employees are members of defined contribution superannuation schemes. Superannuation contributions are recognised as an employee benefit expense when they are due and payable.

NOTE 5 – MATERIAL ITEMS

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

	2015 $M	2014 $M
Individually material items included in profit/(loss) before income tax:		
Restructuring, redundancy and onerous lease costs[1]	**(48.0)**	(44.0)
Inventory (write-down)/reversal of write-down[2]	**(4.6)**	4.7
Write-down of property, plant and equipment[3]	**(9.2)**	(72.6)
Earthquake related loss[4]	**(2.2)**	–
Impairment of intangible assets	–	(272.6)
Write-down of assets classified as held for sale[5]	**(9.7)**	–
Total material items (before tax)	**(73.7)**	(384.5)
Tax effect of material items	**24.1**	103.9
Total material items (after tax)	**(49.6)**	(280.6)

2015

1. Comprises costs in relation to executing our supply chain optimisation programs ($31.4 million), implementing overhead reductions ($14.4 million) and other onerous contracts ($2.2 million) arising from changes to our supply chain network.
2. Relates to inventory write-downs necessary to execute the closure of our Karadoc packaging and warehouse operations under our supply chain optimisation program.
3. Includes asset write-downs of property, plant and equipment which has become redundant as a result of implementing supply chain network changes.
4. We incurred earthquake damage to inventory and property, plant and equipment in the Napa region, California. The cost comprises inventory losses and repairs to damaged assets.
5. Comprises asset write-downs reflecting outcomes of the post-balance date sale of the Asti winery and vineyard assets, which at 30 June have been classified within a disposal group held for sale (refer to note 13).

2014

We recognised redundancy, contract break and onerous supply contract costs in relation to rationalisation and restructure programs and impairment charges against goodwill and other non-current assets. The impairment was predominantly as a result of adverse market conditions observed in the commercial market and a challenging US market. Additionally, the Group's strategic review of its IT infrastructure resulted in the de-recognition of assets.

Material items

Material items are items of income and expense which have been determined as being sufficiently significant by their size or incidence and are disclosed separately to assist in understanding our financial performance.

NOTE 6 – DIVIDENDS

	2015 $M	2014 $M
Dividends declared and paid on ordinary shares:		
Final dividend for 2014 of 7.0 cents per share (2013: 7.0 cents per share)	**45.6**	45.3
Interim dividend for 2015 of 6.0 cents per share (2014: 6.0 cents per share)	**39.1**	38.8
	84.7	84.1
Dividends declared after balance date		
Since the end of the financial year, the Directors declared a final dividend of 8.0 cents per share (2014: 7.0 cents) unfranked (2014: unfranked). This dividend has not been recognised as a liability in the financial statements at year end.	**52.1**	45.6

Details in relation to franking credits is included in note 22.

NOTE 7 – EARNINGS PER SHARE

	2015 CENTS PER SHARE	2014 CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	11.9	(15.6)
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	11.9	(15.6)

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	649,953	647,912
Effect of potentially dilutive securities:		
Deferred shares (in thousands)	3,991	–
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**653,944**	647,912

	$M	$M
Earnings reconciliation		
Basic and diluted EPS		
Net profit/(loss)	77.6	(102.4)
Net loss attributable to non-controlling interests	–	1.5
Net profit/(loss) attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**77.6**	(100.9)

Calculation of earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated by dividing the net profit after income tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive potential ordinary shares in the employee Long-term Incentive Plan and Restricted Equity Plan (see note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: EARNINGS AND WORKING CAPITAL

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8 – NET CASH FLOWS FROM OPERATING ACTIVITIES

	2015 $M	2014 $M
Reconciliation of net cash flows from operating activities to profit/(loss) after income tax		
Profit/(loss) for the year	**77.6**	(102.4)
Depreciation and amortisation	**84.5**	85.7
Valuation decrement on agricultural assets	**18.9**	19.5
Asset write-downs	**18.9**	345.2
Share-based payments expense	**3.1**	8.0
Other	**(5.3)**	(2.0)
Net cash provided by operating activities before change in assets and liabilities	**197.7**	354.0
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities[1]		
Receivables	**(63.8)**	54.4
Inventories	**65.7**	(76.9)
Derivative financial assets/liabilities	**1.2**	(1.8)
Payables	**(29.0)**	(35.1)
Net tax balances	**(0.8)**	(101.9)
Provisions	**4.8**	(2.0)
Net cash flows from operating activities	**175.8**	190.7

1 Includes reclassifications of comparative to align to the current period presentation of cash flows relating to the close out of currency swaps.

NOTE 9 – WORKING CAPITAL

	2015 $M	2014 $M
Current		
Cash and cash equivalents	**122.1**	52.0
Receivables (a)	**504.9**	407.9
Inventories (b)	**704.2**	707.1
Bank overdraft	**(13.0)**	–
Trade and other payables	**(455.2)**	(449.8)
Non-current		
Receivables	**1.7**	7.0
Inventories (b)	**533.8**	525.2
Trade and other payables	**(5.4)**	(1.4)
Net working capital	**1,393.1**	1,248.0

Accounting policies

Cash and cash equivalents

Cash and cash equivalents consist 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.

Cash assets and cash liabilities are offset and presented as a net amount in the statement of financial position when we have a legally enforceable right to offset or we intend to settle on a net basis.

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

Receivables

We recognise trade receivables initially at invoice value (fair value) and subsequently measure them at amortised cost, less allowance for doubtful debts.

Credit terms are generally between 30–120 days depending on the nature of the transaction. An allowance for doubtful debts is raised to reduce the carrying amount of trade receivables based on a review of outstanding amounts at reporting date where there is credit risk.

NOTE 9 – WORKING CAPITAL (CONTINUED)

Inventories

Inventories are valued at the lower of their cost (using average or FIFO basis) or estimated net realisable value.

The cost of raw materials is their purchase price or, in the case of grapes sourced from our vineyards, fair value (see note 11 for further details). The cost of manufactured goods is determined on a consistent basis and is made up of the raw materials and direct labour used in manufacture. It also includes other direct costs and related production overheads based on normal operating capacity.

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.

Trade and other payables

Trade and other payables including accruals are recorded when we are required to make future payments as a result of purchases of goods or services. Trade and other payables are carried at amortised cost.

Key estimate and judgement:

Volume discounts and rebates

Key estimates relate to the amount accrued for discounts and rebates. 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 and rebates based on anticipated annual purchases and depletions.

(a) Receivables

	2015 $M	2014 $M
Current		
Trade receivables	**468.9**	363.7
Allowance for doubtful debts	**(3.3)**	(1.0)
Other receivables	**14.1**	24.7
Prepayments	**25.2**	20.5
Total current receivables	**504.9**	407.9

(b) Inventories

	2015 $M	2014 $M
Current		
Raw materials and stores	**22.9**	26.2
Work in progress	**368.8**	401.0
Finished goods	**312.5**	279.9
Total current inventories	**704.2**	707.1
Non-current		
Work in progress	**452.2**	458.0
Finished goods	**81.6**	67.2
Total non-current inventories	**533.8**	525.2
Total inventories	**1,238.0**	1,232.3

We classify inventories of wine stocks between current and non-current based on sales projections for the ensuing year.

Inventories recognised as an expense during the year and included in cost of sales amounted to $1,170.0 million (2014: $1,100.0 million). In 2015, the write-down of inventories to net realisable value amounted to $16.9 million (2014: $10.7 million). The reversal of write-downs amounted to $3.5 million (2014: $11.5 million). The write-down and reversals are included in cost of sales.

Key estimate and judgement:

Net realisable value of inventory

The period over which some wine inventories are converted from raw materials to finished goods can be a significant length of time. Failure to effectively forecast demand may result in excess inventories or missed revenue opportunities.

