TREASURY
WINE ESTATES

19 September 2014

Companies Announcement Office
ASX Limited
Level 45, South Tower, Rialto
525 Collins Street
Melbourne VIC 3000

Dear Sir/Madam,

Re: 2014 Annual Report

In accordance with Listing Rule 4.7, attached is a copy of the 2014 Annual Report to be sent to shareholders.

Yours faithfully,

Paul Conroy
Company Secretary

{ ANNUAL REPORT 2014 }

TREASURY
WINE ESTATES

ABOUT TREASURY WINE ESTATES

Treasury Wine Estates (TWE) is an Australian wine company with a heritage dating back to the establishment of the Lindeman's vineyard in 1843. TWE's rich history with its regional, brand and wine segment diversity has evolved over time through organic growth, merger and acquisitions, and most notably the demerger from Foster's Group on 9 May 2011.

TWE is a vertically integrated wine business. The Company has world-class production facilities in internationally recognised wine regions and sources grapes from a mix of Company-owned, leased and third party vineyards. TWE employs more than 3,000 winemakers, viticulturists, sales, distribution and support staff across the globe and the Company's wine is sold in more than 70 countries around the world.

OUR LOCATIONS

AUSTRALIA & NEW ZEALAND[1]

AUSTRALIA

Corporate head office:
Melbourne, Victoria

6	regional sales offices
84	vineyards
9,110	planted hectares
10	wineries

NEW ZEALAND

Country sales head office:
Auckland

3	regional sales offices
7	vineyards
314	planted hectares
2	wineries

AMERICAS

USA

Regional head office:
Napa Valley, California

4	regional sales offices
24	vineyards
3,209	planted hectares
7	wineries

CANADA

Country head office:
Toronto, Ontario

4	regional sales offices

ASIA

SINGAPORE

Regional head office:
Singapore

7	regional sales offices

EUROPE, MIDDLE EAST & AFRICA

UK

Regional head office:
Twickenham, Middlesex

NORDICS & WESTERN EUROPE

4	regional sales offices

ITALY

Country head office:
Gabbiano, Tuscany

145	planted hectares
1	winery

1. In FY14, a vineyard was defined as a contiguous area of planted vines. In FY13, for Australia and New Zealand, vineyard numbers were presented based on management's responsibility of vineyards within business units. Applying the FY14 definition in FY13 would have resulted in 82 and 7 vineyards in Australia and New Zealand respectively.

CHAIRMAN'S REPORT

Looking ahead, I am very confident that the challenges faced in FY14, together with the actions taken to address them, have made our Company stronger and will set TWE up for future financial success.

Dear Shareholders,

INTRODUCTION

Welcome to the Treasury Wine Estates Limited (TWE) 2014 Annual Report.

Fiscal Year 2014 (FY14) was a year of challenge and change for our business, with external events and internal actions influencing both our culture and financial performance. Whilst I acknowledge that volatility around TWE created some anxieties for our shareholders, it is also important to recognise that our Company closed FY14 in a much stronger and better strategically aligned position than that which we entered the financial year.

OVERVIEW OF RESULTS AND CHANGES

Our brand and quality credentials have, once again, underpinned TWE's performance and over the course of the year our winemakers continued to beat the competition at the world's leading wine shows.

FY14 was also a year in which the Board and executive management took tough decisions to drive a turnaround in performance by tackling barriers to long-term sustainable growth. This involved changes to TWE's structure, operating model and improvements to commercial execution.

In July 2013, TWE took action with our major US distribution partners to address excess, aged and deteriorating inventory. As a result, EBITS growth in FY14 was impacted by a planned reduction of shipments in the US as the Company worked to reinforce brand health and create solid foundations for future growth in the Americas.

CHANGE IN LEADERSHIP

Chief Executive Officer, David Dearie, left the business in September 2013, with Warwick Every-Burns, a member of the Board, appointed as interim Chief Executive Officer until the commencement of Michael Clarke on 31 March 2014.

Whilst this period was challenging for the Company, the Board and executive management continued to drive much needed organisational change; streamlining and simplifying reporting structures in order to drive faster decision-making and greater brand alignment. I would like to thank Warwick for stepping in to lead TWE at this time, and recognise the job he did in harmonising the Company in the subsequent six-month period.

To produce a premium wine takes time, and sometimes so too does the identification and recruitment of the very best global talent, therefore I was delighted that the Company was able to secure someone of Michael Clarke's undoubted experience and capabilities.

REGIONAL SUMMARY

FY14 reinforced that TWE has a truly global footprint. However, an inherent challenge for TWE remains to deliver a strong set of results in all four geographic regions over the course of a single financial year.

Differing economic conditions, consumer dynamics and retail environments across Australia and New Zealand (ANZ), Europe, Middle East and Africa (EMEA), Asia and the Americas provided opportunities as well as challenges for TWE; and over FY14 the Company continued to build customer relationships and routes-to-market in order to support TWE's strategic ambitions.

Whilst trading conditions in ANZ and Asia remained tough over the fiscal year, it was pleasing to see signs of progress for TWE in the Americas. The Company's operations in EMEA were also a positive, particularly when set against the backdrop of a weak European economy.

STRATEGIC PRIORITIES

Following Michael Clarke's appointment as Chief Executive Officer on 31 March 2014, the Board has diligently worked with management to revise and finalise a new Strategic Roadmap for the Company.

The Board strongly supports the renewed Strategic Roadmap and looks forward to working with Michael and his leadership team to ensure the Company delivers to it.

BALANCE SHEET STRENGTH AND DIVIDEND

The successful negotiation of a US Private Placement for the equivalent of US$250 million in December 2013, was an integral part of TWE's capital management program and allowed the Company to increase the average duration of debt as well as further diversify its funding sources.

New banking facilities entered into in August 2013 reinforced the inherent strength of the Company's balance sheet. Together with TWE's low levels of debt, these developments continue to provide shareholders with confidence in the Company's financial foundations.

Given the Board's confidence in the future, and the strong balance sheet noted above, I am pleased to report a final dividend of 7 cents per share unfranked, to give a full year dividend of 13 cents per share, unchanged from last year.

GOVERNANCE

The Board is committed to ensuring the Company operates to the highest standards of corporate governance and in accordance with all relevant market obligations.

Accordingly, the Board carefully considered an initial conditional proposal from Kohlberg Kravis Roberts (KKR) to buy all of the issued shares in the Company. As announced to the market in May 2014, the Board spent considerable time evaluating the KKR proposal in the context of the Company's plans to drive growth and profitability. The Board concluded that it did not reflect the fundamental value of the Company and was therefore not in the best interests of our shareholders to proceed with it.

On 4 August 2014, a revised proposal from KKR and Rhône Capital, reflecting a 10.6% increase on KKR's initial offer, was received. The Board concluded it was in the best interests of shareholders to engage further. Accordingly, KKR and Rhône Capital were granted the opportunity to conduct non-exclusive due diligence.

On 11 August 2014, a second conditional and non-binding proposal was received from another global private equity firm on broadly similar terms to the KKR and Rhône Capital offer, and they too have been granted the opportunity to conduct non-exclusive due diligence.

The Company also acted fully in accordance with its legal obligations when dealing with excess US inventory. TWE strongly denies any and all allegations made against it through class action litigation and intends to vigorously defend itself in the relevant legal proceedings.

CORPORATE RESPONSIBILITY

Finally, I would like to acknowledge the ongoing efforts by TWE to promote the responsible consumption of wine.

The Company remains actively engaged in several campaigns across the world that provide education on alcohol and its responsible consumption, including work with the Winemakers Federation and DrinkWise in Australia, and the Wine & Spirits Trade Association and Drinkaware in the UK. In addition, over FY14 the Company introduced new marketing policies and corporate responsibility initiatives to ensure that its wines are only promoted and sold in a responsible manner, and I look forward to these being rolled out further in FY15.

CONCLUSION

Looking ahead, I am very confident that the challenges faced in FY14, together with the actions taken to address them, have made our Company stronger and will set TWE up for future financial success.

I wish to express my gratitude to members of the Board for their contributions over the year. I would also like to sincerely thank Michael Clarke, his leadership team, and all the hard working employees at TWE for their contributions over the financial year. I recognise their ongoing commitment to driving the change that will deliver the long-term sustainable growth our shareholders expect.

Kind regards,

Paul Rayner
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

FY14 has been a challenging year for TWE, but having started the turnaround of our Company it is vitally important to establish a clear Strategic Roadmap for future years.

Dear Shareholders,

INTRODUCTION AND APPOINTMENT

In March of this year I had the pleasure of becoming your Company's new Chief Executive Officer. Despite the challenges facing TWE, I took the role on the basis of what I know is a considerable upside opportunity for our Company and its owners.

Immediately upon joining I immersed myself in the Company, getting to know TWE's operations, talking with our people, understanding the organisation's history and thinking through how best to move our Company forward.

In my first few weeks I visited almost all of our major sites, spent time in our vineyards and learnt a lot more about our winemaking capabilities, the strengths in the Company as well as the opportunities for further improvement. I also saw first-hand TWE's commitment to quality and how this commitment was recognised with wine awards, and high brand scores, the world over.

This helped establish a roadmap of both short- and long-term opportunities for the Company; and strengthened my resolve for our leadership team to take action to address areas of underperformance.

I also set out very clearly early on that, under my leadership, TWE will pursue its long-term growth ambitions in a sustainable manner.

PERFORMANCE TURNAROUND

It was evident that TWE had not delivered on many of its commercial targets, nor had it unlocked the true value implicit in its assets, brands and people.

Addressing these challenges will take time, but there were some obvious opportunities where we have moved quickly to help put the Company back on the journey to delivering long-term sustainable growth. In particular, my team and I have sought to build a performance culture and proactively drive changes to TWE's business model through a step-up in the consumer marketing of our brands, a reduction in the Company's cost base, and actions to address structural barriers to profitability and growth.

RESULTS

Having joined TWE as the final quarter of the fiscal year started, it was not possible for me to significantly change the Company's commercial plans in the short term. However, I am pleased that the Company was able to deliver its revised FY14 earnings guidance as an essential first step in rebuilding confidence and credibility in TWE, with a strong consumer pull-through program in Australia in place for Q1, FY15.

