



AUSTRALIAN VINTAGE LTD

**Company Announcements
Australian Securities Exchange**

24 February 2021

Australian Vintage Limited Appendix 4D & 2021 Interim Result

Australian Vintage Limited has today released its financial statements for the half year ended 31 December 2020. Attached to this announcement are the Appendix 4D and half year financial statements.

For the purpose of ASX Listing Rule 15.5, Australian Vintage Limited confirms that this document has been authorised for release by the Board.



AUSTRALIAN VINTAGE LTD
ACN 052 179 932

Appendix 4D

For the half-year ended 31 December 2020 (listing rule 4.2)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory financial metrics (All comparisons to half-year ended 31 December 2019)		Movement %	Amount \$'000
Total operating revenue	Up	7.8%	148,403
Net profit	Up	126.7%	13,294

Other financial metrics

Net profit before SGARA	Up	85.5%	13,225
SGARA (net of tax)			69
Net profit			13,294

Dividend information	Date dividend paid / payable	Amount per security ¢	Amount franked at 30% tax rate
Interim dividend – half-year ended 31 December 2020	n/a	nil	n/a
Final dividend – year ended 30 June 2020	6 November 2020	2.7	63%
Interim dividend – half-year ended 31 December 2019	n/a	nil	n/a
		2020 \$	2019 \$
Net tangible assets per security [^]		0.85	0.77

[^] **note:** net tangible assets used in the net tangible assets per security calculation for includes right-of-use assets and lease liabilities.

Additional Appendix 4D disclosure requirements can be found in the Financial Report that follows which contains the Director's Report and the 31 December 2020 half-year Financial Statements and accompanying notes.

Australian Vintage Ltd

Directors' Report

The directors of Australian Vintage Ltd submit herewith the financial report of Australian Vintage Ltd and its subsidiaries for the half-year ended 31 December 2020.

The names of the directors of the company during or since the end of the half-year are:

Richard H. Davis
Craig Garvin
John D. Davies
Naseema Sparks
Peter Perrin
Jiang Yuan

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

Key financial highlights

- Net Profit after tax (NPAT) up 127% to \$13.3 million
- EBIT (Earnings before tax and interest) up 105% to \$20.4 million
- EBITs (earnings before tax, interest and SGARA) up 73% to \$20.3 million
- Total Revenue up \$10.7 million to \$148.4 million
- Cash flow from operating activities up \$25.3 million to \$30.9 million and net debt reduced by \$16.2 million to \$51.1 million
- Sales of our 4 key brands, McGuigan, Tempus Two, Nepenthe and Barossa Valley Wine Company (BVWC) up 20%
- In line with previous years, no interim dividend declared

The first half of this financial year is headlined by continued growth in AVL's portfolio of key brands. During the 6-month period our pillar brands of McGuigan, Tempus Two, Nepenthe and BVWC grew by 20%. This growth together with the efficiencies generated from our recent capital spend, investment in our people and the favourable 2020 vintage have underpinned the 127% growth in NPAT. AVL is committed to our strategic plan and it is showing positive signs for our future.

Covid-19 has had a mixed impact on our business with some increased sales through the major retail chains, but has added costs to our production facilities through segregation of shifts and some challenges with supply chain operations.

Whilst it is difficult to calculate the impact of Covid-19 on the business, our key strategies should continue growth post Covid-19. Innovation and consumer engagement is key to this growth, and we have seen this in our Australian and UK business where we are working hard with our customer partners to drive our portfolio. The McGuigan ZERO range has been an outstanding success and demonstrated the importance of innovation to the portfolio long term. This, together with the \$3.3 million half year benefit from production efficiencies resulting from our recent capital expenditure and improved 2020 vintage, is sustainable for the long-term future and not Covid-19 dependent.

In the UK, our business performance has been very strong driven by our brand investment in the McGuigan brand and continued distribution gains in major retail. Brexit has been agreed and overall, the Brexit deal will not have a material impact on our business. As of today, the UK remains in lockdown and our sales remain strong in that region. Recently we agreed terms on the introduction of the Tempus Two brand into major UK retail which should further increase our sales into the UK and ensure our portfolio expansion strategy. This is not Covid-19 dependent. Overall, we will continue to invest in brand marketing at a higher rate than previous years.

