AUSTRALIAN VINTAGE LTD

Preliminary Final Report of Australian Vintage Ltd for the Financial Year Ended 30 June 2017

(ACN 052 179 932)

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

Current Reporting Period:	Financial Year ending 30 June 2017
Previous Corresponding Period:	Financial Year ending 30 June 2016

Revenue and Net Profit

		Percentage Change %	Amount $'000
Total operating revenue	Down	6.7%	226,450
Net profit	Up	296.0%	4,303

Brief Explanation of Revenue and Net Profit / (Loss)

See press release.

Dividends

	Date dividend paid / payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢	Franking %
Final dividend – year ended 30 June 2017 (determined subsequent to balance date) (1)	10 November 2017	1.0	-	100%
Final dividend – year ended 30 June 2016	9 November 2016	1.5	-	100%

(1) The record date for determining an entitlement to receipt of the final dividend is 20 October 2017 and the company expects to pay the dividend on 10 November 2017.

Dividend Reinvestment Plans

The Australian Vintage Ltd Dividend Re-investment Plan is in operation. The last date for receipt of election notices for the Dividend Re-investment Plan is 23 October 2017.

Net Tangible Assets Per Security

	2017 $	2016 $
Net tangible assets per security	0.72	0.76

Commentary on Results

See attached press release.

Information on Audit or Review

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

- ☑ The accounts have been audited.
- ☐ The accounts have been subject to review.
- ☐ The accounts are in the process of being audited or subject to review.
- ☐ The accounts have not yet been audited or reviewed.

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

Nil.

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

Nil.

Australian Vintage Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 30 June 2017

	Note	Consolidated	
		2017	**2016**
		$'000	**$'000**
Revenue	2	226,450	242,686
Cost of sales	2	(170,518)	(177,585)
Gross Profit		**55,932**	**65,101**
Fair value of grapes picked		1,394	577
Investment income	2	97	86
Other gains and losses	2	2,582	(94)
Distribution expenses		(12,981)	(13,709)
Sales and marketing expenses		(28,359)	(28,522)
Administration expenses		(7,613)	(7,207)
Finance costs	2	(5,025)	(5,790)
Gain on sale of other property, plant and equipment		224	157
Vineyard lease exit		-	(13,148)
Profit / (Loss) before income tax	**2**	**6,251**	**(2,549)**
Income tax (expense) / benefit		(1,948)	354
Net Profit / (Loss) for the year		**4,303**	**(2,195)**
Other comprehensive income / (loss):			
Items that may be subsequently classified to the profit and loss:			
Net (loss) / gain on hedging		(302)	1,375
Exchange differences arising on translation of foreign operations		(68)	(48)
Other comprehensive (loss) / income for the year, net of tax		**(370)**	**1,327**
Total comprehensive income / (loss) for the year		**3,933**	**(868)**
Earnings Per Share:			
Basic (cents per share)	4	1.8	(0.9)
Diluted (cents per share)	4	1.7	(0.9)

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

Australian Vintage Ltd

Consolidated Statement of Financial Position
As at 30 June 2017

	Note	Consolidated 2017 $'000	2016 Restated (refer note 1) $'000
Current Assets			
Cash and cash equivalents		2,616	6,011
Trade and other receivables		40,197	42,789
Inventories		141,553	139,055
Other financial assets		680	827
Other		2,288	1,622
Total Current Assets		**187,334**	**190,304**
Non-Current Assets			
Inventories		53,046	52,444
Other financial assets		396	334
Property, plant and equipment		97,308	92,592
Goodwill		37,685	37,685
Other intangible assets		5,296	5,784
Water licences		7,554	7,554
Deferred tax assets		36,945	38,644
Total Non-Current Assets		**238,230**	**235,037**
Total Assets		**425,564**	**425,341**
Current Liabilities			
Trade and other payables		46,468	43,813
Borrowings		551	259
Other financial liabilities		194	248
Provisions		5,486	5,346
Other		-	215
Total Current Liabilities		**52,699**	**49,881**
Non-Current Liabilities			
Borrowings		84,880	107,131
Other financial liabilities		28	309
Provisions		1,114	1,520
Total Non-Current Liabilities		**86,022**	**108,960**
Total Liabilities		**138,721**	**158,841**
Net Assets		**286,843**	**266,500**
Equity			
Issued capital	3	463,009	443,266
Reserves		1,829	2,047
Accumulated losses		(177,995)	(178,813)
Total Equity		**286,843**	**266,500**