In ANZ, volume continued to be impacted by a challenging retail environment and category decline in domestic sparkling. Despite these factors, TWE's Luxury brands accelerated over the year with our flagship luxury brands growing in volume and value. Overall EBITS were down $34.5 million on a constant currency basis, driven by a reduction in in-market programs in challenging trading conditions, a reduced allocation of Penfolds and a reduction in New Zealand EBITS.

In the Americas, TWE's Masstige portfolio grew particularly strongly, outperforming the category[1] by volume and value led by Chateau St Jean, Matua, 19 Crimes and Sledgehammer. FY14 EBITS for the region were down seven per cent to $74.9 million on a constant currency basis reflecting the planned reduction in US shipments. The Company maintains a positive outlook for the region as a future growth platform underpinned by favourable market fundamentals, improved supply of Luxury wine and continued investment in consumer marketing and innovation.

In Asia, continued strong volume growth in Hong Kong and increasing momentum in South East Asia was offset by the impact of austerity measures in China, particularly in the first half. An increased cost of

1. US Nielsen Scantrack 52 weeks to 21 June 2014, Total Food, Drug and Liquor Channels.

doing business was largely driven by additional investment in on-the-ground sales and marketing capability, mostly in the second half, and this underpinned the strong performance in Hong Kong and improved momentum in South East Asia, notably Singapore, Malaysia and Thailand. EBITS of $47.7 million for the region were down by 12.3 per cent on a constant currency basis largely driven by lower volume and adverse portfolio mix within the Luxury segment relative to the prior period.

Finally, in EMEA, despite a four per cent decline in the UK bottled wine market in FY14, TWE outperformed Nielsen channels by volume and value, up 14 per cent and 11 per cent respectively[2]. Despite attractive wine market fundamentals, the Nordics remain challenging with the Australian category in double digit decline in FY14. With approximately 40 per cent value share of the Australian category[3], TWE is actively diversifying its portfolio to drive growth by expanding its New Zealand and US portfolio proposition and investing in innovation. EBITS were down $2.2 million to $29.1 million on a constant currency basis principally reflecting lower volume and adverse mix, partially offset by lower overhead expenses and favourable cost of goods sold (COGS) per case.

STRATEGY AND OPPORTUNITIES

FY14 has been a challenging year for TWE, but having started the turnaround of our Company it is vitally important to establish a clear Strategic Roadmap for future years.

In June 2014, the Board signed off on the new Strategic Roadmap that will see TWE focus on a number of distinct strategic imperatives as the Company continues its turnaround over the coming years.

These imperatives include: continuing to strengthen TWE's core business; realignment of the Company's portfolio with an increasing focus on Luxury and Masstige segments; continued investment in both our brands and our people; stronger relationships with key stakeholders; optimising the Company's capital base; and driving improved financial performance.

Looking ahead, we will continue the work we have started to improve the Company's core business through margin and mix improvements, an ongoing focus on consumer marketing investment and greater discipline on costs.

We will also advance the realignment of TWE's brand portfolio to ensure greater alignment with emerging consumer trends and the continued growth in demand for Luxury and Masstige wines. The Company's announcement on 25 June 2014, that TWE will establish a separate focus for its Commercial and its Luxury and Masstige brands, has started this process, but work continues to 'unzip' these two segments in Australia, as well as addressing our non-priority Commercial brands in the US.

This separate focus for our brands will help build momentum in both our Commercial and Luxury and Masstige portfolios, as well as drive improved effectiveness and efficiencies in our execution.

To support the planned increase in consumer marketing investment, TWE needs to focus on deepening existing relationships with consumers, customers, distributors, employees and other external stakeholders. The Company must also optimise its operating model and capital base in order to build a sustainable business with improved financial performance.

FY15 OUTLOOK

I am confident that the Company's FY15 plans are robust and moving forward our intent is to continue to drive improvements in TWE's performance through greater focus and prioritisation, efficiency in everything we do and stepping up our execution levels.

I also want to reinforce that I will not chase a number to the detriment of the Company's long-term objectives; and that under my leadership TWE will deliver growth and shareholder value in a sensible and sustainable manner.

FY15 will be a reset year for our Company as we reset TWE's:

- consumer marketing;
- cost base;
- Penfolds release dates – so we market and sell this iconic brand over the full financial year; and
- business structure.

We also have some incredible wines due for release over the course of the financial year and my team and I are determined to fully realise the benefits of this over FY15 and beyond.

THANKS AND CONCLUSION

In conclusion, I wish to express my thanks to all of the TWE team for their ongoing efforts to drive the turnaround in our Company's performance, and for their willingness to embrace change. I would also like to sincerely thank the Board for the confidence and support they have provided me since my appointment.

I am in no doubt that TWE can deliver the long-term sustainable growth and returns that you, our shareholders, expect; and I thank you for your ongoing support and investment in this great Company.

Kind regards,

Michael Clarke
Chief Executive Officer

2. Nielsen Scantrack, 12 months to 21 June 2014.
3. Systembolaget off-trade sales data to June 2014.

OPERATING AND FINANCIAL REVIEW

OPERATIONS

About TWE

Treasury Wine Estates (TWE) is an Australian wine company with a heritage dating back to the establishment of the Lindeman's vineyard in 1843. TWE's rich history with its regional, brand and wine segment diversity has evolved over time through organic growth, M&A and most notably the demerger from Foster's Group on 9 May 2011.

TWE's business activities

TWE is a vertically integrated wine business. The Company has world-class production facilities in internationally recognised wine regions and sources grapes from a mix of Company-owned, leased and third party vineyards. TWE employs more than 3,000 winemakers, viticulturists, sales, distribution and support staff across the globe and the Company's wine is sold in more than 70 countries around the world.

TWE's organisational structure

During FY14, TWE was restructured to reflect a more efficient, streamlined operating structure, with the senior leadership team reduced from 13 to eight over the year with a focus on the following regions:

- Australia and New Zealand;
- The Americas;
- Europe, Middle East and Africa; and
- Asia.

TWE's business model

TWE is a vertically integrated wine business with three principal activities:

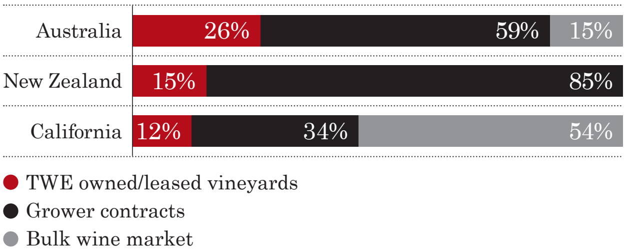
- Grape growing and sourcing;
- Wine production and packaging;
- Wine marketing and distribution.

Grape growing and sourcing

TWE owns and leases 9,424 planted hectares of vineyards in Australia and New Zealand, with some of the region's most sought after viticultural assets in the Barossa Valley and the Coonawarra in Australia, and Marlborough in New Zealand. Furthermore, TWE owns and operates 3,209 hectares of vineyards in key viticultural regions in California, including Sonoma County, Napa Valley, Paso Robles, and Santa Barbara. The Company also owns a small vineyard, at Gabbiano in Tuscany, Italy.

TWE sources fruit from a variety of sources: Company-owned and leased vineyards, grower vineyards and the bulk wine market. TWE's sourcing mix varies by region as shown in Figure 1.

Figure 1: TWE's regional operating model



Having a flexible and diverse sourcing model in each region allows TWE to better position itself to adapt to grape and bulk wine pricing through periods of grape shortage and surplus. TWE also sources bulk wine from other wine producing nations such as Chile and Argentina to supplement annual intakes or manage input costs.

Wine production and distribution

TWE owns some of the world's most prized wine production and packaging assets.

- In Australia, TWE owns ten wineries and three packaging facilities. TWE's wines are primarily produced in South Australia, New South Wales and Victoria;
- In New Zealand, TWE owns two winery and packaging facilities, located in Auckland and Marlborough;
- In the United States, TWE's production facilities are located in the North and Central Coast regions of California.

Marketing and selling of TWE wine

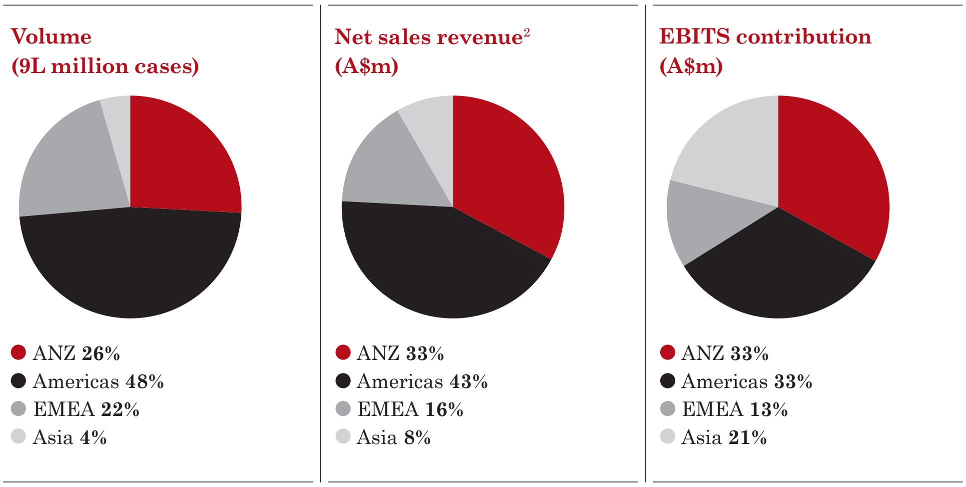
TWE distributes wine to a range of customers across the world, tailoring its route-to-market model by country to capitalise on regional opportunities. Given its global sales footprint, TWE operates four regional business units: Australia and New Zealand (ANZ); the Americas, which principally includes the US and Canada; Europe; Middle East and Africa (EMEA); and Asia. Figure 2 presents TWE's regional distribution footprint together with the country, origin of wine sold, and customer and channel mix within the regional business units.