Performance by segment

UK, Europe and Americas

The UK, Europe and Americas segment has performed exceptionally well with contribution up 76% to \$10.7 million. This is despite a \$1.0 million negative impact due to the unfavourable GBP when compared to the prior period. The McGuigan brand continues to grow with sales up 21% compared to the prior period. What is even more pleasing is that most of this McGuigan brand growth has come from improved sales mix. Sales of the higher priced McGuigan Black Label and Reserve ranges have increased by 30%. Sales of some of our second-tier brands have declined during the period and is in line with our major brand investment strategy.

The growth in the UK market is not finished and we will be increasing our footprint in the UK and investing heavily in marketing and advertising over the next 6 months and seeing the increased distribution of the Tempus Two brand.

Americas remains a challenge with this division reporting a slight loss for the period. Recent changes to the leadership structure of the Americas division and a change in strategy should see improvement in the medium term.

Australia and New Zealand

The Australian and New Zealand segment has also performed very well with contribution up 90% to \$7.5 million. The McGuigan brand has grown by 11% due to the performance of our recently introduced McGuigan ZERO range which is outperforming expectation. Tempus Two continues to grow with sales up 33%, Nepenthe grew by 18% and BVWC grew by 160% from a low base. Our cellar doors and clubs were also a contributor to the improved performance of this segment.

Asia

Overall, we have minimal exposure to the China slow down. With the recent China tariff increase, because of the Anti-Dumping and Countervailing investigations, the company has made very few sales to mainland China. Sales to other regions within Asia have been going well with sales up 7%. The Asian segment contribution decreased by 38% to \$0.1 million.

Australian Vintage Ltd

Directors' Report

Performance by segment (contd.)

Asia (contd.)

AVG remains committed to the China market with the support from our major China based distribution partner who will continue to distribute the McGuigan brand. However, after a strategic review of our distribution arrangements for our Tempus Two brand, the distribution agreement with Vintage China has been terminated.

Australia/ North America Bulk and Processing

Whilst sales in the segment declined by \$2.4 million, the contribution increased by \$1.2 million due to the removal of loss-making bulk wine sales and the improved performance of our Aust flavour business.

Vineyards

Vineyard contribution improved by \$1.9 million due to the expected increase in SGARA (Self Generating and Regenerating Assets). Current indications are that the 2021 crop from our vineyards will be up on last year. Weather conditions have generally been favourable and with improved water availability, the cost of water has reduced.

Set out in the table below is a reconciliation of the EBITs by segment to the Group's net profit for the period.

EBITS by Segment

	6 Months to		Change	
	December 2020 \$000	December 2019 \$000	\$000	%
Australia / New Zealand	7,483	3,935	3,548	90
UK / Europe / Americas	10,723	6,080	4,643	76
Asia	98	158	(60)	(38)
Australasia / North America bulk & processing	2,002	831	1,171	141
Vineyards	35	67	(32)	(48)
Dividend income and fair value adjustment to investments	-	697	(697)	N/A
EBITS	20,341	11,768	8,573	73
Interest expense (commercial bills)	(1,143)	(1,677)	534	32
Interest expense (AASB 16)	(289)	(191)	(98)	(51)
Interest received	16	2	14	700
Tax	(5,700)	(2,771)	(2,929)	(106)
Net Profit (after Tax and before SGARA)	13,225	7,131	6,094	85
SGARA	98	(1,811)	1,909	105
Tax on SGARA	(29)	543	(572)	(105)
SGARA (after Tax)	69	(1,268)	1,337	105
Net Profit (after Tax)	13,294	5,863	7,431	127
EBIT	20,439	9,957	10,482	105

Capital Expenditure

During the period FY17 to FY19 the Company invested some \$47.7 million in various capital projects including \$11 million on a new packaging line and \$10 million on a premium winery at our Buronga facility. For the foreseeable future, and assuming no new production technology is available that achieves a desired return, the Company will be maintaining capital expenditure in line with depreciation (approximately \$8 - \$9 million). Year to date our capital expenditure is \$4 million with a total FY21 forecast capital expenditure of \$9 million.