Forecast demand and market prices can vary significantly over the holding period up to the likely date of sale. Estimating the most likely conditions at the expected point of sale is therefore more challenging over the longer term. Non-current inventory is $533.8 million (2014: $525.2 million) and its estimated selling price is therefore a key estimate.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	LAND		FREEHOLD BUILDINGS		LEASEHOLD BUILDINGS		PLANT AND EQUIPMENT		TOTAL	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Cost	**342.4**	344.5	**377.0**	362.5	**64.7**	57.6	**1,201.7**	1,208.1	**1,985.8**	1,972.7
Projects in progress	–	–	–	–	–	–	**51.4**	45.9	**51.4**	45.9
Accumulated depreciation and impairment	**(42.7)**	(45.5)	**(191.7)**	(163.9)	**(48.4)**	(42.6)	**(825.6)**	(808.3)	**(1,108.4)**	(1,060.3)
Carrying amount at end of year	**299.7**	299.0	**185.3**	198.6	**16.3**	15.0	**427.5**	445.7	**928.8**	958.3
Reconciliations										
Carrying amount at start of year	**299.0**	306.3	**198.6**	215.6	**15.0**	25.7	**445.7**	476.8	**958.3**	1,024.4
Additions	**0.1**	6.9	**1.4**	7.1	–	1.8	**60.9**	70.6	**62.4**	86.4
Assets held for sale (note 13)	**(30.1)**	–	**(14.0)**	–	**(1.4)**	–	**(34.0)**	–	**(79.5)**	–
Disposals	**(0.1)**	(2.7)	**(0.1)**	(0.9)	–	(0.1)	**(1.6)**	(1.7)	**(1.8)**	(5.4)
Write-downs/impairment	–	(10.7)	**(0.5)**	(17.8)	**(0.3)**	(8.8)	**(8.4)**	(35.3)	**(9.2)**	(72.6)
Depreciation expense	–	–	**(6.1)**	(6.1)	**(1.4)**	(3.5)	**(67.7)**	(69.0)	**(75.2)**	(78.6)
Transfer	**0.1**	–	**(9.1)**	–	**2.0**	–	**9.0**	1.9	**2.0**	1.9
Foreign currency translation	**30.7**	(0.8)	**15.1**	0.7	**2.4**	(0.1)	**23.6**	2.4	**71.8**	2.2
Carrying amount at end of year	**299.7**	299.0	**185.3**	198.6	**16.3**	15.0	**427.5**	445.7	**928.8**	958.3

Included within plant and equipment are 'Projects in progress' of $51.4 million (2014: $45.9 million), which are assets under construction and therefore not yet depreciated. The cost of construction includes the cost of materials used in construction, direct labour on the project, and an allocation of overheads.

Write-down of assets

As a result of our supply chain optimisation program $9.2 million assets were identified as being surplus to our needs and consequently have been written off. These assets were within the ANZ segment.

Assets held for sale

Assets held for sale include winery assets that will be sold as a result of our supply chain optimisation review (refer note 13).

Accounting policies

Property, plant and equipment is initially recorded at cost and then reduced by accumulated depreciation and any impairment losses.

We depreciate plant and equipment so that the assets are written down to their residual value over their useful lives, using a reducing balance or straight-line method depending on the nature of the asset. Assets that relate to leases are written off over the period of the lease or useful life, whichever is the shorter. Residual values, useful lives and amortisation methods are reviewed annually and adjusted when required. No changes to depreciation rates were made this year.

Depreciation expense is included in 'cost of sales, selling expenses and administration expenses' in the statement of profit or loss and other comprehensive income.

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%

Derecognition and disposal

When an asset is sold, scrapped or is no longer of use to the business it is derecognised. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds and the carrying amount of the asset) is recorded in the period the asset is derecognised in the statement of profit or loss and other comprehensive income.

NOTE 11 – AGRICULTURAL ASSETS

	2015 $M	2014 $M
Agricultural assets	**255.1**	229.9
Total agricultural assets	**255.1**	229.9
Reconciliations		
Carrying amount at start of year	**229.9**	227.1
Additions	**16.5**	13.3
Disposals	**(1.2)**	(0.6)
Assets held for sale	**(4.5)**	–
Fair value increase/(decrease)	–	(11.3)
Transfers	**(6.5)**	0.8
Foreign currency translation	**20.9**	0.6
Carrying amount at end of year	**255.1**	229.9

Grape growing and sourcing

We have a variety of sources of fruit including owned and leased vineyards, contracted growers and the bulk wine market.

This approach provides us with flexibility through the economic cycle and assists with managing the risks arising from agricultural factors beyond our control such as pests, disease and extreme weather conditions.

Our vineyards ensure access to super premium fruit from key viticultural regions including the Barossa Valley and Coonawarra in Australia, Marlborough in New Zealand and the Napa and Sonoma Valleys in California. These vineyards contribute to some of our most prestigious wines.

Vineyard resources

	2015 HECTARES	2014 HECTARES
Australia	**9,149**	9,110
New Zealand	**339**	314
US	**2,484**	3,209
Italy	**145**	145
	12,117	12,778

The area under vine shown above:

- Includes 2,006 hectares (2014: 3,063 hectares) under lease arrangements and seven hectares (2014: seven hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 77,998 tonnes of grapes (2014: 72,902 tonnes).

Our harvests occur in September–October in the Northern Hemisphere and February–April in the Southern Hemisphere.

Impact on profit or loss (SGARA)

Our fair valuation assessments for vines and grapes are as follows:

	2015 $M	2014 $M
Decrease in vines	–	11.3
Decrease in grapes	**18.9**	8.2
Net agricultural valuation movement	**18.9**	19.5

Accounting policies

Our agricultural assets (principally vines) are measured at their fair value, less estimated point of sale costs.

The net change in their fair value over the year is recognised within 'other expenses' in the statement of profit or loss and other comprehensive income.

Prior to harvest, grapes are considered as part of the agricultural asset and included in its fair value. Harvested grapes are transferred to inventory initially at fair value and are then subsequently accounted for in the cost of inventory (see note 9).

Costs incurred in maintaining agricultural assets are recognised as an expense as incurred.

NOTE 11 – AGRICULTURAL ASSETS (CONTINUED)

Fair value determination

The valuations of our agricultural assets are Level 2 fair value measurements under our accounting policy (see note 1), with the principal inputs being:

Vines
Determined with reference to both independent valuations of the relevant vineyards and the market price of purchased vines (rootlings).

Grapes prior to harvest
Estimated based on the expected yields per hectare, forecast harvest costs and the anticipated market price of grapes.

Harvested grapes
Determined by reference to the weighted district average of grape prices for each region for the current vintage. Prices vary with the grade quality of grapes produced in each particular region.

Key estimate and judgement:

Fair value of vines
Key to estimating the value of vines is the identification of factors that could have a long-term impact on the viability of the vines and the measurement of the impact a change in these factors has on the valuation of vines. These are typically site dependent.

In addition, the estimated fair value of both vines and unharvested grapes could change if:

- Yield estimates were higher/(lower);
- The estimated harvest costs were lower/(higher);
- Market prices for grapes were higher/(lower); or
- The quality of grapes was higher/(lower).

NOTE 12 – INTANGIBLE ASSETS

	BRAND NAMES AND LICENCES		IT DEVELOPMENT COSTS		GOODWILL		TOTAL	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Cost	**1,194.9**	1,093.4	**35.2**	22.4	**655.0**	661.5	**1,885.1**	1,777.3
Projects in progress at cost	–	–	**12.2**	13.0	–	–	**12.2**	13.0
Accumulated amortisation and impairment	**(463.2)**	(404.6)	**(22.7)**	(13.4)	**(620.3)**	(625.2)	**(1,106.2)**	(1,043.2)
Carrying amount at end of year	**731.7**	688.8	**24.7**	22.0	**34.7**	36.3	**791.1**	747.1
Carrying amount at start of year	**688.8**	920.7	**22.0**	51.3	**36.3**	37.9	**747.1**	1,009.9
Additions	–	–	**12.0**	16.9	–	–	**12.0**	16.9
Assets held for sale	**(3.4)**	–	–	–	–	–	**(3.4)**	–
Write-downs	–	(228.2)	–	(39.1)	–	(5.3)	–	(272.6)
Amortisation expense	–	–	**(9.3)**	(7.1)	–	–	**(9.3)**	(7.1)
Foreign currency translation	**46.3**	(3.7)	–	–	**(1.6)**	3.7	**44.7**	–
Carrying amount at end of year	**731.7**	688.8	**24.7**	22.0	**34.7**	36.3	**791.1**	747.1

Brands with a carrying value of $3.4 million were classified as held for sale (refer note 13).