Figure 2: TWE's regional marketing and distribution model

ANZ	Americas	EMEA	Asia
• Key markets are Australia and New Zealand • Sells Australian, New Zealand, Californian and Italian wines • Production facilities located in Australia and New Zealand • Key customers include national retailers, independent retailers, on-premise outlets and limited direct to consumer presence	• Key markets are the United States, Canada • Sells Californian, Australian, Italian, New Zealand and South American wines • Key customers include large distributors, on-premise outlets and some direct to retail chains in the US (depending on state regulations) and government controlled Liquor Boards in Canada	• Key markets are the Nordics, Continental Europe and UK and Ireland • Sells Australian, Californian, New Zealand, Italian and South African wines • Key customers include on-premise outlets and large retail chains in the UK and Denmark and government monopolies in the Nordics	• Key markets are China, Japan, Hong Kong, Malaysia, Singapore, South Korea, Thailand and Taiwan • Sells Australian, Californian, New Zealand and Italian wines • Key customers include off-premise retailers, on-premise and travel retail channels with a focus on premium hotel, restaurant and duty free stores

Marketing and selling its branded wine is where TWE generates revenue and profits. The charts in Figure 3 show the volume, sales and EBITS[1] contribution by region in FY14. The Americas is TWE's largest market by volume, whilst ANZ is the largest contributor to EBITS. TWE's earnings are generally influenced by product mix, price and route-to-market in each region.

Figure 3: TWE's business performance by region in FY14



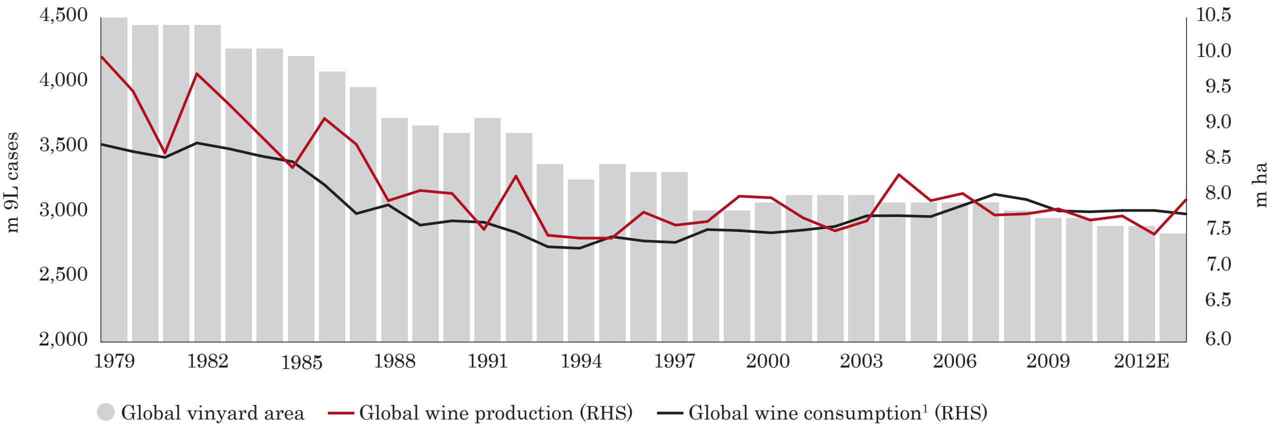
1. Earnings before interest, tax, SGARA and material items.
2. Net sales revenue pre-material items.

Global industry overview

Global wine production and consumption

The fundamentals of the global wine industry are improving for premium wine producers of scale and significance, such as TWE. Across the world, demand for Luxury and Masstige wine is increasing, and after several years of oversupply, the global supply and demand cycle is moving into balance.

Figure 4: Global wine production and consumption



1. Consumption figures include ~330 million 9L cases of wine used in the production of fortifieds and industrial applications.

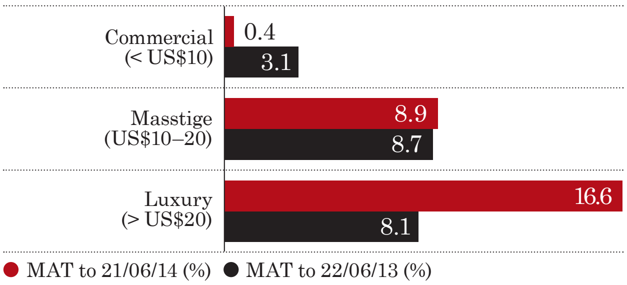
Global demand

As measured by Aztec in Australia and Nielsen in other regions, shown in Figure 5, value growth in key TWE markets is strongest in the Luxury and Masstige categories, with 12.9%[3] value growth in the >$20 category in Australia, 8.9% and 16.6%[4] value growth in the $10–$20 and >$20 categories respectively in the US and 16.4%[5] value growth in the >£8 category in the UK. This compares with low single digit or declining value growth in the more Commercial price points in most regions. Value growth in the Australian bottled wine market in China has been impacted by the Government-imposed austerity measures.

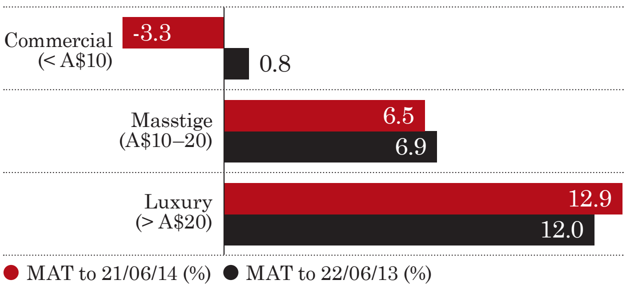
3. Nielsen Moving Annual Total (MAT) to 21/6/14 covers Total US xAOC + Liquor & Accounts.
4. Aztec Sales Data|off-premise Channel Only|Bottled Wine Only|Weighted for size of Dan Murphy's MAT to 29/6/14.
5. Nielsen (750ml bottled still wine only) MAT to 21/6/14, prior year movement data not available.

Figure 5: Value growth by price point – Recommended Retail Price per bottle

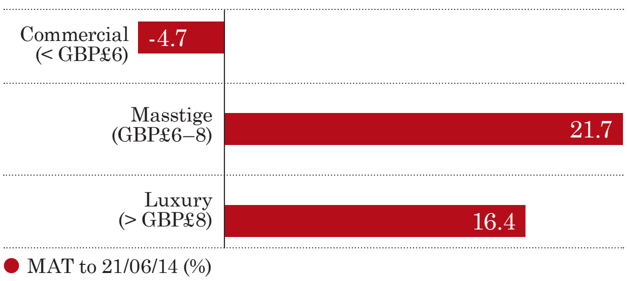
UNITED STATES OF AMERICA[1]



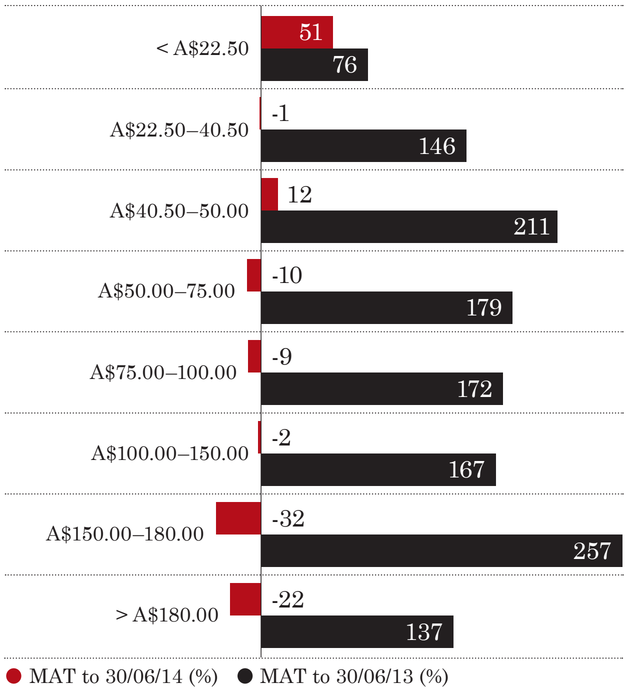
AUSTRALIA[2]



UNITED KINGDOM[3]



VALUE GROWTH OF AUSTRALIAN BOTTLED WINE EXPORTS (FREIGHT ON BOARD) TO CHINA[4]



1. Nielsen Moving Annual Total (MAT) to 21/6/14 covers Total US xAOC + Liquor & Accounts.
2. Aztec Sales Data|off-premise Channel Only|Bottled Wine Only|Weighted for size of Dan Murphy's MAT to 29/6/14.
3. Nielsen (750ml bottled still wine only) MAT to 21/6/14, prior year movement data not available.
4. Wine Australia MAT to 30/6/14.

TWE'S VISION

TWE's vision is to be the world's most celebrated wine company; a company that enriches peoples' lives with quality wine brands.

TWE's ambition

Continuing to support the realisation of TWE's vision are four business objectives:

- Be recognised as a truly global, branded wine company;
- Be strongly oriented to the Luxury and Masstige segments;
- Be efficient and sustainable in everything we do; and
- Be well positioned in key growth markets and channels[6].

Underpinning TWE's business objectives are a number of strategic initiatives which together, represent a roadmap to sustained success as the world's most celebrated wine company.

Figure 6: TWE's roadmap to sustained success

TWE'S STRATEGIC INITIATIVES

1. Fix the core business

TWE is focused on strengthening the foundations of its core business through:

- Driving margin/mix improvements in key markets such as ANZ, the US, North Asia and the UK through an increased focus on the Luxury and Masstige segments;
- Investing in on-the-ground presence and sales and marketing capabilities;
- Increasing consumer marketing investment across priority brand/market combinations, funded by a reduction in overheads and costs;
- Strengthening relationships with key customers and distributors; and
- Continuously improving the efficiency of TWE's production networks.

2. Realign the portfolio

TWE will focus on optimising its portfolio and channel mix in key markets to capture growing demand for Luxury and Masstige wine. This will include:

- Implementation of a revised brand portfolio architecture (Figure 7) focused on fewer, stronger brands with global reach;
- Improving portfolio composition to ensure greater alignment with emerging consumer trends and the continued growth in demand for Luxury and Masstige wines; and
- Ensuring all products are 'fit-for-purpose' from a pricing, taste/style and packaging standpoint, and where appropriate, tailored to the target market.

Figure 7: TWE's brand portfolio model

6. Key growth markets for TWE include but are not limited to North America and North Asia (China, Korea and Japan) and key growth channels for TWE include fine wine, on-premise and global travel retail (GTR).