Cash Flow and Financial Position

- Interest cost (excluding lease interest costs) reduced by \$0.5 million due to reduced borrowings and lower borrowing costs.
- Operating cash flow of \$30.9 million is up by \$25.3 million on prior period due to increased sales and reduced bulk wine purchases.
- Net debt decreased by \$16.2 million to \$51.1 million compared to June 2020. Compared to December 2019, net debt decreased by \$26.7 million.
- Gearing (debt to equity) is at a very comfortable 17%.

Outlook

The result for the 6 months to December 2020 is in line with the strategic plan as we leverage the past asset investments. As we invest in our key brands and people capability, we not only grow sales, but improve the mix of sales and drive an improved balanced scorecard for the long term.

Australian Vintage Ltd

Directors' Report

Outlook (contd.)

Whilst Covid-19 appears to have had an overall positive impact on our business, a significant portion of the growth in our half year result has come from long term sustainable strategies such as innovation, people capability, improved consumer trading technology and improved production efficiencies.

Our cash flow from operating activities of \$30.9 million for this half has exceeded any prior cash flows generated in the last 10 years for a full financial year and the Company is well on the way to achieving a \$40 million operating cash flow for the full year.

AVL regularly reviews its balance sheet to ensure that the Company has an efficient capital structure. With the expected further reduction in our debt, AVL will undertake a capital management review in the second half of FY21, which could conclude that a share buy-back or capital reduction is the appropriate action to take. Any capital management restructure will ensure that the Company has flexibility to pursue growth opportunities and ensure its credit metrics are maintained.

The 2021 vintage is in process and early indications are that yields will be up on last year's vintage.

As advised at the November 2020 Annual General Meeting the Company remains on target to achieve a full year net profit after tax of between \$18.0 million and \$20.0 million subject to no material change to current exchange rates, no further deterioration in the various economies due to Covid-19 and a normal vintage. This profit forecast reflects an improvement of between 67% and 85% on last year and a Return on Capital Employed of between 6.8% and 7.4%.

INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration is included on page 5.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report) Instrument 2016/191, dated 24 March 2016, in accordance with that Corporations Instrument amounts in the directors' report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors



Richard Davis
Chairman



Craig Garvin
Chief Executive Officer

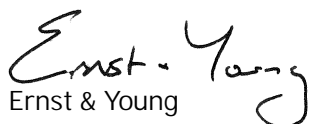
24 February 2021

Auditor's Independence Declaration to the Directors of Australian Vintage Limited

As lead auditor for the review of the half-year financial report of Australian Vintage Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Vintage Limited and the entities it controlled during the financial period.



Ernst & Young



Mark Phelps
Partner
Adelaide
24 February 2021

Independent Auditor's Review Report to the Members of Australian Vintage Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Australian Vintage Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, other information as set out in Appendix 4D to the Australian Securities Exchange (ASX) Listing Rules and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with:

- a. The *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
 - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. The ASX Listing Rules as they relate to Appendix 4D.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Mark Phelps
Partner
Adelaide
24 February 2021

Australian Vintage Ltd


Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Richard Davis
Chairman

24 February 2021



Craig Garvin
Chief Executive Officer

Australian Vintage Ltd

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2020

	NOTE	2020 \$'000	2019 \$'000
Revenue	2	148,403	137,690
Cost of sales		(101,930)	(97,571)
Gross Profit		46,473	40,119
Fair value gain / (loss) on grapes		98	(1,811)
Other income	2	349	1,018
Distribution expenses		(7,144)	(7,333)
Sales and marketing expenses		(15,364)	(17,254)
Administration expenses		(3,973)	(4,782)
Finance costs		(1,416)	(1,866)
Profit before income tax		19,023	8,091
Income tax expense		(5,729)	(2,228)
Net Profit for the period		13,294	5,863
Other comprehensive loss, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of hedging instruments		1,201	(831)
Exchange differences arising on translation of foreign operations		15	83
Other comprehensive income / (loss) for the period, net of income tax		1,216	(748)
Total comprehensive income for the period		14,510	5,115
Earnings per share:			
Basic (cents per share)		4.7	2.1
Diluted (cents per share)		4.7	2.0