NOTE 12 – INTANGIBLE ASSETS (CONTINUED)

Goodwill is allocated to the Cash Generating Units (CGUs) or group of CGUs (see note 14 for further details) that are expected to benefit from the synergies of the combination. The allocation of intangible assets (other than IT development costs) is as follows:

	ANZ		AMERICAS		EMEA		TOTAL	
	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M	2015 $M	2014 $M
Goodwill								
Carrying amount at start of year	**36.3**	32.7	–	–	–	5.2	**36.3**	37.9
Foreign currency translation	**(1.6)**	3.6	–	–	–	0.1	**(1.6)**	3.7
Impairment (note 14)	–	–	–	–	–	(5.3)	–	(5.3)
Carrying amount at end of year	**34.7**	36.3	–	–	–	–	**34.7**	36.3
Brand names and licences								
Carrying amount at start of year	**481.2**	553.7	**204.7**	364.2	**2.9**	2.8	**688.8**	920.7
Assets held for sale	–	–	**(3.4)**	–	–	–	**(3.4)**	–
Write-downs	–	(73.0)	–	(155.2)	–	–	–	(228.2)
Foreign currency translation	**(0.3)**	0.5	**46.6**	(4.3)	–	0.1	**46.3**	(3.7)
Carrying amount at end of year	**480.9**	481.2	**247.9**	204.7	**2.9**	2.9	**731.7**	688.8

Indefinite life brands

Brand names with a carrying value of $731.7 million (2014: $688.8 million) are assessed as having an indefinite useful life. The indefinite useful life reflects the Group's intention to continue to manufacture or distribute these brands to generate net cash inflows into the foreseeable future.

Key estimate and judgement:

Useful life of brand names

In assessing whether a brand has a finite or indefinite useful life, we 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, the history of the market and the brand's position within that market.

If a brand is assessed to have a finite life, we 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.

Accounting policies

Brand names and licences

Brand names are recognised as assets when we purchase them individually and (primarily) as part of the allocation of the purchase price when we acquire other businesses. Internally generated brand names are not capitalised and expenditure incurred in developing, maintaining or enhancing brand names is charged to profit or loss in the year incurred.

Brand names are initially recognised at cost when purchased individually and at fair value when acquired with a business. This fair value is determined by reference to independent valuations.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of brand names have been assessed to be indefinite and therefore are not amortised.

Goodwill

Goodwill arises on the acquisition of businesses and represents the difference between the purchase price and our share of the net assets of the acquired business, recorded at fair value.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment (see note 14).

IT development and software

Costs incurred in developing information technology (IT) products or systems and costs incurred in acquiring software and multi-year licences are capitalised as intangible IT assets. They include the cost of purchased software and internal labour and contractors used in the development of software.

IT assets are carried at cost less any accumulated amortisation and are amortised over their expected useful life (2–10 years) on a straight-line basis. Amortisation is included in 'other expenses' in the statement of profit or loss and other comprehensive income.

NOTE 13 – ASSETS HELD FOR SALE

	2015 $M	2014 $M
Disposal group held for sale	**91.2**	2.5
Total assets classified as held for sale	**91.2**	2.5

Americas segment

The Americas assets held for sale relates to our Asti winery and associated assets. The carrying value of the assets transferred included land and buildings $37.0 million, plant and equipment $25.4 million, brand names $3.4 million, vineyards $2.4 million and inventory of $11.0 million. The assets were sold on 31 July 2015 (post-balance sheet date) and a pre-tax loss of $9.7 million reflecting the outcomes of this sale has been recognised against the disposal group and included in 'other expenses' in the statement of profit or loss and other comprehensive income.

ANZ segment

The ANZ assets held for sale relate to our Ryecroft winery as well as select vineyard assets which are surplus to requirements. This group of assets comprise land and buildings $11.0 million, plant and equipment $8.6 million and vineyards $2.1 million. The fair values of the assets based on independent market appraisals exceed the assets' carrying values.

Accounting policies

Non-current assets are classified as held for sale if their value will be recovered principally through their sale, rather than through ongoing use within the business.

Assets are not depreciated or amortised while they are classified as held for sale. They are valued at the lower of their carrying amount and fair value less costs to sell with an impairment loss recognised for any difference. A gain is recognised for any subsequent increase in value, but not in excess of any cumulative impairment loss previously recognised. Any gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at that point.

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS

Current year impairment testing

In 2015, the recoverable amounts of our CGUs exceed their carrying values and as a result no impairment has been recognised. There were no indications that previously recognised impairment losses should be reversed. The recoverable amount was determined through a value in use calculation.

The Group's CGUs are consistent with the prior period and are:

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

Prior year impairment testing

In 2014, impairments were recorded of $272.6 million and $72.6 million respectively for intangible assets and property, plant and equipment. Recoverable amount was calculated using both value in use and fair value less cost of disposal, with the impairment charge calculated using the higher of those two measures, which was fair value.

Accounting policies

Timing of impairment testing

We test property, plant and equipment and intangible assets for impairment:

- At lease annually for goodwill and indefinite life brands; and
- Where there are indications that an asset may be impaired; or
- Where there is an indication that previously recognised impairments may have changed.

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

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Approach to impairment testing

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs.

When an asset's (or CGU's) carrying value exceeds its recoverable amount, it is impaired. Recoverable amount is the higher of the asset's (or CGU's) fair value less costs of disposal or value in use.

Fair value is determined in accordance with the accounting policy set out in note 1.

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

Reversals of impairment

If there is an indicator that a previously recognised impairment loss no longer exists or has decreased, recoverable amount is estimated. If there has been a change in the estimates used to determine an asset's recoverable amount since an impairment loss was recognised, the carrying value of the asset is increased to its recoverable amount (limited to the amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years).

Any reversal is recognised in profit or loss with an adjustment to depreciation in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. We do not reverse impairments recognised for goodwill.

Key estimate and judgement:

Impairment testing key assumptions

Cash flow forecasts

Cash flow forecasts are based on our most recent five-year financial plans approved by the Board. Key assumptions in the cash flow forecasts include sales volume growth, price, cost of sales and cost of doing business.

Our assumptions regarding sales volume growth, price 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.

This approach is consistent with the prior period.

Long-term growth rates

Cash flow forecasts beyond a five-year period are extrapolated using a growth rate of 2.7% (2014: 3.0%).

Discount rate

We apply a post-tax discount rate to post-tax cash flows as the valuation calculated using this method closely approximates applying pre-tax discount rates to pre-tax cash flows. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved. We used the following pre-tax discount rates:

	2015	2014
ANZ	**13.1%**	13.1%
Americas	**12.7%**	13.0%
EMEA	**13.5%**	13.5%

Exchange rates

Cash flow forecasts in foreign currency are forecast in that currency and discounted using the applicable regional discount rates (predominantly USD and GBP).

Sensitivity analysis

Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount to fall below carrying values.

A half of a percent (0.5%) increase in the post-tax discount rate used for the Americas CGU results in its carrying value exceeding the recoverable amount by $28.2 million. Based on current economic conditions and CGU performances, no other reasonably possible change to key assumptions used in the determination of CGU recoverable amounts would result in a material impairment to the Group.

NOTE 15 – PROVISIONS

	2015 $M	2014 $M
Current		
Employee entitlements	**36.9**	37.4
Other	**53.4**	49.1
Total current provisions	**90.3**	86.5

Other provisions

	ONEROUS CONTRACTS $M	RESTRUCTURING $M	OTHER $M	TOTAL $M
2015				
Carrying amount at start of year	**8.9**	**32.0**	**8.2**	**49.1**
Charged/(credited) to profit or loss	**5.0**	**35.7**	**(1.3)**	**39.4**
Payments	**(5.8)**	**(28.0)**	**(4.3)**	**(38.1)**
Foreign currency translation	**0.6**	**1.4**	**1.0**	**3.0**
Carrying amount at end of year	**8.7**	**41.1**	**3.6**	**53.4**
2014				
Carrying amount at start of year	6.7	–	44.2	50.9
Charged/(credited) to profit or loss	4.4	35.0	(24.4)	15.0
Payments	(2.2)	(3.0)	(11.3)	(16.5)
Foreign currency translation	–	–	(0.3)	(0.3)
Carrying amount at end of year	8.9	32.0	8.2	49.1

Onerous contract provisions are held for non-cancellable leases, IT infrastructure service contracts and wine grape supply contracts that have been identified as being surplus to our needs. Restructuring provision balance comprises costs in relation to our supply chain optimisation program and group rationalisation and restructure program.

Accounting policies

Provisions are recognised for present obligations (legal, equitable or constructive) to make future payments (or other transfer of value) to other entities due to past transactions or events. They are recognised only when it is probable the liability will arise and when a reliable estimate can be made of the amount.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk free rate plus, 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.

Employee entitlements

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 measured at amounts expected to be paid as at the 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.