3. Invest in our brands and people

Sustainable top line growth is expected to be driven by strategic investment in the health of TWE's brands and in the competencies of its people. Efficiencies and cost savings resulting from Strategic Initiative #1 ('Fix the core business') will help to fund these investments. Key areas of focus will include:

- Increasing the depth of consumer marketing;
- Further development of TWE's sales and marketing capabilities, with a focus on key markets;
- Improved brand and product innovation and commercialisation capabilities; and
- Uplift in resourcing and capabilities for on-premise, impulse, fine wine, e-business/digital media and travel retail channels.

4. Invest in key relationships

To support the planned increase in brand investment, TWE will focus on deepening existing relationships with consumers, customers, distributors, employees and other external stakeholders.

Externally, TWE intends to:

- Build a deeper understanding of its consumers and their needs;
- Invest in building more collaborative and sustainable relationships with key customers and distributors; and
- Continue to impress key influencers and gatekeepers with the quality of TWE's wines.

Internally, TWE intends to embed focus, belief, trust and collaboration into its everyday ways of working to support a diverse and high performance culture, while appropriately investing in systems and processes to ensure the business works more effectively and efficiently.

5. Optimise our operating model and capital base

Optimising the Company's operating model and capital base to build a sustainable business model with improved through-the-cycle performance is also a key priority and will be underpinned by the following principles:

- Drive sustainability in all areas of TWE (operational, productivity, financial, environmental);
- Build flexibility into sourcing, production and sales;
- Refine internal processes and collaborate with customers to improve demand planning;
- Embed simple, efficient and repeatable processes across the business;
- Carefully manage working capital, with a focus on optimising returns from luxury non-current inventory; and
- Explore alternative operating and ownership options for non-core assets.

6. Drive financial outperformance

TWE is confident that the successful delivery of the integrated set of Strategic Initiatives will be rewarded with sustained financial performance and improved shareholder returns.

FUTURE PROSPECTS

Following a challenging two years from an operational and earnings perspective, TWE expects FY15 to be a 'reset year', with a number of changes being implemented to deliver improved future financial performance. Areas of current and ongoing business focus that will likely impact TWE's future operational and financial prospects include:

- Reinvigorated consumer marketing investment to lift brand health and drive consumer pull through of TWE's wines; consumer marketing investment is expected to increase by 50% in FY15;
- Overhead cost reduction to drive margin growth and fund increased brand building investment; a $35 million cost reduction programme was commenced in June 2014;
- Increased engagement and collaboration with major retailers in key markets;
- Continued focus on reducing distributor inventory of Commercial wine in the US to facilitate future, sustainable depletions growth;
- Investing in on-the-ground presence and sales and marketing capabilities;
- Improved price realisation and more consistent year-round marketing and sales support for the Penfolds brand underpinned by the change in vintage release dates[7];
- Capital expenditure in FY15 is expected to be approximately $100 million in FY15; and
- Ongoing focus on premiumising TWE's portfolio mix, supported by TWE's non-current inventory of Luxury and Masstige wine.

As outlined in the Global Industry Overview on page 8, the fundamentals of the global wine industry are increasingly favourable, characterised by growing per capita wine consumption in key demand markets. Importantly, consumption growth is strongest at the premium price points, notably in the Masstige segment, further supporting TWE's portfolio premiumisation strategy. In addition, ongoing signs of economic recovery in key demand markets is expected to further stimulate wine demand. Supply constraints and high barriers to entry in the Luxury wine market position TWE well to satisfy the growing consumer demand in this segment, particularly given its established brands and enviable luxury supply assets.

7. In June 2014, TWE announced the change in release dates of its Penfolds Bin Series and Icon and Luxury Collection from the first Thursday of March (for the Penfolds Bins Series) and the first Thursday of May (for the Penfolds Icon and Luxury collection) to one annual release on the third Thursday in October each year. The change is effective October 2014.

MATERIAL BUSINESS RISKS

The nature and potential impact of risks change over time and vary between operational and strategic. There are various risks that could have an impact on the achievement of TWE's strategies and future prospects. These include, but are not limited to:

Strategic risks

Ability to capture required market share

Future growth is reliant on TWE being able to capture additional market share in the Luxury and Masstige wine categories while holding its share of the Commercial market. Inability to achieve this due to factors such as competitor activity; inability to respond to changing consumer preferences; increase in private label wines by dominant retailers; portfolio misalignment; or inadequate channel strategies would restrict the Company's ability to grow or retain levels of market share.

Business capability or capacity to support change

To execute on its strategy TWE is introducing new business models and potentially changing supporting infrastructure. This has and will continue to involve significant organisational change and restructuring, and may require the development of new processes, technologies and ways of working. TWE's ability to successfully execute these changes without significant disruption to existing operations will determine future success.

Accurate demand forecasting

In a consumer driven business where products have, in some cases, a long production lead time and upfront investment, accurate demand forecasting is critical to managing inventory levels and reducing the risk of losses and stock write downs. Failure to effectively forecast demand may result in excess inventories or missed revenue opportunities. Such issues would impact on TWE's revenue and/or profit growth.

Operational risks

Quality and brand reputation

TWE's success in generating profits and increasing its market share is based on the success of its key brands. Reliance on key brands makes TWE vulnerable to brand damage from negative publicity, product tampering and recalls, unauthorised use of its brands or ineffective brand management by the Company or its licensees.

Economic climate

Changes in the general domestic and international economic climate may have an adverse impact on the operating and financial performance of TWE. These general economic conditions are influenced by government regulatory policies, economic growth, interest rates, inflation, employment levels and consumer and business sentiment.

Regulation

TWE operates in a highly regulated industry in many of the markets in which it makes and sells wine. These regulations govern many parts of TWE's operations, including manufacturing, marketing, advertising, distribution and sales of wine. The alcohol industry in a particular market could be subjected to changes or additions to existing regulations which could increase the cost of goods or restrict TWE's ability to sell or market its wine.

Taxation

Changes in taxation laws (or their interpretation) in Australia and other countries where TWE operates could materially affect the Company's financial performance and impact on its ability to obtain the benefit of tax losses and claim other beneficial tax attributes. In addition, governments may review and impose additional or higher excise taxes or other taxes on alcohol which may have an adverse effect on consumer buying patterns and the Company's financial performance.

Agricultural factors

Winemaking and grape growing are subject to a variety of agricultural factors beyond TWE's control, such as disease, pests and extreme weather conditions. Additionally, the long lead times involved in crafting the wine years before the actual sale of the wine makes forecasting difficult for winemakers. To the extent that any of the foregoing impacts the quality and quantity of grapes available to TWE for the production of its wines, the financial prospect of the operations could be adversely affected.

Information technology systems failure

TWE's customer service relies on the Company's ability to satisfactorily manage high turnover volumes and a large number of customers and suppliers. A severe disruption to the information technology systems may significantly impact the Company's operations and value.

Foreign exchange rate risk

TWE is exposed to foreign exchange risk from a number of sources, namely from the export of Australian produced wine to key offshore markets in North America and EMEA. Foreign exchange rate movements impact TWE's earnings on a transactional and translational basis. To partially manage the transactional exposures, TWE has been operating a foreign exchange risk management program since November 2011.

Third party distributor risk

TWE adopts a diversified route-to-market model, utilising owned distribution, third party distribution and retail. Routes-to-market vary by market and in on-premise and off-premise channels, TWE partners with retailers and hospitality providers to offer and showcase its wine brands. Generally, wholesalers and retailers also sell wines that compete with TWE. More recently, TWE has observed customers vertically integrating and selling wines, particularly lower priced private label wines, that directly compete with TWE's branded wines on-shelf.

Competition and market concentration

TWE operates in a competitive business environment in Australia and internationally. Each of the markets in which TWE operates is characterised by competition on the basis of quality, price and brand awareness which can be heightened during periods of grape oversupply.

Of particular note is the concentrated retail landscape in Australia, where two national retailers account for greater than two thirds of total wine sales. Moreover, these retailers are actively engaging in private label wines which directly compete on-shelf with TWE's branded Commercial portfolio. In this context, the national retailers in Australia are both customers and competitors of TWE.

Consequently, TWE's financial performance, revenues and market share may be adversely affected by the actions of its competitors and customers, such as price discounting or increased marketing initiatives and TWE's response to such actions.

Portfolio and cost structure misalignment

Wine sales are affected by consumer preferences which drive industry trends for different types of wines. This may involve varietals or the geographic origin of wines. If there is a decline in consumer preferences for a particular varietal, TWE may not be able to respond quickly due to the lead time required to change grape varietals, which in turn, may result in excess inventory and a subsequent bulk wine and finished good write down. Wine production asset utilisation may also be adversely impacted, and major changes may even impact TWE's footprint.

Litigation

Exposure to litigation brought by third parties such as customers, regulators, employees, shareholders of business associates could negatively impact TWE's financial performance through increased costs, payments for damages and reputation damage.

Two class actions have been filed against TWE. The Company strongly denies any and all allegations made against it through class action litigation and intends to vigorously defend itself in any legal proceedings.