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

Australian Vintage Ltd

Consolidated statement of financial position

As at 31 December 2020

	NOTE	31/12/20 \$'000	30/06/20 \$'000
Current Assets			
Cash and cash equivalents		7,921	7,656
Trade and other receivables		59,836	56,172
Inventories		138,384	149,917
Other financial assets	5	2,775	1,435
Total Current Assets		208,916	215,180
Non-Current Assets			
Inventories		23,133	32,944
Other financial assets	5	4,548	4,407
Property, plant and equipment		114,550	114,086
Goodwill and other intangible assets		50,338	50,734
Deferred tax assets		19,310	25,553
Right-of-use assets		48,744	51,480
Total Non-Current Assets		260,623	279,204
Total Assets		469,539	494,384
Current Liabilities			
Trade and other payables		38,813	50,551
Lease liabilities		6,360	6,928
Other financial liabilities	5	624	582
Provisions		5,689	5,960
Income received in advance		270	188
Total Current Liabilities		51,756	64,209
Non-Current Liabilities			
Borrowings		59,000	75,000
Lease liabilities		48,478	50,485
Other financial liabilities	5	240	476
Provisions		852	805
Total Non-Current Liabilities		108,570	126,766
Total Liabilities		160,326	190,975
Net Assets		309,213	303,409
Equity			
Issued capital		465,490	465,490
Reserves		5,818	5,729
Accumulated losses		(162,095)	(167,810)
Total Equity		309,213	303,409

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

Australian Vintage Ltd

Consolidated statement of changes in equity

For the half-year ended 31 December 2020

	Share capital	Equity – settled employee benefits reserve	Hedging reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	465,490	3,116	2,349	264	(167,810)	303,409
Profit for the period	-	-	-	-	13,294	13,294
Net gain on interest rate swaps	-	-	194	-	-	194
Net gain on foreign exchange hedges	-	-	1,522	-	-	1,522
Exchange differences arising on translation of foreign operations	-	-	-	23	-	23
Income tax relating to components of other comprehensive income	-	-	(515)	(8)	-	(523)
Total comprehensive income for the period	-	-	1,201	15	13,294	14,510
Transactions with owners in their capacity as owners						
Purchase and issuance of treasury shares to employees	-	(1,169)	-	-	-	(1,169)
Dividend paid	-	-	-	-	(7,579)	(7,579)
Recognition of share based payments	-	42	-	-	-	42
Balance at 31 December 2020	465,490	1,989	3,550	279	(162,095)	309,213
Balance at 1 July 2019	465,490	2,129	23	291	(169,102)	298,831
Effect of adoption of new accounting standards	-	-	-	-	(4,047)	(4,047)
Balance at 1 July 2019 (restated)	465,490	2,129	23	291	(173,149)	294,784
Profit for the period	-	-	-	-	5,863	5,863
Net gain on interest rate swaps	-	-	5	-	-	5
Net loss on foreign exchange hedges	-	-	(1,193)	-	-	(1,193)
Exchange differences arising on translation of foreign operations	-	-	-	119	-	119
Income tax relating to components of other comprehensive income	-	-	357	(36)	-	321
Total comprehensive income for the period	-	-	(831)	83	5,863	5,115
Transactions with owners in their capacity as owners						
Purchase and issuance of treasury shares to employees	-	(33)	-	-	-	(33)
Dividend paid	-	-	-	-	(5,614)	(5,614)
Recognition of share based payments	-	526	-	-	-	526
Balance at 31 December 2019	465,490	2,622	(808)	374	(172,900)	294,778

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

Australian Vintage Ltd

Consolidated statement of cash flows

For the half-year ended 31 December 2020

	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities		
Receipts from customers	157,503	138,644
Payments to suppliers and employees	(122,974)	(129,085)
Cash generated from operations	34,329	9,559
Interest paid (commercial bills)	(1,345)	(1,946)
Interest paid (resulting from leases under AASB 16)	(2,133)	(2,055)
Net cash provided by operating activities	30,851	5,558
Cash Flows from Investing Activities		
Payment for property, plant and equipment	(3,976)	(7,071)
Proceeds from sale of property, plant and equipment	3	47
Net cash used in investing activities	(3,973)	(7,024)
Cash Flows from Financing Activities		
Share issue costs	-	-
Dividends paid	(7,579)	(5,614)
Repayments of lease liabilities	(3,034)	(2,763)
Net (repayments of) / proceeds from borrowings	(16,000)	13,000
Net cash (used in) / provided by financing activities	(26,613)	4,623
Net increase in cash and cash equivalents	265	3,157
Cash and cash equivalents at the beginning of the period	7,656	8,057
Cash and cash equivalents at the end of the period	7,921	11,214