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

Australian Vintage Ltd

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash flows from operating activities			
Receipts from customers		249,819	259,277
Termination payment on exit of vineyard lease		-	(4,946)
Other payments to suppliers and employees		(230,000)	(242,777)
Cash generated from operations		**19,819**	**11,554**
Interest and other costs of finance paid		(5,838)	(5,108)
Interest and bill discounts received		15	15
Net cash provided by operating activities		**13,996**	**6,461**
Cash flows from investing activities			
Payments for property, plant and equipment		(12,073)	(4,148)
Payments for intangibles		(16)	(280)
Payments for investments		(119)	-
Proceeds from sale of property, plant & equipment		635	183
Net cash used in by investing activities		**(11,573)**	**(4,245)**
Cash flows from financing activities			
Proceeds from borrowings		5,300	3,000
Proceeds from issue of shares		18,398	-
Share issue costs		(395)	-
Dividends paid		(1,862)	-
Repayment of borrowings		(27,259)	(1,514)
Net cash (used in) / provided by financing activities		**(5,818)**	**1,486**
Net increase / (decrease) in cash and cash equivalents		(3,395)	3,702
Cash and cash equivalents at the beginning of the financial year		6,011	2,309
Cash and cash equivalents at the end of the financial year	9	**2,616**	**6,011**

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

Australian Vintage Ltd

Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2017

	Share capital $'000	Equity - settled employee benefits reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2016	443,266	1,546	348	153	(178,813)	266,500
Profit for the period	-	-	-	-	4,303	4,303
Net gain on interest rate swaps	-	-	334	-	-	334
Net loss on foreign exchange hedges	-	-	(765)	-	-	(765)
Exchange differences arising on translation of foreign operations	-	-	-	(97)	-	(97)
Income tax relating to components of other comprehensive income	-	-	129	29	-	158
Total comprehensive income for the period	**-**	**-**	**(302)**	**(68)**	**4,303**	**3,933**
Share issues	20,020	-	-	-	-	20,020
Share issue costs	(395)	-	-	-	-	(395)
Tax consequences	118	-	-	-	-	118
Dividend paid	-	-	-	-	(3,485)	(3,485)
Recognition of share based payments	-	152	-	-	-	152
Balance at 30 June 2017	**463,009**	**1,698**	**46**	**85**	**(177,995)**	**286,843**
Balance at 1 July 2015	443,266	1,497	(1,027)	201	(151,577)	292,360
Adjustments (refer note 1)	-	-	-	-	(25,041)	(25,041)
Balance at 1 July 2015 (restated)	**443,266**	**1,497**	**(1,027)**	**201**	**(176,618)**	**267,319**
Profit for the period	-	-	-	-	(2,195)	(2,195)
Net loss on interest rate swaps	-	-	(216)	-	-	(216)
Net gain on foreign exchange hedges	-	-	2,181	-	-	2,181
Exchange differences arising on translation of foreign operations	-	-	-	(69)	-	(69)
Income tax relating to components of other comprehensive income	-	-	(590)	21	-	(569)
Total comprehensive income for the period	**-**	**-**	**1,375**	**(48)**	**(2,195)**	**(868)**
Recognition of share based payments	-	49	-	-	-	49
Balance at 30 June 2016	**443,266**	**1,546**	**348**	**153**	**(178,813)**	**266,500**

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

Note 1 Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the June 2016 full year report other than as listed below.

Application of new and revised International Financial Reporting Standards (IFRSs)

1.1 Application of New and Revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Other than AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants and the IFRS Interpretations Committee's clarification on the measurement of deferred tax on indefinite life intangibles assets, the adoption of these standards did not have a significant impact on the consolidated financial statements. Refer to note 1.3 for disclosures of the impact.