REVIEW OF FINANCIAL PERFORMANCE FOR 12 MONTHS ENDED 30 JUNE 2014[1, 2]

Profit and loss

A$M	REPORTED CURRENCY			CONSTANT CURRENCY	
FOR THE TWELVE MONTHS ENDED 30 JUNE	2014	2013	CHANGE	2013	CHANGE
Volume (m 9L cases)	**30.0**	32.1	(6.4)%	32.1	(6.4)%
Net sales revenue[3]	**1,705.6**	1,688.7	1.0%	1,801.8	(5.3)%
Net sales revenue/case ($)	**56.85**	52.67	7.9%	56.20	1.2%
Other revenue	**109.7**	72.0	52.4%	77.6	41.4%
Total revenue	**1,815.3**	1,760.7	3.1%	1,879.4	(3.4)%
Cost of goods sold[3]	**(1,239.4)**	(1,181.8)	(4.9)%	(1,249.9)	0.8%
Cost of goods sold/case ($)	**41.31**	36.86	(12.1)%	38.99	(6.0)%
Gross profit	**575.9**	578.9	(0.5)%	629.5	(8.5)%
Gross profit margin	**33.8%**	34.3%	(0.5)ppts	34.9%	(1.1)ppts
Cost of doing business[3, 4]	**(391.3)**	(362.7)	(7.9)%	(384.8)	(1.7)%
Cost of doing business margin	**22.9%**	21.5%	(1.4)ppts	21.4%	(1.5)ppts
EBITS	**184.6**	**216.2**	**(14.6)%**	**244.7**	**(24.6)%**
EBITS margin (% of NSR)	**10.8%**	**12.8%**	**(2.0)ppts**	**13.6%**	**(2.8)ppts**
SGARA	**(19.5)**	3.8	NM[5]	4.4	NM
EBIT	**165.1**	**220.0**	**(25.0)%**	**249.1**	**(33.7)%**
Net finance costs	**(21.6)**	(14.4)	(50.0)%	(14.7)	(46.9)%
Profit before tax	**143.5**	**205.6**	**(30.2)%**	**234.4**	**(38.8)%**
Tax refund/(expense)	**34.7**	(60.8)	NM	(61.7)	NM
Net profit after tax (before material items)	**178.2**	**144.8**	**23.1%**	**172.7**	**3.2%**
Material items (before tax)	**(384.5)**	(154.7)		(155.4)	
Tax on material items	**103.9**	57.5		58.0	
Material items (after tax)	**(280.6)**	(97.2)	NM	(97.4)	NM
Minority interests	**1.5**	(0.4)	NM	(0.5)	NM
Net profit after tax	**(100.9)**	**47.2**	**NM**	**74.8**	**NM**
Reported EPS (cents)	**(15.6)**	7.3	NM	11.6	NM
SGARA (after tax)	**(13.6)**	2.7		3.2	
Net profit after tax (before material items, SGARA & tax benefit)[6]	**112.8**	141.7	(20.4)%	169.0	(33.3)%
EPS (before material items, SGARA and tax benefit) (cents)[6]	**17.4**	21.9	(20.4)%		
Average no. of shares (millions)	**647.9**	647.2			

1. All movements are in respect to the previous corresponding period.
2. Financial information in this report is based on audited financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by management to assess the performance of the business and make decisions on the allocation of resources.
3. Net sales revenue, Cost of goods sold and Cost of doing business are stated pre-material items outlined in note 4 of the Financial Statements.
4. Cost of doing business calculated as Gross profit less EBITS.
5. Not meaningful.
6. $80.5 million tax benefit from the tax consolidation project.

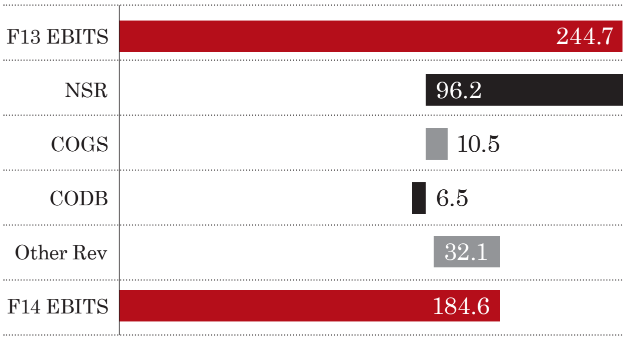
Exchange rates: Transactional cash flows are calculated using spot exchange rates on the day of the relevant transaction. Average exchange rates used for translational purposes in 2014 full year results are: $A1 = $US 0.934 (2013: $A1 = $US 1.0274), $A1 = GBP 0.5651 (2013: $A1 = GBP 0.6552). Period end exchange rates used for balance sheet items in 2014 full year results are: $A1 = $US 0.9418 (30 June 2013: $A1 = $US 0.9282), $A1 = GBP 0.5529 (30 June 2013: $A1 = GBP 0.6084).

Constant currency: Throughout this report constant currency assumes current and prior earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.

SGARA: The effects of applying Australian Accounting standard AASB141 *Agriculture*.

GROUP PERFORMANCE INDICATORS

Figure 8: Profit or Loss drivers of Group EBITS



Volume

Total volume was 30 million cases, down 2.1 million cases driven by lower volumes in all regions, notably the US and ANZ.

Net sales revenue

Net sales revenue increased 1% to $1.706 billion on a reported currency basis and decreased 5.3% on a constant currency basis. The reduction in net sales revenue mostly reflects lower Group volume, notably in Australia and the US. Growth in Asia net sales revenue principally reflects improved portfolio mix.

Net sales revenue per case on a constant currency basis increased $0.65 or 1.2%, principally driven by portfolio mix improvements in the US, Australia and Asia.

Cost of goods sold (COGS)

Cost of goods sold increased $2.32 per case on a constant currency basis driven by lower production overhead recoveries from reduced volume principally in Australia and the US, together with higher New Zealand-sourced COGS.

Cost of doing business margin

Cost of doing business margin increased 1.5ppts to 22.9% reflecting higher overheads including costs associated with the organisational restructure in the first half of FY14, investment in sales capabilities in Asia and the US, and increased amortisation.

EBITS

EBITS of $184.6 million was down 14.6% on a reported currency basis and down 24.6% on a constant currency basis.

Adjusted for foreign exchange rates that underpinned FY14 EBITS guidance provided to the market on 31 January 2014[8], TWE's FY14 EBITS result was $193 million.

SGARA

The SGARA loss of $19.5 million principally relates to Australia and New Zealand.

The significant reduction in tonnage yield from the 2014 Australian vintage, driven by cool weather and frost early in the growing season followed by extreme heatwaves in the Summer, resulted in a SGARA loss of $11.5 million in Australia, which includes a permanent loss of $15 million.

A SGARA loss of $6.5 million was incurred in New Zealand due to softening in grape prices, vine write-offs and solid overall yields.

8. EBITS guidance range of $190 million – $210 million for FY14 based on foreign exchange rates of AUD/USD 0.880 and AUD/GBP 0.5300 for the second half of FY14.

Material items

A material item expense of $384.5 million before tax was reported principally relating to an asset impairment charge and a restructuring provision.

TWE recognised a pre-tax, non-cash impairment charge of $345.2 million reflecting a combination of historical prices paid for pre-demerger acquisitions, the decline in market growth rates for Commercial wine globally, and also relates to TWE's Commercial brands, IT, plant and equipment assets.

In the second half of FY14, TWE implemented an overhead and cost reduction initiative as an important step to returning the Company to sustainable growth. As a result, TWE incurred a material item for this initiative in FY14 of $35 million. The full benefit of the cost reduction is expected to be realised in FY15 and will offset additional consumer marketing spend and minimal inflationary growth.

Net loss after tax

Net loss after tax for FY14 was $100.9 million, and reported earnings per share (EPS) was (15.6) cents per share. Net profit after tax (before material items, SGARA and tax benefit) was $112.8 million, and EPS on the same basis was 17.4 cents per share.

Dividend

The Directors have declared a final dividend of 7 cents per share, unfranked, bringing the full year dividend to 13 cents per share, unfranked. The dividend in FY14 is unchanged relative to the prior year.

As a result of the demerger from Foster's Group Limited, TWE was required to reset the cost base of all assets of the Australian tax consolidated group based on relative market values as at the date of demerger. This resulted in the receipt of tax refunds during FY14 which drove TWE's franking account into deficit as at 30 June 2014. Refunds were recognised in the form of tax offsets, therefore TWE received a tax refund in FY14 of $49.3 million. TWE also expects to pay unfranked dividends in 2015.

REGIONAL INSIGHTS AND OPERATIONAL PERFORMANCE AUSTRALIA AND NEW ZEALAND

A$M FOR THE 12 MONTHS ENDED 30 JUNE	2014	REPORTED CURRENCY 2013	REPORTED CURRENCY CHANGE	CONSTANT CURRENCY 2013	CONSTANT CURRENCY CHANGE
Volume (m 9L cases)	**7.8**	8.6	(9.4)%	8.6	(9.4)%
NSR	**562.2**	600.8	(6.4)%	608.3	(7.6)%
NSR per case (A$)	**72.49**	70.22	3.2%	71.09	2.0%
EBITS	**75.1**	110.1	(31.8)%	109.6	(31.5)%
EBITS margin	**13.4%**	18.3%	(4.9)ppts	18.0%	(4.6)ppts

In line with expectations, the first half volume decline continued in the second half of FY14, resulting in a 9.4% decline in overall volume in FY14.

Volume in Australia continued to be impacted by a challenging retail environment characterised by ongoing reduction of inventory levels by large customers, ongoing aggressive competitor activity and increased levels of promotional programming in the second half of FY13 that was not repeated in FY14.

Volume was also impacted by the steady decline in the domestic sparkling category in Australia, where TWE holds 33.8% market share[9].

Despite challenges in the Commercial segment, TWE's Luxury portfolio accelerated in the second half of FY14, with volume growth outperforming the category by 8.5 percentage points, supported by the Wines of Distinction program; with Pepperjack up 19.8%, Wynns up 12.8% and Penfolds up 5.2%[9].

Solid NSR per case growth reflected favourable portfolio mix driven by lower Commercial volume and sustainable promotional and pricing activity across the Luxury and Masstige portfolio.

COGS per case increased 6.8% predominantly driven by lower production overhead recoveries in Australia relative to the prior year and higher New Zealand-sourced COGS due to an increase in spot-market purchases to satisfy the rapidly growing global demand. The reduction in volume in FY14 represents a challenge for TWE in respect to its strategic initiative to maintain efficiency of production networks; a clear focus for FY15.

EBITS were down $34.5 million on a constant currency basis, principally driven by a reduction in in-market programs in challenging trading conditions, a reduced allocation of Penfolds and a $10 million reduction in New Zealand EBITS, largely driven by New Zealand sourced COGS.

Consistent with the Company's strategic initiative to invest in its brand portfolio, increased investment in consumer marketing, together with separate business focus on TWE's Australian Commercial and Luxury and Masstige portfolio is expected to drive sustainable sales and improved market execution in FY15 and beyond.

9. Aztec MAT 29 June 2014 versus the previous corresponding period.

REGIONAL INSIGHTS AND OPERATIONAL PERFORMANCE
AMERICAS

A$M FOR THE 12 MONTHS ENDED 30 JUNE	2014	REPORTED CURRENCY 2013	REPORTED CURRENCY CHANGE	CONSTANT CURRENCY 2013	CONSTANT CURRENCY CHANGE
Shipments (m 9L cases)	**14.3**	15.4	(6.9)%	15.4	(6.9)%
Depletions (m 9L cases)	**15.0**	15.0	–	15.0	–
NSR	**731.9**	704.0	4.0%	774.7	(5.5)%
NSR per case (A$)	**51.01**	45.69	11.60%	50.28	1.5%
EBITS	**74.9**	66.8	12.1%	80.5	(7.0)%
EBITS margin	**10.2%**	9.5%	0.7ppts	10.4%	(0.2)ppts

A 13% increase in Luxury and Masstige shipments to support segment growth and 2% volume growth in Canada was offset by the planned reduction in Commercial shipments.