Restructuring

Restructuring provisions are recognised at the point when a detailed plan for the restructure has been developed and implementation commenced. The cost of restructuring provided is the estimated future cash flows, discounted at the appropriate rate which reflects the risks of the cash flow.

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. We recognise termination benefits when we are 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.

Onerous contracts

Onerous contracts are measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract (discounted to present value if material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16 – CAPITAL MANAGEMENT

We consider capital to be the combination of shareholders' equity, reserves and net debt. The key objectives of our approach to capital management include:

- To safeguard the Company's ability to continue as a going concern;
- Maintaining a credit profile and the requisite financial metrics that secures access to funding with a spread of maturity dates and sufficient undrawn committed facility capacity;
- Optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce our cost of capital while maintaining financial flexibility; and
- To provide returns to shareholders and benefits to other stakeholders.

In order to optimise our capital structure and in line with our strategic objectives and operating plans, we 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.

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;
- A total net indebtedness to earnings before interest, tax, depreciation, amortisation and self-generating and regenerating assets ratio; and
- Our debt maturity profile.

NOTE 17 – BORROWINGS

	2015 $M	2014 $M
Total borrowings consist of:		
Current	**0.2**	0.8
Non-current	**324.4**	264.8
Total borrowings	**324.6**	265.6

Details of major arrangements

US Private Placement Notes

We have issued US Private Placement Notes of US$250.0 million (unsecured), maturing in December 2020 (US$75.0 million), December 2023 (US$125.0 million) and December 2025 (US$50.0 million). The carrying value at 30 June 2015 is $325.8 million (2014: $265.4 million). The notes bear interest at fixed and floating interest rates. In accordance with our risk management strategy, we have entered into interest rate swaps to swap fixed rate notes totalling $130.3 million (2014: $106.2 million) to floating rate exposures. In the current year a gain of $2.6 million on interest rate swaps offset the movement of the interest of the loan to nil. Refer to note 23 for further details.

Financial guarantees

We have financial guarantees to banks and other financiers of $326.4 million (2014: $266.0 million) and to other persons of $27.5 million (2014: $26.1 million) that could be called upon at any time in the event of a breach of our financial obligations. We do not expect any payments will eventuate under these financial guarantees as we expect to meet our respective obligations to the beneficiaries of these guarantees.

Receivables purchasing agreement

In FY14, we entered an agreement to sell certain domestic and international receivables, from time to time, to unrelated entities in exchange for cash. As at 30 June 2015, we have not sold any receivables under this agreement.

Accounting policies

Borrowings are initially recorded at fair value of the consideration received, net of directly attributable costs.

After initial recognition, borrowings are measured at amortised cost, using the effective interest rate method. 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 if borrowings are derecognised.

NOTE 18 – CONTRIBUTED EQUITY

	2015 $M	2014 $M
Issued and paid-up capital		
651,261,403 (2014: 649,427,560) ordinary shares, fully paid	**3,065.1**	3,055.6
Own shares held	**(3.8)**	(4.2)
	3,061.3	3,051.4
Contributed equity at the beginning of the period	**3,051.4**	3,042.6
Shares issued:		
Nil (2014: 1,710,804) shares in accordance with the Dividend Reinvestment Plan	–	6.3
1,833,843 (2014: 489,612) shares in accordance with the Long Term Incentive Plans	**9.5**	1.8
Net movement in own shares held	**0.4**	0.7
Contributed equity at the end of the period	**3,061.3**	3,051.4

Securities purchased on market

The following securities were purchased on market during the financial for the purpose of the employee incentive scheme:	NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE
Ordinary Shares	25,000	$5.30

The shares have no par value.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of our 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. 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.

Treasury shares

Included within ordinary fully paid shares are 0.9 million (2014: 1.0 million) shares which are available to satisfy any entitlements which vest under our Employee Equity Plans (set out in note 21). Share options exercised during the reporting period are satisfied with treasury shares.

When we reacquire our equity instruments (treasury shares) their cost is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Any difference between the cost of acquisition and the consideration when reissued is recognised in share-based payments reserve.

NOTE 19 – COMMITMENTS

	2015 $M	2014 $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	**41.6**	41.2
between 1 year and 5 years	**96.6**	100.1
over 5 years	**76.2**	80.4
Total lease commitments	**214.4**	221.7
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**25.8**	13.0

We lease property under operating leases expiring from 1 to 20 years. Leases generally provide us with a right of renewal at which time all terms are renegotiated.

NOTE 19 – COMMITMENTS (CONTINUED)

Accounting policies

Leases

The determination of which of our arrangements are leases can be complex; for example determining whether long term contracts are for the supply of grapes or a lease of the vineyard. The assessment is made based on the substance of the arrangement, whether it is dependent on the use of a specific asset or assets and if it conveys a right of use.

When an arrangement is a lease, it is accounted for in one of two ways. Where the lessor retains substantially all the risks and benefits of ownership of the asset they are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term in the statement of profit or loss and other comprehensive income.

Where we take on substantially all the risks and benefits of ownership of the leased item it is classified as a finance lease. An asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are split between a finance expense and a reduction of the lease liability so as to record a constant rate of interest on the remaining balance of the liability. The asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

NOTE 20 – RESERVES

	2015 $M	2014 $M
Cash flow hedge reserve	**(3.9)**	(2.5)
Share-based payments reserve	**7.3**	14.3
Foreign currency translation reserve	**(26.7)**	(234.2)
Total reserves	**(23.3)**	(222.4)

Cash flow hedge reserve

This reserve records the effective portion of gains or losses from open cash flow hedges.

Share-based payment reserve

This reserve records amounts offered to employees under Long Term Incentive Plan (LTIP), Restricted Equity Plan (REP) and deferred Short Term Incentive Plan (STIP).

Foreign currency translation reserve

This reserve holds exchange differences arising on translation of foreign subsidiaries, as described in note 1.

NOTE 21 – EMPLOYEE EQUITY PLANS

	STIP (RESTRICTED SHARES/ DEFERRED SHARE RIGHTS)	LTIP (PERFORMANCE RIGHTS)	REP (RESTRICTED SHARES/ DEFERRED SHARE RIGHTS)
Outstanding at the beginning of the year	**296,268**	**4,056,037**	**2,310,138**
Granted during the year	–	3,342,401	416,180
Exercised during the year	(296,268)	–	(75,641)
Forfeited during the year	–	(2,684,364)	(406,245)
Outstanding at the end of the year	**–**	**4,714,074**	**2,244,432**
Exercisable at the end of the year	–	–	–

We operate equity plans as outlined below:

STIP Restricted Equity

One-third of vested short-term incentives (STIP) are delivered in the form of Deferred Equity (Restricted Shares or Deferred Share Rights). The key terms of this award are:

- Subject to a mandatory two-year disposal restriction period and continued employment;
- Holders of Restricted Shares are entitled to dividends and to exercise their voting rights during the restriction;
- Holders of Deferred Share Rights are not entitled to dividends or voting rights;
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms also exist.

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

LTIP

Under the LTIP, certain employees receive Performance Rights, which entitle participants to receive our shares at no cost subject to the achievement of performance conditions and continued employment. No dividends are payable to participants prior to vesting.

For the FY15, FY14 and FY13 awards, Performance Rights are subject to dual performance measures with equal weighting over a performance period of three years.

- Relative Total Shareholder Return (TSR).
- Earnings per share (EPS) compound annual growth rate (CAGR).
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms also exist.

REP

Under the REP, certain employees receive a grant of Restricted Equity awards (in the form of Restricted Shares or Deferred Share Rights) at no cost to them that are subject to a restriction period. Restricted Equity awards require continued employment through the restriction period. Other terms are similar to the STIP above.

Restricted Equity awards are generally granted to compensate employees for foregoing equity compensation in their previous organisation, as a sign-on award and/or as a retention incentive.

Share Cellar (broad-based Employee Share Plan)

Share Cellar is TWE's new broad-based Employee Share Plan, launched in FY15.

Under Share Cellar, participation is voluntary and employees in select countries are eligible to join the Plan. Share Cellar operates as a matching plan, whereby employees contribute funds to the Plan from their after-tax pay, and shares are acquired by TWE on their behalf. If the individual continues to hold their shares, and remains an employee of the Group at the vesting date (approximately two years), TWE will grant one matched share for every two purchased shares they hold.

Participants are entitled to dividends and to exercise their voting rights attached to the shares purchased under the plan, and matched shares once they have been allocated.

Accounting policies

Employee equity plans are accounted for as share-based payments, whereby employees render services in exchange for the awards. The fair value of the shares and performance rights that are expected to vest is progressively recognised as an employee benefits expense over the relevant vesting period with a corresponding increase in equity.