The above consolidated statement of cash flows should be read with the accompanying notes

Australian Vintage Ltd

Notes to the financial statements

For the half-year ended 31 December 2020

NOTE 1: ABOUT THIS REPORT

General information

Australian Vintage Ltd is a for-profit entity, incorporated and domiciled in Australia and limited by shares which are traded on the Australian Securities Exchange (trading under the ticker code 'AVG'). The interim condensed consolidated financial statements of Australian Vintage Ltd (the 'Company') and its subsidiaries (collectively, the 'Group') for the six months ended 31 December 2020 (herein referred to as the 'half-year financial report') were authorised for issue in accordance with a resolution of the directors on 24 February 2021.

The Group's registered office is 275 Sir Donald Bradman Drive, Cowandilla SA 5033 and its principal activities are wine making, wine marketing, and vineyard management.

Basis of preparation

This general purpose half-year financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The half-year financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2020.

Accounting policies, significant accounting estimates and judgements

The accounting policies, significant accounting estimates and judgements adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 30 June 2020, except where otherwise noted in the notes that follow for any updated or new accounting policies.

NOTE 2: REVENUE AND EXPENSES

	2020 \$'000	2019 \$'000
(a) Revenue from contracts with customers		
Sale of goods	147,238	136,099
Contract processing	785	847
Rendering contract vineyard services	380	744
	148,403	137,690
(b) Other income		
Wine equalisation tax rebate	175	175
Other rebates and grants	137	128
Loss on unrealised foreign exchange	(31)	(88)
Rental income	37	38
Interest income	16	2
Dividend income from investments held at fair value through profit and loss	14	697
Gain on disposal of property, plant and equipment	3	41
Other	(2)	25
	349	1,018
(c) Specific expenses		
Depreciation and amortisation (excluding amortisation as a result of AASB 16)	3,992	3,875
Restructuring costs	-	525
Chief Executive Officer transition costs	-	169

Australian Vintage Ltd

Notes to the financial statements

For the half-year ended 31 December 2020

NOTE 3: SEGMENT INFORMATION

Effective from 1 July 2020, AVL has amended the structure of the Group's operating segments. The underlying operations of the Group remain the same and the changes are due to certain geographic regions moving between segments to be under different managerial responsibility. The 2019 segment information has been restated to reflect the Group's new segment structure. Below is the Group's new accounting policy on segment reporting.

Accounting policy– segment reporting

Operating segments are determined based on the reporting to the Chief Operating Decision Maker ('CODM'). The Group's CODM, who is responsible for allocating resources and assessing the performance of the Group has been identified as the Chief Executive Officer ('CEO').

- Australia / New Zealand: supplies packaged wine within Australia, New Zealand and the Pacific region through retail and wholesale channels.
- UK, Europe & Americas: supplies packaged and bulk wine in the United Kingdom, Europe & the Americas through retail and distributor channels.
- Asia: supplies packaged wine to the Asia region through wholesale channels.
- 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. This segment includes fair value gains and losses resulting from the harvest of grapes from AVL's owned and leased vineyards.

The following table presents revenue and profit information for the Group's operating segments for the six months ended 31 December 2020 and 2019 (restated), respectively:

	Revenue		Profit before tax	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 (restated) \$'000
Australia / New Zealand	56,082	50,878	7,483	3,935
UK / Europe / Americas	78,914	69,214	10,723	6,080
Asia	3,280	4,691	98	158
Australasia / North America bulk wine and processing	9,747	12,163	2,002	831
Vineyards	380	744	133	(1,744)
Total	148,403	137,690	20,439	9,260

Unallocated corporate expenses

Dividend income and fair value adjustment to investments	-	697
Interest expense (commercial bills)	(1,127)	(1,675)
Interest expense (AASB 16) ^	(289)	(191)
Profit before tax	19,023	8,091