Priority brand depletions were up 3% in FY14 and up 5% in the second half underpinned by targeted brand investment, strong in-store programming and brand health. Masstige depletions were up 15%, while Luxury depletions were up 3% in FY14.

Headline depletion performance was impacted by non-priority Commercial (NPC) brands, mostly in the first half. Approximately 50% of the adjusted Special Depletions Allowance (SDA) was utilised in the second half. NPC depletions improved from a 15% decline in the first half to a 3% decline in the second half of FY14, representing a 12% turnaround. As part of its strategy to optimise the operating model and capital base, TWE will continue to explore alternate operating and/or ownership options for non-priority brands across its portfolio.

US distributor inventory realignment is progressing. In order to ensure a disciplined, sustainable execution and to optimise value from the SDA, the program is expected to be completed in FY15.

Destruction of 250,000 cases was completed in the second half; 335,000 cases initially allocated for destruction will now be depleted utilising the SDA. Short-shipment is largely on track and will complete in FY15. US shipments were down 1.1 million cases in FY14. Excluding Masstige and Luxury growth and innovation shipments during the period, depletions exceeded shipments by 743,000 cases in FY14.

Highlighting the benefit of increased and more targeted consumer marketing, Beringer Classics volume growth outpaced the category by 4.8 percentage points, while TWE's Masstige portfolio continued to drive category growth in the US, outperforming the category by volume and value in FY14 led by Chateau St Jean, Matua, 19 Crimes and Sledgehammer[10].

TWE's Luxury category is in growth but lagging the market due to supply constraints[10]. Favourable mix in FY15 is expected to drive Luxury category leadership, underpinned by Beringer Knights Valley, Stags' Leap and Penfolds.

NSR per case growth was driven by improved portfolio mix relative to the prior year, largely driven by the Masstige segment.

EBITS were down 7% to $74.9 million on a constant currency basis principally reflecting the planned reduction in US shipments, partially offset by improved portfolio mix and a $3.3 million profit on the sale of a US vineyard in the second half of FY14.

A positive outlook for the region is underpinned by favourable market fundamentals, improved supply of Luxury wine and continued investment in consumer marketing and innovation.

10. US Nielsen ScanTrack, 52 weeks 21 June 2014, Total Food, Drug, Liquor Channels versus the previous corresponding period.

REGIONAL INSIGHTS AND OPERATIONAL PERFORMANCE EUROPE, MIDDLE EAST AND AFRICA (EMEA)

A$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2014	2013	CHANGE	2013	CHANGE
Volume (m 9L cases)	**6.6**	6.7	(1.3)%	6.7	(1.3)%
NSR	**273.9**	248.5	10.2%	282.2	(2.9)%
NSR per case (A$)	**41.41**	37.08	11.7%	42.11	(1.7)%
EBITS	**29.1**	16.0	81.9%	31.3	(7.0)%
EBITS margin	**10.6%**	6.4%	4.2ppts	11.1%	(0.5)ppts

Slightly lower volume reflected elevated levels of promotional activity in the UK in the second half of FY13 that was not repeated in FY14, together with continued decline in the Australian category in the Nordics.

Despite a 4% decline in the UK bottled wine market in FY14, TWE outperformed Nielsen channels by volume and value, up 14% and 11%, respectively underpinned by continued in-market execution and brand health[11].

Lindeman's global 'Sunshine' marketing campaign translated into strong in-store activity and consumer demand in the UK, with 8% volume and value growth[11] during the period. Wolf Blass' partnership with the Ashes Series and Sky TV delivered continued volume and value growth, with strong market share gains in the UK's growing grocery channel.

In addition to investing behind its brands, TWE's performance in the competitive grocery channel in the UK demonstrated the benefits of the Company's focus on deepening and enhancing existing relationships with retail customers by building more collaborative and sustainable partnerships.

Despite attractive wine market fundamentals, the Nordics remain challenging with the Australian category in double digit decline in FY14. With approximately 40% value share of the Australian category[12] and consistent with the Company's focus on ensuring greater alignment between portfolio propositions and emerging consumer trends, TWE is actively diversifying its portfolio to drive growth; expanding its New Zealand and US portfolio proposition and investing in innovation.

Lower NSR per case was impacted by adverse market, channel and portfolio mix relative to the prior period.

EBITS were down $2.2 million to $29.1 million on a constant currency basis principally reflecting lower volume and adverse mix, partially offset by lower overhead expenses and favourable COGS per case. EBITS were up strongly on a reported currency basis.

11. Nielsen ScanTrack, 12 months to 21 June 2014 versus the previous corresponding period.
12. Systembolaget off-trade, June 2014.

REGIONAL INSIGHTS AND OPERATIONAL PERFORMANCE ASIA

A$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2014	2013	CHANGE	2013	CHANGE
Volume (m 9L cases)	**1.3**	1.4	(8.0)%	1.4	(8.0)%
NSR	**137.6**	135.4	1.6%	136.6	0.7%
NSR per case (A$)	**107.34**	97.14	10.5%	98.00	9.5%
EBITS	**47.7**	54.5	(12.5)%	54.4	(12.3)%
EBITS margin	**34.7%**	40.3%	(5.6)ppts	39.8 %	(5.1)ppts

Continued strong volume growth in Hong Kong and increasing momentum in South East Asia was offset by the impact of austerity measures in China, particularly in the first half of FY14 and one-off operational challenges in Japan.

Depletions in China returned to modest growth and exceeded shipments in FY14. Enhanced consumer marketing campaigns activated for the first quarter of FY15 are expected to further stimulate sustainable, future depletions growth.

Brand health and outstanding in-market execution in Hong Kong underpinned an 11 percentage point outperformance by volume of the Australian wine category and total Hong Kong wine categories in FY14, led by Wolf Blass, Penfolds and Lindeman's[13].

Higher NSR and an uplift in NSR per case mostly reflects a more premium portfolio mix relative to the prior period.

A key initiative underpinning TWE's strategy is to invest in on-the-ground presence and sales and marketing capabilities across Asia. In FY14, the increased cost of doing business was largely driven by increased investment in on-the-ground sales and marketing capability, mostly in the second half and this, in turn, underpinned the strong performance in Hong Kong and improved momentum in South East Asia, notably Singapore, Malaysia and Thailand.

EBITS were $47.7 million, down by 12.3% on a constant currency basis largely driven by lower volume and adverse portfolio mix within the Luxury segment relative to the prior period.

13. ScanTrack Supermarkets Nielsen, MAT June 2014 versus the previous corresponding period.

CORPORATE

Corporate costs in FY14 were $42.2 million compared to $31.2 million in the prior period. The increase in corporate costs principally reflects increased amortisation, higher consulting fees and salaries as well as costs associated with the organisational restructure in the first half of FY14.

BALANCE SHEET

A$M AS AT	30 JUN 2014	30 JUN 2013	CHANGE
Cash and cash equivalents	52.0	10.8	41.2
Receivables	414.9	460.9	(46.0)
Current inventories	707.1	714.5	(7.4)
Non-current inventories	525.2	446.0	79.2
Property, plant and equipment	958.3	1,024.4	(66.1)
Agricultural assets	229.9	227.1	2.8
Intangible assets	747.1	1,009.9	(262.8)
Tax assets	217.1	228.9	(11.8)
Other assets	8.9	5.7	3.2
Total assets	**3,860.5**	**4,128.2**	**(267.7)**
Payables	451.2	480.0	(28.8)
Borrowings	265.6	225.0	40.6
Tax liabilities	198.6	314.4	(115.8)
Provisions	89.8	91.9	(2.1)
Other liabilities	6.5	9.0	(2.5)
Total liabilities	**1,011.7**	**1,120.3**	**(108.6)**
Net assets	**2,848.8**	**3,007.9**	**(159.1)**

Net assets

Net assets decreased by $159.1 million for the year ended 30 June 2014.

The decrease in net assets was principally driven by the $345.2 million (pre-tax) impairment charge relating to TWE's Commercial brands, IT, property, plant and equipment assets, offset by increased working capital and an increase in borrowings.

Supporting TWE's ambition to be strongly oriented to the Luxury and Masstige segments, the movement in net assets also reflected investment in the production and supply of Luxury and Masstige wine from the 2014 Australian and 2013 Californian vintages together with the acquisition of premium vineyards and related property and equipment in the first half of FY14. Net receivables and payables reduced during the period.

Working capital

Working capital increased $54.6 million during the year principally driven by a $79.2 million increase in non-current inventory and lower payables offset by a $53.4 million reduction in receivables and current inventory. While TWE aims to reduce working capital, increasing the proportion of Luxury and Masstige inventory is fundamental to the Company's ability to realise its vision and ambition (outlined on page 10).

Net debt

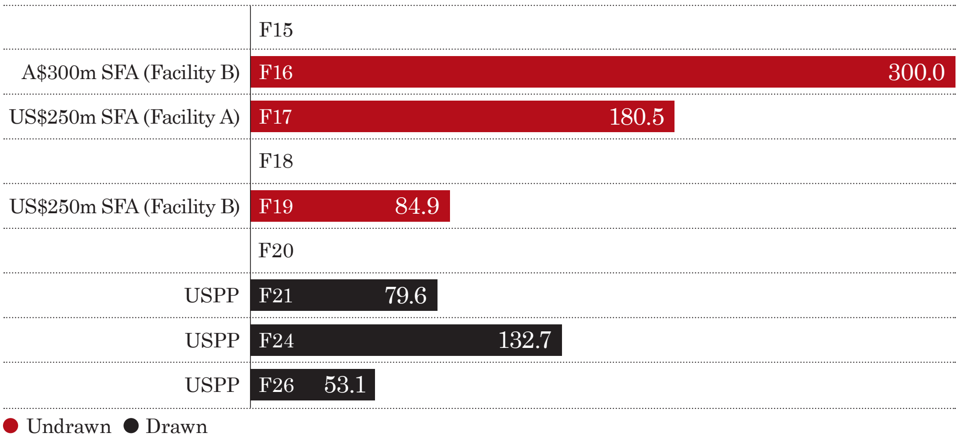
Reported net debt at 30 June 2014 was $209.4 million and consisted of $52.0 million in cash, $4.2 million of loans and borrowings of $265.6 million. Net debt decreased $1.5 million from $210.9 million at 30 June 2013. Had the uncommitted receivable purchasing agreements not been available, net debt and debtors would have been $107.9 million higher at 30 June 2014 ($122.6 million higher at 30 June 2013).