The fair value of 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. For the non-market components (EPS CAGR), the fair value is independently determined based on the share price less the present value of dividends.

Non-market performance conditions do not impact the value of shares and performance rights, but rather the estimate of the number of shares to vest.

At each reporting date we revise our 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 incorporates this change in estimate.

An expense is recognised for the TSR component of performance rights whether or not the TSR hurdle is met. No expense is recognised if these rights do not vest due to cessation of employment. No expense is recognised for shares and non-market components of performance rights that do not ultimately vest.

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

Active share-based payment plans:

Long-Term Incentive Plans

GRANT DATE	16-DEC-13	28-FEB-14	29-AUG-14	24-NOV-14	15-JAN-15	06-MAR-15
Grant date share price	$4.61	$3.87	$5.11	$4.81	$4.74	$5.29
Expected share price volatility (%)	29.0	31.0	32.0	32.0	32.0	32.0
Expected dividend yield (%)	2.5	2.6	2.6	2.9	2.9	2.8
Risk-free interest rate (%)	2.8	2.7	2.6	2.5	2.2	1.9
Fair value estimate at grant date – TSR	$1.54	$0.71	$2.78	$2.51	$2.39	$2.76
Fair value estimate at grant date – EPS	$4.33	$3.64	$4.75	$4.46	$4.41	$4.96

Restricted Equity Plans

GRANT DATE	GRANT DATE SHARE PRICE
FY13	
23-Nov-12	$5.02
08-Mar-13	$5.59
FY14	
26-Aug-13	$4.69
18-Dec-13	$4.57
28-Feb-14	$3.87
30-Apr-14	$3.81
16-May-14	$4.08
FY15	
29-Aug-14	$5.11
24-Sep-14	$4.93
17-Nov-14	$4.52
6-Mar-15	$5.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: TAXATION

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22 – INCOME TAX

	2015 $M	2014 $M
The major components of income tax expense/(benefit) are:		
Statement of profit or loss		
Current income tax	**21.7**	(40.8)
Deferred income tax	**11.6**	(97.8)
Total tax expense/(benefit)	**33.3**	(138.6)
Deferred income tax expense included in the income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**12.2**	54.3
(Decrease)/increase in deferred tax liabilities	**(0.6)**	(152.1)
Deferred income tax	**11.6**	(97.8)
Tax reconciliation		
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:		
Profit before tax excluding material items	**184.6**	143.5
Material items before tax	**(73.7)**	(384.5)
Profit/(Loss) before tax	**110.9**	(241.0)
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (2014: 30%) tax effect of:	**33.3**	(72.3)
Non-taxable income and profits, net of non-deductible expenditure	**2.4**	1.0
Impairment of non-current assets	**–**	27.9
Other deductible items	**(1.3)**	(0.7)
Tax losses recognised	**(7.0)**	(4.7)
Change in tax rate	**0.5**	0.5
Foreign tax rate differential	**0.5**	(11.9)
Other	**2.6**	4.3
Under/(Over) provisions in previous years	**2.3**	(2.2)
Tax cost base reset – tax consolidation project	**–**	(80.5)
Total tax expense/(benefit)	**33.3**	(138.6)
Income tax expense/(benefit) on operations	**57.4**	(34.7)
Income tax benefit attributable to material items	**(24.1)**	(103.9)
Income tax expense/(benefit)	**33.3**	(138.6)
Deferred income tax relates to the following:		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory (net of net realisable value)	**13.7**	43.8
Property, plant and equipment	**0.7**	2.0
Accruals	**18.7**	12.9
Provisions	**40.0**	25.4
Foreign exchange	**0.3**	1.4
Tax losses	**110.3**	78.8
Other	**9.6**	7.1
Total deferred tax assets	**193.3**	171.4
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**100.6**	81.1
Intangibles	**92.7**	76.0
Other	**0.8**	2.5
Total deferred tax liabilities	**194.1**	159.6

NOTE 22 – INCOME TAX (CONTINUED)

	2015 $M	2014 $M
Movements in deferred income tax relate to the following:		
Movement in deferred tax assets:		
Opening balance	**171.4**	228.8
Credited/(charged) to the profit or loss	**(12.2)**	(54.3)
Foreign currency translation	**28.1**	(1.5)
Balance sheet reclassification	**7.3**	–
Other	**(1.3)**	(1.6)
Closing balance	**193.3**	171.4
Movement in deferred tax liabilities:		
Opening balance	**159.6**	314.4
(Credited)/charged to the profit or loss	**(0.6)**	(152.1)
Balance sheet reclassification	**0.1**	–
Foreign currency translation	**35.0**	(2.7)
Closing balance	**194.1**	159.6

	2015 $M	2014 $M
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 – recognised directly in equity	**0.9**	(0.4)
Net deferred tax – recognised directly in equity	**8.3**	0.4
Total current and deferred tax recognised directly in equity	**9.2**	–

Unrecognised tax assets

There are potential future income tax benefits relating to accumulated losses in non-Australian group companies, which have not been brought to account. These possible benefits amount to $96.8 million (2014: $103.2 million).

We have carry forward capital tax losses in Australia and the UK, respectively. These losses may be used to offset any future capital gains derived by activities in these countries. The group may assess the conditions for deductibility imposed by the tax laws of Australia and the UK prior to any utilisation of the capital losses.

Ongoing tax audits

We are subject to ongoing tax audits by taxation authorities in several jurisdictions covering a variety of taxes. We fully cooperate with these enquiries as and when they arise.

Franking credits

We have nil (2014: nil) franking credits available for subsequent reporting periods.

Key estimate and judgement:

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.

NOTE 22 – INCOME TAX (CONTINUED)

Accounting policies

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities at the tax rates and tax laws enacted or substantively enacted by the reporting date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that they will be utilised.

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

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the 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 that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or on the recognition of goodwill.
- 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 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.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Offsetting deferred tax balances

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.

NOTE 23 – FINANCIAL RISK MANAGEMENT

Financial risk management framework

Our financial risk management policies ('Group Treasury Policies') cover risk tolerance, internal controls (including segregation of duties), delegated authority levels, management of foreign currency, interest rate and counterparty credit exposures, and the reporting of exposures. These policies are reviewed at least annually and approved by the Board of Directors.

The centralised Group Treasury function has been delegated operational responsibility for the identification and management of financial risks.

We hold financial instruments from financing (principally borrowings), transactions (trade debtors and creditors) and risk management (derivatives) which result in exposure to the following financial risks, covered by our Group Treasury Policies:

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

The following table outlines how these risks impact our financial assets and liabilities:

	NOTE	LIQUIDITY RISK (a)	INTEREST RATE RISK (b)	FOREIGN EXCHANGE RISK (c)	CREDIT RISK (d)
Net borrowings	17	×	×	×	×
Receivables	9		×	×	×
Other financial assets	9			×	×
Payables	9	×		×	
Derivative financial assets and liabilities	24, 32		×	×	×

(a) Liquidity risk

Nature of the risk

We are exposed to liquidity risk primarily from our capital management policies with our focus on ensuring we are able to meet financial obligations as and when they fall due.

Risk management

We ensure the maintenance, at all times, of an appropriate minimum level of liquidity, comprising committed, unutilised debt facilities and cash resources. To facilitate this, we monitor forecast and actual cash flows, implement sensitivity analysis as well as the availability and cost of debt and equity funding.

Our objective is to balance continuity of funding and flexibility by maintaining an appropriately structured debt maturity profile with a mix of bank and capital (bond) market debt and monitoring compliance with our key financial covenants and undertakings

At reporting date, the standby arrangements and unused credit facilities are as follows:

	2015 $M	2014 $M
Committed facilities		
Available facilities	**951.6**	830.9
Amounts utilised	**(325.8)**	(265.4)
Amount unutilised	**625.8**	565.5

We are in compliance with all undertakings under our various financing arrangements. Unutilised facilities mature from August 2016 to April 2020 and utilised facilities mature from December 2020 to December 2025.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Level of exposure at balance date

The following tables analyse the maturities of our contractual undiscounted cash flows arising from its material financial liabilities, net and gross settled derivative financial instruments.