1.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective

Standards and Interpretations in Issue Not Yet Adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

Impact of New and Revised Requirements

Management is currently assessing the potential impact of the following standards:

AASB 9 'Financial Instruments' (December 2009), and the relevant amending standards

AASB 9 applies to annual periods beginning on or after 1 January 2018. The directors of the Company anticipate that the application of AASB 9 in the future is not anticipated to have a material impact on amounts reported, based on current transactions, in respect of the Group's financial assets and financial liabilities, but will affect disclosures made in the Group's consolidated financial statements.

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards –Clarifications to AASB 15

AASB 15 applies to annual periods beginning on or after 1 January 2018. The directors of the Company anticipate that the application of AASB 15 in the future will not have a material impact on the amounts reported, based on current transactions, but will affect disclosures made in the Group's consolidated financial statements.

AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.
AASB 16 applies to annual periods beginning on or after 1 January 2019. The directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

Note 1 Basis of preparation (continued)

1.3 Comparative Balances

(a) Effective from 1 July 2016 the Group has adopted AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants*, and the consequential amendments to AASB 116 *Property, Plant and Equipment* and AASB 141 *Agriculture*.

These amendments distinguish bearer plants (i.e. grape vines), from other biological assets (i.e. grapes). The updated standards consider bearer plants, which are solely used to grow produce over their productive lives, as similar to an item of machinery. Bearer plants are now accounted for under AASB 116. Agricultural produce growing on bearer plants remains within the scope of AASB 141 and continues to be measured at fair value less costs to sell.

Comparative financial information has been restated to reflect the above in accordance with relevant transitional requirements and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* The changes reflect:

• Reclassification of the value of bearer plants from Agricultural assets to Property, plant and equipment;
• Depreciation expense in connection with bearer plants; and
• The consequential tax impact of the above

(b) Deferred tax measurement relating to indefinite life intangible assets

The IFRS Interpretations Committee has issued an agenda decision related to the expected manner of recovery of indefinite life intangible assets. The Committee was asked to clarify how an entity determines the expected manner of recovery of an intangible asset with an indefinite useful life for deferred tax measurement purposes. The Committee indicated that the fact that an entity does not amortise an indefinite life intangible asset does not necessarily mean that the carrying amount will be recovered only through sale and not use. Therefore the entity should determine the expected manner of recovery of the carrying amount of the intangible asset.

Previously the entity measured deferred tax liabilities on the assumption of the tax consequences that would arise solely from the sale of the assets. Under its new policy, the entity considers its expected manner of recovery. The entity has implemented this guidance on a retrospective basis as a change in accounting policy to AASB 112 Income Taxes.

The following tables summarize the impact of the adjustments on the comparative financial information

	30 June 2016 $ 000	Impact of (a) $ 000	Impact of (b) $ 000	30 June 2016 Restated $000
Consolidated statement of profit or loss and other comprehensive income (extract)				
Cost of sales	(181,350)	3,765	-	(177,585)
Fair value of grapes picked	4,206	(3,629)	-	577
Profit before tax	(2,685)	136	-	(2,549)
Income tax benefit	713	(359)	-	354
Net Profit	(1,972)	(223)	-	(2,195)
Earnings per share			-	
- Basic	(0.8)	(0.1)	-	(0.9)
- Diluted	(0.8)	(0.1)	-	(0.9)
Consolidated statement of financial position (extract)				
Inventories (current)	145,218	(6,163)	-	139,055
Property, plant and equipment	81,375	11,217	-	92,592
Biological assets	32,828	(32,828)	-	-
Deferred tax assets	36,134	4,118	(1,608)	38,644
Accumulated losses	153,549	23,656	1,608	178,813

Note 1 Basis of preparation (continued)

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Inventories

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

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

Income tax losses

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

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

Note 1 Basis of preparation (continued)

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

Onerous Contracts

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

The agreements in the current market are onerous.