TWE targets financial metrics consistent with an investment grade credit profile with net debt/EBITDAS and interest cover of 0.9x and 8.7x respectively.[14,15]

Funding structure

On 8 August 2013, the Group entered a new committed syndicated revolving term debt facility, totalling US$250 million, with US$170 million maturing in August 2016 and US$80 million maturing in August 2018. On 16 December 2013, the Group issued US Private Placement notes (USPP) of US$250 million, with maturity in seven-year (US$75 million), 10-year (US$125 million) and 12-year (US$50 million) tranches.

Figure 9: Group debt maturity profile



TWE's successful inaugural issuance of US$250 million USPP notes on 16 December 2013 allowed for the repayment and cancellation of the $200 million syndicated debt facility (maturing April 2014).

The USPP notes increased the average duration of TWE's debt profile by three years to five years, in addition to providing important diversification of funding sources. With no debt maturing until FY16, TWE has built flexibility into its capital structure to enable it to pursue future operational and financial objectives.

At 30 June 2014, TWE has unutilised committed multi-currency revolving credit facilities of A$565.5 million (2013: A$274.9 million), which mature beyond 12 months of the balance date, with the next maturity in April 2016 of A$300 million.

14. Metrics calculated using 12-month EBITDAS adjusted for bank guarantees and excluding material items.
15. Interest cover calculated as the ratio of earnings to net interest expense, where earnings is the consolidated pre-tax profit (pre any material items and SGARA) plus the sum of the amount of net interest expense.

CASH FLOW

A$M FOR THE TWELVE MONTHS ENDED 30 JUNE	2014	2013	CHANGE
EBITS	**184.6**	216.2	(14.6)%
Depreciation and amortisation	**85.7**	76.8	
EBITDAS	**270.3**	293.0	(7.7)%
Change in working capital	**(78.4)**	(143.2)	
Other items	**0.3**	7.0	
Net operating cash flows before financing costs, tax and material items	**192.2**	156.8	22.6%
Cash conversion[1]	**71.1%**	53.5%	17.6ppts
Capital expenditure	**(98.4)**	(124.3)	
Net investment expenditure	**(14.0)**	(67.0)	
Total investment expenditure	**(112.4)**	(191.3)	
Asset sale proceeds	**8.1**	3.5	
Cash flows after net capital expenditure, before financing costs, tax and material items	**87.9**	(31.0)	
Net interest paid	**(20.7)**	(14.7)	
Tax refunded/(paid)	**36.7**	(23.2)	
Cash flows before dividends and material items	**103.9**	(68.9)	
Dividends paid/distributions to minority interests	**(77.8)**	(84.1)	
Cash flows after dividends before material items	**26.1**	(153.0)	
Material item cash flows			
– operating	**(22.7)**	(5.8)	
– investing	**–**	1.2	
Total material item cash flows	**(22.7)**	(4.6)	
Loans to other parties (including investment sale proceeds)	**(0.8)**	(2.0)	
Share re-purchase (employee share plan)	**(1.1)**	(4.5)	
Borrowings acquired	**–**	(9.9)	
Finance leases	**(1.2)**	–	
Debt revaluation and foreign exchange movements	**1.2**	(2.5)	
(Increase)/decrease in net debt[2]	**1.5**	(176.5)	
Reconciliation to Statement of Cash Flows			
Net operating cash flows before financing costs, tax and material items	**192.2**	156.8	
Net interest paid	**(20.7)**	(14.7)	
Tax paid	**36.7**	(23.2)	
Net operating cash flows before net capital expenditure and material items	**208.2**	118.9	
Material item cash flows – operating	**(22.7)**	(5.8)	
Net cash flows from operating activities	**185.5**	113.1	
Cash conversion including operating material items	**62.7%**	51.5%	

1. Cash conversion (Net operating cash flows before financing costs, tax and material items divided by EBITDAS).
2. Reconciliation to Total cash flows from activities per Statutory Statement of Cashflows of $42.4 million: decrease in net debt of $1.5 million adjusted for FX movements of $1.2 million, adjusted for net proceeds and repayments of borrowings of debt of $40.9 million and finance leases of $(1.2) million.

Movement in net debt

Net debt decreased $1.5 million to $209.4 million principally due to lower net working capital, a reduction in capital movement and investment expenditure and the $49.3 million tax refund relating to the tax consolidation project.

Movement in capital expenditure

Total capital and investment expenditure in FY14 was $112.4 million. Capital expenditure of $98.4 million was slightly below guidance due to the impact of foreign exchange rates. Capital expenditure included investment in IT systems ($16.2 million), premiumisation activities including increased oak purchases ($16.6 million), and luxury winemaking equipment and vineyard re-developments (collectively, $15.0 million).

Investment expenditure (acquisitions) of $14 million relates to capacity upgrades at Matua Marlborough Winery in New Zealand and the acquisition of premium vineyards in Tasmania and the Yarra Valley in Australia in the first half of FY14.

Movement in working capital

The reduction in the change in working capital of $64.8 million principally reflects a smaller increase in inventories as a result of the variable lower yielding Australian 2014 premium vintage and lower receivables driven by planned reduction in shipments in the US offset by a decrease in payables across the Group.

The balance sheet movement in net working capital related balances (based on year end exchange rates) is lower than the $78.4 million cash flow impact principally due to SGARA and a reduction in the destruction component, with an equal increase in the Special Depletions component in relation to the inventory initiatives.

Receipt of tax refunds

As a result of the tax refund relating to the tax consolidations project, TWE's franking account was in deficit at year end, resulting in a payment of $31.4 million of franking deficits tax (effectively a prepayment of tax) in July 2014.

CORPORATE RESPONSIBILITY

TWE's Corporate Responsibility (CR) strategy, targets and supporting activities continue to reinforce the Company as a positive force within the communities in which it operates. By successfully managing environmental and social risks, both now and in the future, TWE can drive commercial sustainability, competitive advantage and community engagement.

TWE's Global Corporate Responsibility Council (the Council), chaired by Chief Executive Officer, Michael Clarke, continues to provide executive oversight and an assessment of delivery against the Company's CR strategy. The Council comprises eight senior executives from TWE's regions and global operations, and receives updates on progress three times per year.

The Company's five-year CR strategy, established in FY12, is underpinned by a set of guiding CR Principles, available at www.tweglobal.com/about/corporate-social-responsibility. The Company continues to evolve in response to the needs of the business and engagement with its stakeholders.

In FY14, the Company surveyed a range of external stakeholders from industry, government, not-for-profit and community-based organisations, as well as suppliers, customers and investors. The drivers behind this engagement were to:

- identify matters of increasing concern to our stakeholders;
- assess current perceptions of the Company's corporate responsibility and sustainability efforts;
- prioritise areas of focus in FY15; and
- establish and deepen communications with a range of key stakeholders.

Insights gathered from this exercise were compiled, together with those from the Company's annual employee survey on corporate responsibility, to create a matrix of material issues of importance to both the Company and wider society.

As a result of these initiatives, two priority themes emerged – *responsible alcohol consumption* and *sustainable sourcing.*

Moving forward, these two themes will become the main areas of focus for the Company's CR activities in FY15. In addition, TWE's community investment program will continue to support the Company's employees and their active involvement in local communities, whilst further underpinning its FY15 priority areas.

RESPONSIBLE ALCOHOL CONSUMPTION

As a producer and marketer of wine, TWE acknowledges the inherent responsibility it has to the communities in which it operates and to the consumers who enjoy its iconic brands.

In FY14, TWE surveyed its employees regarding their attitudes to alcohol and its responsible consumption. In response, the Company refreshed and strengthened its internal Alcohol Policy (and supporting Guidelines); and formalised its Responsible Marketing Guidelines in order to clearly communicate its expectations for the sale and promotion of its products. TWE's Alcohol Policy and Responsible Marketing Guidelines are available at www.tweglobal.com/about/corporate-social-responsibility.

In addition, the Company has created an internal education and responsible consumption ambassador program, which will be rolled out in FY15, and engaged in responsibility initiatives led by industry partners, including DrinkWise (Australia), Drinkaware (UK) and the Wine & Spirits Trade Association (UK). In FY15, TWE will continue its efforts to promote the responsible consumption of wine in the communities in which it operates, to its employees and with its commercial partners.

Note: the Corporate Responsibility data presented in this Report covers the Company's operations globally, unless otherwise stated.

SUSTAINABLE SOURCING

Safeguarding sustainable supply reflects an increasing stakeholder expectation for transparency of the social and environmental impacts of the Company's operations and those of its suppliers. It also reflects a continued focus on the impacts of climate change and adaptation measures taken by the Company to ensure the production of high quality wines under changing climatic conditions.

In FY14, in accordance with commitments made in FY13 to safeguard the sustainability of its supply chain, TWE maintained its involvement in the United Nations Global Compact, including holding a seat on the Board of the Global Compact Network Australia between October 2012 and March 2013. The Company incorporated a Responsible Procurement Code within its procurement partner engagement process and finalised guidelines for social compliance through a series of fact sheets, which will be extended to key suppliers during FY15.

HEALTH, SAFETY AND ENVIRONMENT

TWE's Health, Safety and Environment (HSE) program, covering its direct operations, continued to deliver strong results in FY14. The Company's focus shifted to near hit reporting, and it set a target of maintaining a ratio of 3:1 over the long term. The Company delivered a ratio of two near hits to every injury reported in the first year and this continued to improve each month; providing greater opportunity to identify and eliminate risk.

In FY14, TWE's primary lag indicator was changed from recordable case injury frequency rate (RCIFR) to lost time injury frequency rate (LTIFR), in order to provide greater focus on significant incidents within the business. At the end of FY13, the LTIFR was 7.2 and an FY14 target of achieving five or less was set. The FY14 result is 4.2.