	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
2015							
Non-derivative financial liabilities							
Bank loans*	**1.2**	**1.0**	**1.9**	**3.4**	**–**	**7.5**	**(2.9)**
Bank overdraft	**13.0**	**–**	**–**	**–**	**–**	**13.0**	**13.0**
Other loans	**–**	**1.6**	**0.2**	**–**	**–**	**1.8**	**1.8**
US Private Placement Notes	**6.2**	**6.2**	**12.5**	**37.4**	**331.6**	**393.9**	**325.8**
Trade payables	**177.3**	**–**	**–**	**–**	**–**	**177.3**	**177.3**
Other payables	**277.9**	**–**	**5.4**	**–**	**–**	**283.3**	**283.3**
Derivative financial liabilities							
Foreign exchange contracts	**5.2**	**1.6**	**1.2**	**0.1**	**–**	**8.1**	**8.1**
Interest rate swaps	**(1.4)**	**(1.3)**	**(1.8)**	**(1.0)**	**2.7**	**(2.8)**	**0.1**
Total financial liabilities	**479.4**	**9.1**	**19.4**	**39.9**	**334.3**	**882.1**	**806.5**
2014							
Non-derivative financial liabilities							
Bank loans*	2.1	2.1	3.6	0.6	–	8.4	(2.2)
Other loans	–	2.2	0.2	–	–	2.4	2.4
US Private Placement Notes	4.6	4.6	9.2	27.6	306.5	352.5	265.4
Trade payables	157.2	–	–	–	–	157.2	157.2
Other payables	292.6	–	1.4	–	–	294.0	294.0
Derivative financial liabilities							
Foreign exchange contracts	2.2	3.8	0.5	–	–	6.5	6.5
Interest rate swaps	(1.2)	(1.1)	(1.7)	0.3	4.3	0.6	–
Total financial liabilities	457.5	11.6	13.2	28.5	310.8	821.6	723.3

* Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is nil against capitalised facility finance costs of $2.9 million (2014: $2.2 million) to be amortised over the facility period. The cash flows reflect the facility fees.

(b) Interest rate risk

Nature of the risk

We are exposed to interest rate risk principally from floating rate borrowings, including bank borrowings and US Private Placement Notes. Other sources of interest rate risk include receivable purchasing agreements, interest-bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered.

Risk management

We manage interest rate risk by ensuring that the sensitivity of forecast future earnings to changes in interest rates is within acceptable limits. This involves longer term forecasting of both expected earnings and expected borrowing to determine the tolerable exposure.

Interest rate exposure is managed to the desired level using derivative financial instruments such as interest rate swaps. At 30 June 2015, interest rate swap contracts were in use to exchange fixed interest rates on $130.3 million (US$100.0 million) of US Private Placement notes to floating rates. The swap matures in December 2023. Please refer note 23(a) for the profile and timing of cash flows over the next five years.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Level of exposure at balance date

Our exposure to variable interest rate risk results from the following financial instruments at balance sheet date:

	2015 $M	2014 $M
Financial assets		
Cash and cash equivalents	**122.1**	52.0
Other loans	–	3.2
Total assets	**122.1**	55.2
Financial liabilities		
Bank overdraft	**13.0**	–
US Private Placement Notes*	**195.5**	159.2
Total liabilities	**208.5**	159.2

* Net of hedged amounts.

Sensitivity analysis

The table below shows the impact by currency denomination if our weighted average floating interest rates change from the year-end rates of 0.79% (2014: 0.73%) with all other variables held constant.

	SENSITIVITY		PRE-TAX IMPACT ON PROFIT			
	2015	2014	2015		2014	
CURRENCY			+ $M	– $M	+ $M	– $M
USD	**+ / – 25bp**	+ / – 25bp	**(0.2)**	**0.2**	(0.5)	0.5
AUD	**+ / – 25bp**	+ / – 25bp	–	–	(0.1)	0.1
GBP	**+ / – 25bp**	+ / – 25bp	–	–	0.1	(0.1)

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.

(c) Foreign exchange risk

Nature of the risk

We are exposed to foreign exchange risk through:

- Transaction exposures including sales of wine into export markets and the purchase of production inputs, denominated in foreign currencies other than the respective functional currency of the specific Group entity;
- Exposures arising from borrowings denominated in foreign currencies; and
- Translation exposures including earnings of foreign subsidiaries and revaluation of monetary assets and liabilities, including borrowings.

The currencies in which these transactions are primarily denominated are the Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona and Norwegian Krone.

Risk management

The focus of our foreign exchange risk management activities is on the transactional exposures arising from the export of Australian produced wine into our key overseas markets.

Under this framework, the most price sensitive exports for the upcoming vintage are hedged for a period of up to three years using primarily foreign exchange options (including collar transactions). The timing, nominal amount and average price of the instruments in place at 30 June 2015 are disclosed in the table on the following page.

In determining the amount of hedging required, we also consider the 'natural hedges' arising from the underlying net cash flows in the relevant currency, comprising operating, investing and financing cash flows.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Details of our open hedges at balance sheet date are shown below.

OPEN FOREIGN CURRENCY HEDGES AT 30 JUNE	LESS THAN 1 YEAR	1 TO 2 YEARS	OVER 2 YEARS
2015			
Options – AUD/USD			
Notional amount ($m)	**60.7**	**32.2**	–
Strike rate – call (purchased)	**0.86**	**0.87**	–
Strike rate – put (sold)	**0.74**	**0.67**	–
Options – AUD/GBP			
Notional amount ($m)	**57.6**	**47.1**	**10.5**
Strike Price – call (purchased)	**0.55**	**0.57**	**0.56**
Strike Price – put (sold)	**0.48**	**0.44**	**0.43**

Level of exposure at balance date

At the reporting date, our financial assets and liabilities were denominated across the following currencies:

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2015					
Net debt					
Cash and cash equivalents	**24.2**	**60.3**	**3.6**	**34.0**	**122.1**
Bank overdraft	**(13.0)**	–	–	–	**(13.0)**
Loan receivable	**1.0**	**0.6**	–	–	**1.6**
Bank loans*	**2.1**	**0.8**	–	–	**2.9**
US Private Placement Notes	–	**(325.8)**	–	–	**(325.8)**
Other loan payable	**(1.7)**	–	–	–	**(1.7)**
Net debt	**12.6**	**(264.1)**	**3.6**	**34.0**	**(213.9)**
Other financial assets/liabilities					
Trade receivables (net of the allowance for doubtful debts)	**226.6**	**108.8**	**51.1**	**79.1**	**465.6**
Other receivables	**5.0**	**4.5**	–	**4.7**	**14.2**
Trade and other payables	**(233.8)**	**(148.7)**	**(44.7)**	**(32.6)**	**(459.8)**
Net other assets/(liabilities)	**(2.2)**	**(35.4)**	**6.4**	**51.2**	**20.0**
2014					
Net debt					
Cash and cash equivalents	18.3	32.1	(7.9)	9.5	52.0
Loan receivable	4.2	–	–	–	4.2
Bank loans	1.1	1.1	–	–	2.2
US Private Placement Notes	–	(265.4)	–	–	(265.4)
Other loan payable	(2.2)	–	(0.2)	–	(2.4)
Net debt	21.4	(232.2)	(8.1)	9.5	(209.4)
Other financial assets/(liabilities)					
Trade receivables (net of the allowance for doubtful debts)	203.7	76.7	21.9	60.4	362.7
Other receivables	5.6	16.3	–	5.3	27.2
Trade and other payables	(214.2)	(164.3)	(32.9)	(39.8)	(451.2)
Net other assets/(liabilities)	(4.9)	(71.3)	(11.0)	25.9	(61.3)

* Comprises capitalised borrowing costs.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Sensitivity analysis

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

	SENSITIVITY ASSUMPTION*		PRE-TAX IMPACT ON PROFIT				IMPACT ON EQUITY			
	2015	2014	2015		2014		2015		2014	
CURRENCY			+	–	+	–	+	–	+	–
United States Dollar	**11.3%**	7.9%	**(1.5)**	**1.9**	(0.5)	0.6	**(108.8)**	**135.9**	(62.5)	74.0
Great Britain Pound	**10.0%**	7.5%	**(1.3)**	**1.6**	(0.3)	0.3	**(11.2)**	**13.4**	(7.4)	8.3
Euro	**10.5%**	7.5%	**(3.0)**	**3.7**	(2.0)	2.4	**(2.6)**	**3.2**	(1.7)	2.0
Canadian Dollar	**9.1%**	6.8%	**(1.7)**	**2.0**	(1.3)	1.5	**–**	**–**	–	–
New Zealand Dollar	**8.3%**	5.7%	**0.1**	**(0.1)**	–	–	**(8.2)**	**9.7**	(6.2)	7.0

* Australian dollar versus individual currencies. Implied one-year currency volatility at reporting date (Source: Bloomberg).