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

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

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

The onerous contracts provision has been adjusted to the present value (at 8.5% discount rate – 2016 : 8.5%) of the expenditures expected to be required to settle the onerous obligations.

Impairment of goodwill and other intangibles

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

A discounted cash flow analysis was performed on the CGU's associated with the goodwill balances, using a pre-tax discount rate of 12.0% (2016 : 11.47%) (bulk wine business), which indicated that the fair value of assets (including goodwill), based upon discounted cash flows, was higher than the carrying value.

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

Impairment tests were performed on brand names using a discounted cash flow model and a pre-tax discount rate of 16.98% (2016 : 16.3%) (branded wine business).

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

Note 2 Profit / (Loss) from operations

	Consolidated 2017 $'000	Consolidated 2016 $'000
(a) Revenue		
Revenue from the sale of goods	222,130	235,880
Revenue from contract processing	521	3,705
Revenue from rendering vineyard contract services	3,799	3,101
Total revenue	**226,450**	**242,686**
Investment Income		
Rental revenue	82	71
Interest received	15	15
Total	**97**	**86**
Other gains / (losses)		
Wine equalisation tax rebate	500	500
Gain / (Loss) on unrealised foreign exchange	1,284	(1,519)
Other rebates	488	773
Other	310	152
Total	**2,582**	**(94)**

(b) Profit / (Loss) before income tax

Profit / (Loss) before income tax has been arrived at after crediting/(charging) the following gains and losses:

	2017 $'000	2016 $'000
Gain / (Loss) on disposal of other property, plant and equipment	224	157
Gain / (Loss) on unrealised foreign exchange	1,284	(1,519)
Loss on exit of vineyard lease	-	(13,148)

Profit / (Loss) before income tax has been arrived at after charging the following expenses:

	2017 $'000	2016 $'000
Cost of sales	170,518	177,585
Finance costs:		
Interest on loans	4,902	5,582
Finance lease interest	22	86
	4,924	5,668
Unwinding of discounts	101	122
Total finance costs	**5,025**	**5,790**
Depreciation of non-current assets – charged to cost of sales	4,943	4,722
Depreciation of non-current assets – other	2,002	2,134
Amortisation of non-current assets	504	598
Total depreciation and amortisation expense	**7,449**	**7,454**
Operating lease rental expenses (minimum lease payments)	6,533	8,768

(c) Earnings before interest and tax (EBIT)

	2017 $'000	2016 $'000
Earnings before interest and tax	11,261	3,226
Earnings before interest and tax (before vineyard lease exit costs)	11,261	16,374

Note 3: Issued capital

	Consolidated 2017 $'000	2016 $'000
275,568,321 Fully paid ordinary shares (2016 : 232,262,382)	463,009	443,266

	$'000	Number
Fully paid ordinary share capital		
Beginning of financial year	443,266	232,262,382
Issued during the year [(1)]	16,536	35,939,389
Dividend reinvestment plan	3,484	7,366,550
Share issue costs	(395)	-
Tax consequences of share issue costs	118	-
End of financial year	463,009	275,568,321

[(1)] Shares issued to Vintage China Funds Gp. Limited which will be released from escrow as follows:

- 11,979,796 on 4th November 2017
- 11,979,796 on 4th May 2018
- 11,979,797 on 4th November 2018

All shares have equal rights to voting and dividends.

Note 4: Earnings per share

	Consolidated 2017 Cents Per share	2016 Cents Per share
Basic earnings per share	1.8	(0.9)
Diluted earnings per share	1.7	(0.9)
	$'000	**$'000**
Profit for the year	4,303	(2,195)

	2017 Number of Shares '000	2016 Number of Shares '000
Weighted average number of ordinary shares used in calculating basic earnings per share	242,577	232,262
Weighted average number of ordinary shares used in calculating diluted earnings per share	248,681	235,030

Note 5: Dividends

	Date dividend paid / payable	Amount per security ¢	Amount per security of foreign sourced dividend ¢	Franking %
Final dividend – year ended 30 June 2017 (determined subsequent to balance date) [(1)]	10 November 2017	1.0	-	100%
Final dividend – year ended 30 June 2016	9 November 2016	1.5	-	100%

(1) The record date for determining an entitlement to receipt of the final dividend is 20 October 2017 and the company expects to pay the dividend on 10 November 2017.