^ note: net of interest capitalised to inventory under AASB 102

Australian Vintage Ltd

Notes to the financial statements

For the half-year ended 31 December 2020

NOTE 3: SEGMENT INFORMATION (CONT.)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 31 December 2020						
Segments	Australia / New Zealand	UK, Europe & Americas	Asia	Australasia / North America bulk wine and processing	Vineyards	TOTAL
	\$'000	\$'000		\$'000	\$'000	\$'000
Type of goods or service						
Sale of goods	56,082	78,914	3,280	8,962	-	147,238
Contract processing	-	-	-	785	-	785
Rendering of vineyard services	-	-	-	-	380	380
	56,082	78,914	3,280	9,747	380	148,403
Geographical breakdown						
Australia	51,886	-	-	7,018	380	59,284
UK / Europe	-	75,710	-	-	-	75,710
Asia	306	-	3,280	1,179	-	4,765
North America	-	3,204	-	1,532	-	4,736
Other	3,890	-	-	18	-	3,908
	56,082	78,914	3,280	9,747	380	148,403

For the six months ended 31 December 2019 (restated)						
Segments	Australia / New Zealand	UK, Europe & Americas	Asia	Australasia / North America bulk wine and processing	Vineyards	TOTAL
	\$'000	\$'000		\$'000	\$'000	\$'000
Type of goods or service						
Sale of goods	50,878	69,214	4,691	11,316	-	136,099
Contract processing	-	-	-	847	-	847
Rendering of vineyard services	-	-	-	-	744	744
	50,878	69,214	4,691	12,163	744	137,690
Geographical breakdown						
Australia	47,815	-	-	7,540	744	56,099
UK / Europe	-	66,074	-	-	-	66,074
Asia	529	-	4,691	1,433	-	6,653
North America	-	3,140	-	2,651	-	5,791
Other	2,534	-	-	539	-	3,073
	50,878	69,214	4,691	12,163	744	137,690

Australian Vintage Ltd

Notes to the financial statements

For the half-year ended 31 December 2020

NOTE 4: DIVIDENDS

	2020		2019	
	Cents per share	Total \$'000	Cents per share	Total \$'000
2020 final dividend (2019: final dividend) – 63% franked at a tax rate of 30%	2.7	7,579	2.0	5,614

No dividend was declared in respect of the half-year ended 31 December 2020 (2019: nil).

NOTE 5: OTHER FINANCIAL ASSETS AND LIABILITIES

	31/12/20 \$'000	30/06/20 \$'000
Current assets		
Derivative financial instruments – foreign currency forward contracts	2,775	1,435
	2,775	1,435
Non-current assets		
Loan receivable	640	640
Investments held at fair value through profit and loss	708	708
Prepaid borrowing costs	40	66
Derivative financial instruments – foreign currency forward contracts	3,160	2,993
	4,548	4,407
Current liabilities		
Derivative financial instruments – interest rate swaps	624	582
	624	582
Non-current liabilities		
Derivative financial instruments – interest rate swaps	240	476
	240	476

Derivative financial instruments are the Group's only significant financial assets and liabilities that are measured at fair value. Details on the methods used to value the Group's derivative financial instruments are noted below.

Forward Exchange Contracts ('FECs')

FECs are measured using models which utilise inputs such as quoted foreign currency exchange rates, the date of maturity of each contract and foreign currency forward curves. Credit risk on these contracts is considered in the valuation and is generally not material. In the fair value hierarchy referred to in AASB 13, these are Level 2 valuations.

Interest rate swaps

Interest rate swaps are measured using models which utilise inputs such as quoted interest rates, the date of maturity of each contract and interest rate forward curves. Credit risk on these contracts is considered in the valuation and is generally not material. In the fair value hierarchy referred to in AASB 13, these are Level 2 valuations.

Australian Vintage Ltd

Notes to the financial statements

For the half-year ended 31 December 2020

NOTE 6: OTHER

Impairment testing

The Chinese Ministry of Commerce announced a decision to impose temporary tariffs from 28 November 2020 of between 107% and 212% on Australian wine in containers of up to 2 litres. The Group has performed sensitivity analysis over the 30 June 2020 impairment testing models, to determine whether the resulting expected decline in AVL's sales to China causes impairment to the Group's assets. The results of the sensitivity analysis are that the introduction of these tariffs does not cause impairment of the Group's assets. This is due to the Group's sales to China only being a small proportion of total sales.

Contingent liabilities

There have been no material changes in contingent liabilities from those disclosed in the Group's 30 June 2020 Annual Report.

Events after the reporting period

There have been no matters or circumstances, other than those referred to in the half-year report or notes thereto, that have arisen since 31 December 2020, 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.