(d) Credit risk

Nature of the risk

Counterparty credit risk arises primarily from the following assets:

- cash and cash equivalents;
- trade and other receivables; and
- derivative instruments

Risk management

Our counterparty credit risk management philosophy is to limit our 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. Where available, credit opinions on counterparties from two credit rating agencies are used to determine credit limits.

We assess the credit quality of individual customers prior to offering credit terms and continue to monitor on a regular basis. Each customer is assigned a risk profile based upon the measurable risk indicators for dishonoured payments, adverse information and average days late along with the securities and guarantees held. All prospective accounts are required to complete a credit application and generally 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 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. Where debt cannot be recovered, it is escalated from the credit representative to the credit manager to initiate recovery action.

For derivatives, we transact under an International Swaps and Derivatives Association (ISDA) master netting agreement. If a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

Level of exposure at balance date

The maximum counterparty credit risk exposure at 30 June 2015 in respect of derivative financial instruments was $2.7 million (2014: $1.1 million) and in respect of cash and cash equivalents was $21.0 million (2014: nil). The magnitude of credit risk in relation to receivables is generally the carrying amount, net of any provisions for doubtful debts. The ageing of the consolidated Group trade receivables (net of provisions) is outlined below:

	2015 $M	2014 $M
Not past due	**438.9**	328.7
Past due 1–30 days	**17.6**	18.4
Past due 31–60 days	**0.5**	3.0
Past due 61 days+	**8.6**	12.6
Total	**465.6**	362.7

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

Trade receivables have been aged according to their original due date. Terms may be extended on a temporary basis to support promotional activity with the approval of finance management. The past due receivables shown above relate to customers who have a good debt history and are considered recoverable. There is no collateral held as security against the receivables above and there are no other receivables past due.

NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS

At reporting date there were $630.3 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (2014: $671.7 million) and interest rate swaps of $130.3 million (2014: $106.2 million). These instruments are regarded as being level 2 under AASB's Fair Value measurement hierarchy.

NOTE 25 – FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is $333.8 million (2014: $268.3 million). 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 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 (a Level 2 valuation).

The valuation of derivative financial assets and liabilities reflects the estimated amounts which we 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 our 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.

For all other recognised financial assets and financial liabilities, based on the facts and circumstances existing at reporting date and the nature of our financial assets and financial liabilities including hedge positions, we have no reason to believe that the financial assets could not be exchanged, or the financial liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

NOTE 26 – CLASS ACTION

There are two shareholder class actions pending against us in the Courts in Australia.

On 2 July 2014, Brian Jones, represented by Maurice Blackburn, commenced a funded class action in the Federal Court of Australia (New South Wales Registry) for unspecified damages on behalf of shareholders who obtained our shares between 17 August 2012 and 15 July 2013. Mr Jones alleges that we engaged in misleading and deceptive conduct and breached our obligations of continuous disclosure in respect of our US operations.

A second class action was commenced in the Supreme Court of Victoria on 22 December 2014 by Melbourne City Investments Pty Ltd (MCI) on behalf of shareholders who acquired our shares on or after 17 August 2012 and who held those shares on 15 July 2013. (This proceeding was filed following an earlier proceeding commenced by MCI having been permanently stayed by order of the Supreme Court of Victoria as being an abuse of process, and the High Court having refused MCI special leave to appeal this decision.) MCI also alleges in the December 2014 proceeding that we misled the market and breached our obligations of continuous disclosure in respect of our US operations. Our application to also stay this MCI proceeding as an abuse of process has been heard in the Federal Court (to which Court the proceeding has been transferred) and a decision is pending.

We strongly deny any and all allegations made against us in these proceedings and are vigorously defending ourselves in those proceedings.

We do not presently know the size of the claims, nor can we, based on the information currently available, quantify any potential financial exposure arising from them. No provision has been recognised at 30 June 2015 in respect of the claims.

NOTE 27 – SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

ENTITY NAME	COUNTRY OF INCORPORATION
Equity holding of 100% (2014: 100%)	
Aldershot Nominees Pty. Ltd.*	Australia
B Seppelt & Sons Limited*	Australia
Beringer Blass Distribution S.R.L.	Italy
Beringer Blass Italia S.R.L.	Italy
Beringer Blass Wine Estates Chile Limitada	Chile
Beringer Blass Wine Estates Limited	UK
Beringer Blass Wines Pty. Ltd.*	Australia
Bilyara Vineyards Pty. Ltd.*	Australia
Cellarmaster Wines (UK) Limited	UK
Cellarmaster Wines Holdings (UK) Limited	UK
Coldstream Australasia Limited*	Australia
Cuppa Cup Vineyards Pty. Ltd.	Australia
Devil's Lair Pty. Ltd.	Australia
Ewines Pty. Ltd.	Australia
FBL Holdings Limited	UK
Il Cavaliere del Castello di Gabbiano S.r.l.	Italy
Interbev Pty. Ltd.*	Australia
Invin Wines Pty. Ltd.	Australia
Island Cooler Pty. Ltd.	Australia
James Herrick Wines Limited	UK
Leo Buring Pty. Ltd.	Australia
Lindeman (Holdings) Limited*	Australia
Lindemans Wines Pty. Ltd.	Australia
Mag Wines Pty. Ltd	Australia
Majorca Pty. Ltd.*	Australia
MBL Packaging Pty. Ltd.	Australia
Mildara Holdings Pty. Ltd.*	Australia
North America Packaging (Pacific Rim) Corporation	USA
Penfolds Wines Pty Ltd	Australia
Premium Land, Inc.	USA
RH Wines Pty. Ltd	Australia
Robertsons Well Pty. Ltd.	Australia
Robertsons Well Unit Trust	Australia
Rosemount Estates Pty. Ltd.	Australia
Rothbury Wines Pty. Ltd.*	Australia
Roxburgh Vineyards Pty. Ltd.	Australia
SCA 605 Pty. Ltd.	Australia
SCW 905 Limited*	Australia
Seaview Wynn Pty. Ltd.*	Australia
Selion Pty. Ltd.	Australia
Southcorp Australia Pty. Ltd.*	Australia
Southcorp Brands Pty. Ltd.*	Australia
Southcorp International Investments Pty. Ltd.*	Australia
Southcorp Limited*	Australia
Southcorp NZ Pty. Ltd.*	Australia
Southcorp Whitegoods Pty. Ltd.	Australia
Southcorp Wines Asia Pty. Ltd.	Australia
Southcorp Wines Europe Limited	UK
Southcorp Wines Pty. Ltd.*	Australia
Southcorp XUK Limited	UK

NOTE 27 – SUBSIDIARIES (CONTINUED)

ENTITY NAME	COUNTRY OF INCORPORATION
T'Gallant Winemakers Pty. Ltd.	Australia
The New Zealand Wine Club Limited	UK
The Rothbury Estate Pty. Ltd.*	Australia
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA
Treasury Wine Brands Pty Limited	Australia
Treasury Wine Estates (China) Holding Co Pty Ltd*	Australia
Treasury Wine Estates Shanghai Co Ltd	China
Treasury Wine Estates (Matua) Limited[(a)]	New Zealand
Treasury Wine Estates (NZ) Holding Co Pty Ltd*	Australia
Treasury Wine Estates Asia (SEA) Pte Limited	Singapore
Treasury Wine Estates (UK) Holding Co Pty Ltd*	Australia
Treasury Wine Estates Americas Company	USA
Treasury Wine Estates Asia Pty. Ltd.	Australia
Treasury Wine Estates Australia Limited*	Australia
Treasury Wine Estates Barossa Vineyards Pty. Ltd.	Australia
Treasury Wine Estates Canada, Inc.	Canada
Treasury Wine Estates Denmark ApS	Denmark
Treasury Wine Estates EMEA Limited	UK
Treasury Wine Estates Finland Oy	Finland
Treasury Wine Estates Group Pty Limited	Australia
Treasury Wine Estates HK Limited	Hong Kong
Treasury Wine Estates Holdings Inc.	USA
Treasury Wine Estates Japan KK	Japan
Treasury Wine Estates Limited*	Australia
Treasury Wine Estates Netherlands B.V	Netherlands
Treasury Wine Estates Norway AS	Norway
Treasury Wine Estates (Shanghai) Co Trading Limited	China
Treasury Wine Estates Sweden AB	Sweden
Treasury Wine Estates UK Brands Limited	UK
Treasury Wine Estates Vintners Limited*	Australia
TWE Finance (Aust) Limited*	Australia
TWE Finance (UK) Limited	UK
TWE Insurance Company Pte. Ltd.	Singapore
TWE Share Plans Pty Ltd	Australia
TWE US Finance Co.	USA
VEA Pty. Ltd.	Australia
Wolf Blass Wines Pty. Ltd.*	Australia
Woodley Wines Pty. Ltd.	Australia
Wynn Winegrowers Pty. Ltd.	Australia
Wynns Coonawarra Estate Pty. Ltd	Australia

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 29) and relieved from the requirement to prepare audited financial statements by ASIC Class Order (98/1418).