A dividend of $3,484,000 was paid during the year (in respect of the year ended 30 June 2016). There were no dividends paid during the year ended 30 June 2016.

The franking account balance at 30 June 2017 was $7,425,000 (2016 : 8,919,000).

Note 6: Borrowings

The Group currently has a debt facility with the National Australia Bank until September 2019. The Group is subject to various covenants. In addition, the Group is able to declare a dividend provided certain ratios are met or the dividend is approved by the National Australia Bank or the dividend is underwritten.

Note 7: Subsequent events

In respect of the financial year ended 30 June 2017 there are no matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 8: Contingent liabilities

	Consolidated 2017 $'000	Consolidated 2016 $'000
Bank guarantees	865	412

Note 9: Segment information

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

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

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

The revenue reported represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents revenue generated from external customers. There were no inter-segment sales in the current year (2016 : Nil).

Segment profit represents the profit earned by each segment without allocation of interest revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Note 9: Segment information (continued)

The following is an analysis of the group's revenue and results by reportable operating segment for the period:

Business Segments
Segments Revenue, Results, Assets and Liabilities

	Revenue 2017 $'000	Revenue 2016 $'000	Results 2017 $'000	Results 2016 $'000
Australasia / North America packaged	106,005	106,672	6,258	6,249
UK / Europe	88,454	102,506	208	3,500
Cellar door	7,834	8,185	1,456	1,568
Australasia / North America bulk wine and processing	20,358	22,222	(1,075)	447
Vineyards	3,799	3,101	4,414	4,610
Total	**226,450**	**242,686**	**11,261**	**16,374**
Finance costs – interest paid			(5,025)	(5,790)
Interest received			15	15
Vineyard lease exit			-	(13,148)
Profit / (Loss) before tax			**6,251**	**(2,549)**

Geographical Segments

	Revenue from external customers 2017 $'000	Revenue from external customers 2016 $'000
Australia	105,781	112,967
UK / Europe	88,454	102,506
North America	13,342	10,882
Asia	14,371	12,056
Other	4,502	4,275
	226,450	**242,686**

The Group has sales to two major customers who individually account for greater than 10% of annual sales. The total sales for these customers were $63.4M (2016 : $66.9M).

Note 10: Notes to the statement of cash flow

(a) Reconciliation of cash

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

	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash	2,616	6,011

(b) Financing Facilities

	2017 $'000	2016 $'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount Used	-	-
Amount Unused	5,000	5,000
	5,000	5,000
Reducing lease facility:		
Amount Used	5,300	-
Amount Unused	-	-
	5,300	-
Unsecured revolving lease facility:		
Amount Used	-	97
Amount Unused	350	253
	350	350
Bank Guarantee/Surrender facility:		
Amount Used	865	412
Amount Unused	1,785	2,238
	2,650	2,650
Corporate purchasing card facility:		
Amount Used	12	18
Amount Unused	488	482
	500	500
Cash advance facility:		
Amount Used	80,000	107,000
Amount Unused	30,000	9,000
	110,000	116,000
Total facility	123,800	124,500

(c) Non-cash financing and investing activities

During the current year, the Group entered into the following non-cash investing and finance activities which are not reflected in the statement of cash flows:

- Australian Vintage Ltd operates a “Performance Rights and Options Plan”. This long term incentive plan provides the right to an issue of shares subject to continuous employment, and achievement of set growth rates in earnings per share and total shareholder return over a 4 year period. During the reporting period there were 4,000,000 options issued with a fair value of $0.095 per option (2016: 4,000,000 with fair value of $0.06 per option). During the period 1,737,002 options lapsed (2016: Nil).

- The Group issued 3,429,898 shares for $1,622,000 (2016 : Nil) under it’s Dividend Reinvestment Plan.

(d) Business acquired

During the financial year there were no businesses acquired.