(a) On 30 June 2015, Southcorp Wines NZ Limited and Treasury Wine Estates (NZ) Limited were amalgamated into Treasury Wine Estates (Matua) Limited under the name Treasury Wine Estates (Matua) Limited.

NOTE 27 – SUBSIDIARIES (CONTINUED)

Equity holding of less than 100%

ENTITY NAME	COUNTRY OF INCORPORATION	% OF HOLDING 2015	% OF HOLDING 2014
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
North Para Environment Control Pty. Ltd.	Australia	**69.9**	69.9

NOTE 28 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2015 $M	2014 $M
Balance sheet		
Current assets	**5,867.2**	5,714.9
Total assets	**7,735.1**	7,582.9
Current liabilities	**4,556.4**	4,466.9
Total liabilities	**4,556.4**	4,466.9
Net assets	**3,178.7**	3,116.0
Shareholders' equity		
Issued capital	**3,065.1**	3,055.7
Share-based payments reserve	**7.3**	14.3
Retained earnings	**106.3**	46.0
Total equity	**3,178.7**	3,116.0
Profit for the year	**145.0**	77.0
Total comprehensive income	**145.0**	77.0

(b) Financial guarantees

Please refer note 17 for financial guarantees to banks, financiers and other persons.

(c) Class action

Please refer note 26 for class actions pending.

(d) Tax consolidation legislation

We formed a consolidated group for income tax purposes with each of our Australian resident subsidiaries on 21 May 2011. Our Company and the controlled entities in our tax consolidation group continue to account for current and deferred tax amounts separately. 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 our group.

NOTE 29 – 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 27.

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 2015 are set out below.

	2015 $M	2014 $M
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	**40.3**	(129.3)
Income tax expense	**(15.4)**	75.7
Net profit after tax	**24.9**	(53.6)
Retained earnings at beginning of the year	**15.0**	152.7
External dividends	**(84.7)**	(84.1)
Retained earnings at end of the year	**(44.8)**	15.0
Statement of financial position		
Current assets		
Cash and cash equivalents	**7.0**	10.4
Receivables	**1,283.0**	1,344.4
Inventories	**312.1**	315.5
Current tax assets	**13.2**	–
Assets held for sale	**14.1**	2.5
Other current assets	**10.0**	9.1
Total current assets	**1,639.4**	1,681.9
Non-current assets		
Inventories	**369.9**	403.4
Investments	**2,732.7**	2,737.0
Property, plant and equipment	**456.8**	485.1
Agricultural assets	**93.6**	90.2
Intangible assets	**388.8**	386.2
Deferred tax assets	**54.3**	55.0
Other non-current assets	**2.4**	8.6
Total non-current assets	**4,098.5**	4,165.5
Total assets	**5,737.9**	5,847.4
Current liabilities		
Trade and other payables	**222.6**	213.1
Borrowings	**2,400.7**	2,465.9
Current tax liabilities	–	5.6
Provisions	**63.0**	55.5
Other current liabilities	**9.9**	9.1
Total current liabilities	**2,696.2**	2,749.2
Non-current liabilities		
Deferred tax liabilities	**9.5**	8.1
Other non-current liabilities	**4.6**	5.1
Total non-current liabilities	**14.1**	13.2
Total liabilities	**2,710.3**	2,762.4
Net assets	**3,027.6**	3,085.0
Equity		
Contributed equity	**3,065.1**	3,055.7
Reserves	**7.3**	14.3
Retained earnings	**(44.8)**	15.0
Total equity	**3,027.6**	3,085.0

Current borrowings comprise balances with other entities within our Group. These balances will not be called within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 30 – RELATED PARTY DISCLOSURES

Ownership interests in related parties

All material ownership interests in related parties are disclosed in note 27 to the financial statements.

Parent entity

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

Transactions with entities in the wholly owned Group

Transactions between companies within our 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 with related parties during the current year included:

	2015 $'000	2014 $'000
Loan to Trebuchet:*		
Opening balance	**3,180**	2,229
Loans advanced	–	800
Interest charged	**159**	151
Provision for impairment	**(3,339)**	–
Total	–	3,180

* The Group holds a 50% investment in Trebuchet Logistics Pty Ltd.

Key management personnel compensation:

The following table shows the compensation paid or payable to our key management personnel ('executives').

	2015 $	2014 $
Short-term employee benefits	**8,903,943**	4,321,635
Post-employment benefits	**97,281**	166,025
Share-based payments	**2,089,550**	722,930
Termination benefits	**834,744**	1,329,287
Total	**11,925,518**	6,539,877

Additionally, compensation paid to non-executive directors was $1,437,305 (2014: $1,446,899).

NOTE 31 – REMUNERATION OF AUDITORS

The Audit and Risk Committee has completed an evaluation of the overall effectiveness and independence of the external auditor, KPMG. As part of this process, the external auditor has provided a written statement that no professional engagement with us 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.

During the year, the following fees were paid or payable for services provided by our auditor, and its related practices:

	2015 $	2014 $
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**782,032**	680,000
Associate firms of Auditor	**846,903**	646,324
Audit and review services	**1,628,935**	1,326,324
Other non-audit services	**631,759**	353,020
Total	**2,260,694**	1,679,344

We employ KPMG 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 2015, KPMG earned fees in respect to the provision of advisory and taxation services.

NOTE 32 – OTHER ACCOUNTING POLICIES

New Accounting Standards and Interpretations

Since 30 June 2014, we have adopted the following new and revised Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to our operations:

- AASB 2014-1 *Amendments to Australian Standards – Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles.*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part C: Materiality.*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Part E: Financial Instruments*
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-financial Assets.*

The adoption of these standards did not have a significant impact on our financial position or performance.

Recently issued or amended accounting standards

The following relevant Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and we have not been adopted them:

- AASB 15 *Revenue from Contracts with Customers.*
- AASB 2014-5 *Amendments to Australian Accounting Standards – Revenue from Contracts with Customers.*
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants.*
- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation.*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.*
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle.*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.*

We are currently assessing the impact of these standards to our financial position and performance.

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 generally included in the asset's carrying amount.

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.

Financial assets

A financial asset is classified at fair value through profit or loss or fair value through other comprehensive income unless it meets the definition of amortised cost. This is determined on initial recognition.

Financial assets classified as amortised cost are measured initially at fair value and adjusted in respect of any incremental and directly attributable transaction costs. All other financial assets are measured at fair value on initial recognition.

Reclassification occurs only if there are fundamental changes to our business model for managing financial assets.

Amortised cost

A financial asset is classified as at amortised cost only if the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at amortised cost using the effective interest rate method. Any gains and losses are recognised through the amortisation process or when the financial asset is derecognised or impaired.

Impairment of financial assets

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 the use of an allowance account. The amount of the loss is recognised in the statement of profit or loss and other comprehensive income.

We first assess whether objective evidence of impairment exists individually for significant financial assets, and individually or collectively for other financial assets.

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. Otherwise the asset is included in a group of financial assets with similar credit risk characteristics to be assessed for impairment.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the loss is revised. The reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

The derecognition of a financial asset takes place when we no longer control the contractual rights that comprise the financial instrument.

This 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.

Derivatives

We use derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge our risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are carried at fair value and are financial assets when the fair value is positive and financial liabilities when the fair value is negative.

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.

Hedge accounting

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.

Initial recognition

At the beginning of a hedge relationship, we designate and document the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

Rebalancing

If the hedge ratio for risk management purposes is no longer met but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, we will rebalance the relationship by adjusting either the volume of the hedged item or the volume of the hedging instrument.

Discontinuation

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.

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.

Fair value hedges

For fair value hedges (for example interest rate swaps), any gain or loss from remeasuring the hedging instrument 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.

Cash flow hedges

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments, 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 item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement 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.