TWE's HSE program continues to address high risk hazards within the Company, and these programs are supported by regional action plans and a comprehensive audit process covering TWE's global operations.

TWE's focus on incident investigation and training ensures that the Company continually strives to improve its systems and behaviours. Reports highlighting risk management practices, audit results, incidents, trends and other relevant information are provided to senior management, the Risk, Governance and Compliance Council and the Board on a monthly basis. This ensures transparency and senior oversight on all HSE practices.

In FY14, the Company successfully launched an updated HSE Management System and a new audit program focused on leadership, systems and practical workplace safety as the first steps in embedding a stronger continuous improvement approach. These initiatives, coupled with a focus on leadership and wellbeing in FY15, will ensure that TWE continues to improve and remains a leader in wine industry health, safety and environment risk management.

A summary of performance against FY14 objectives is detailed in the table below.

FY14 TARGET	STATUS	FY14 PERFORMANCE
Initiative		
Maintain third party sustainability certification for Company owned and operated vineyards and wineries[1]	Achieved	Company owned and operated wineries and vineyards in Australia, New Zealand and the US maintained their certification during FY14. Recent acquisitions in New Zealand and Victoria, Australia, received certification, and the Company's new vineyard in Tasmania, Australia, is slated for certification in FY15.
Extend engagement on sustainable farming practices amongst grower suppliers	Achieved	TWE continued to support and encourage its growers to adopt sustainable farming practices and approaches through the provision of support material and training, as well as working through relevant industry associations including the Winemaker's Federation of Australia and the California Sustainable Winegrowing Alliance on sustainable farming certification schemes.
Implement identified resource efficiency projects, and quantify savings	On track	TWE received a grant under the former Australian Labor Government's Clean Technology Fund to support upgrades to tank insulation at its Karadoc winery. This project, when fully implemented over the next two years, is projected to save approximately 3,500GJ of energy and reduce carbon emissions by 1,380 tonnes CO_2-e.
Explore options for increasing use of renewable energy	Achieved	An assessment of renewable energy opportunities for TWE's Australian operations was completed. These outcomes are now under review by the Company for potential implementation.
Extend integration of the Responsible Procurement Code within the supplier and procurement process	Achieved	TWE incorporated an initial assessment of supplier social and environmental sustainability practices and the principles outlined under the Responsible Procurement Code within the partner engagement process.
Review pilot outcomes of the environmental packaging assessment within the existing assessment process	Deferred	This action was deferred to FY15, as changes to relevant teams impacted its delivery in FY14.
Quantify benefits of planned and completed product light-weighting initiatives	Achieved	In FY13, implementation of glass light-weighting initiatives saved ~2,700 tonnes of glass. A further packaging reduction of ~6,000 tonnes of glass is projected as the Company moved to new lighter weight bottles during FY14.
Achieve LTIFR of <5	Achieved	TWE achieved an LTIFR of 4.2.
Achieve a 30% volunteering participation rate	Not achieved	Due to business restructuring and competing priorities a revised target of 15% was set for FY14. This was achieved, with 15.25% of TWE employees volunteering in FY14, up from 14.75% in FY13.
Develop an employee facing alcohol education and ambassador program and implement globally. Communicate Alcohol Policy and Guidelines to employees	Achieved	In FY14, TWE finalised its internal Alcohol Policy, Alcohol Guidelines and Responsible Marketing Guidelines for release to all employees in Q1 FY15.
Seek external stakeholder feedback on CR program	Achieved	One hundred and twenty external stakeholders from industry, government, not-for-profit and community-based organisations, as well as suppliers, customers and investors were asked to provide feedback on TWE's CR progress to date. Fifty-one responses were received and were combined with feedback from 158 employees to create TWE's CR materiality matrix, which will assist in determining priorities for FY15 and beyond.
Achieve Global Reporting Initiative (GRI) C level rating	Deferred	This action was deferred until FY15 to enable feedback from stakeholders, surveyed in FY14, to be incorporated into the assessment process.
Identify environmental project for natural capital impact assessment	On track	TWE commenced work on a project to assess the natural capital benefits of water conservation activities in multiple wine growing regions in Australia. This project is scheduled for completion in early FY15.

1. Includes wineries producing more than 2,100 cases of wine per year.

KEY PERFORMANCE INDICATORS FOR CORPORATE RESPONSIBILITY

METRIC	UNIT OF MEASURE	FY14[1]	FY13[2]		FY11
Environment					
Energy Efficiency	MJ/9LE[3]	**12.59**	11.19	13.66	13.29
Water Efficiency	L/9LE	**40.91**	36.28	38.78	35.41
Total Energy Consumed[4]	GJ	**493,616**	508,796	511,096	498,497
Total Water Consumed[5]	ML	**23,531**	27,413	17,474	13,676
Total CO_2-e Emissions[5]	Tonnes CO_2-e	**60,903**	65,628	64,250	62,347
Total Solid Waste Generated[5]	Tonnes	**63,001**	72,217	62,819	51,539
% Solid Waste to Recycling[5]	%	**96.10**	95.28	95.28	93.60
Social					
LTIFR[6]	Lost time injuries per million hours worked	**4.2**			Metric change in FY14
Volunteering Participation Rate	%	**15.25**	14.75		*No data – program commenced in FY13*

1. Due to timing requirements of reporting, the majority of the Company's June 2014 environmental performance data for energy, water, waste and carbon emissions has been estimated. Similarly, as a portion of the Company's June 2013 data was estimated to align with business reporting timelines last year, numbers previously presented in the Company's FY13 Annual Report have been updated here with actual data.
2. FY13 and FY12 data has been updated with revised data due to refinements in reporting and actual data where available.
3. Energy and water efficiency is expressed on a 9 litre equivalent per unit case produced basis and includes the energy and water consumed in the Company's wineries and packaging centres. It also includes Australian volumes packaged under contract.
4. Includes all wineries, packaging centres and Company-owned vineyards. Does not include energy, water or waste consumed from offices, cellar doors or tool of trade fleet.
5. Includes all wineries, packaging centres and Company-owned vineyards. Does not include emissions from offices, cellar doors or tool of trade fleet, wastewater treatment plants, refrigerants or Scope 3 emissions.
6. Lost Time Injury Frequency Rate.

Year-on-year comparison of environmental performance metrics within the wine industry continues to be challenging. Resource consumption is heavily influenced by highly variable, and regionally specific, vintage and climatic conditions. Changes in production volumes also impact the Company's overall efficiency. Reduced FY14 production volumes across the Group resulted in an overall 12.78% decline in water efficiency and 12.47% decline in energy efficiency.

From the data presented in this report, 95% of the water consumed by the Group occurred in vineyards, with approximately 77% consumed by those located within Australia and New Zealand, and 18% by vineyards in the US. TWE's winery and packaging operations, where energy and water efficiency metrics track performance, accounted for approximately 5% of the Company's recorded FY14 total water consumption. Conversely, wineries and packaging centres consumed 72% of the Group's recorded energy consumption with vineyards consuming the remaining 28%.

DIVERSITY AND INCLUSION

FY14 CORPORATE GOVERNANCE STATEMENT EXTRACT

TWE is committed to creating a high-performance culture, attracting and retaining the best possible talent, as well as creating an inclusive environment where people from diverse backgrounds can fulfill their potential.

This commitment also serves to broaden the Company's collective knowledge and give TWE a competitive edge. It helps the Company to understand and connect more effectively with its customers, communities and consumers.

The Board has committed to reviewing and assessing progress against TWE's Diversity and Inclusion Objectives annually. To that end, the Company is pleased to report progress made in FY14, together with its FY15 measurable objectives.

The Company's Diversity and Inclusion policy can be found at www.tweglobal.com/about/corporate-governance.

FY14 OBJECTIVES AND INITIATIVES

The following diversity objectives were set for FY14:

Increase Gender Diversity in Leadership

- Achieve a 25% increase in the overall number of women in leadership roles by the end of FY15, up from 32% to 40%; and
- When recruiting leadership roles, ensure at least one suitably qualified female on the shortlist for interview by November 2013.

Increase Flexible Work Practices

- Increase awareness and understanding of the Flexible Work Practices Policy by November 2013; and
- Implement a program for senior leaders to educate them on Flexible Work Practices by December 2013 and cascade to all leaders and employees in the business by June 2014.

In an effort to achieve the above objectives, various actions were undertaken throughout FY14:

- Employee listening groups were conducted;
- A pilot mentoring program was launched;
- Increased activity in the Company's Women in Wine networks with the aim of supporting, educating and inspiring women at all levels of the Company;
- Certification of compliance by the Workplace Gender Equality Agency was acquired.

FY14 PROGRESS

The following outcomes were recorded against the FY14 objectives and initiatives for the reporting period:

- Achieved 25% in female representation at Executive Leadership Team (ELT) level (including CEO);
- Increased female representation in senior leadership roles from 19% to 20%;
- Increased female representation in leadership roles from 32% to 33%;
- Overall female representation stands at 38%, which is 1% higher than last year;
- In leadership roles, 65% of interviews had at least one suitably qualified female at short list from July 2013 to November 2013, which was the period specified by the target;
- Developed a new Global Flexible Work Practices Policy and Toolkit to increase awareness and understanding of flexible work practices; and
- Developed a Flexible Work Practices training program for senior leaders, trained the facilitators and completed the pilot, in preparation for rollout globally to senior leaders in FY15.

The simplification of TWE's leadership structure, through the creation of the ELT and the subsequent alignment of their senior leadership teams, delayed the focus on the flexible work practices initiatives until H2 FY14.

The ELT also replaced the cross-functional Diversity Council in December 2013. This change reflected the need for the ELT to lead the Diversity and Inclusion agenda, and also enabled Diversity Council representatives to better focus their efforts on driving action through the Women in Wine networking and mentoring program for female leaders.

The Company's diversity and inclusion progress continues to improve against its FY14 objectives. Female representation in leadership roles improved by 1%, and a continued focus will be required to drive further improvements in FY15.

The following initiatives have been identified to increase female representation in leadership:

- Completing, and then extending, the Company's pilot mentoring program in order to accelerate the development of women into their first leadership positions;
- Extending Women In Wine networks in H1 FY15 to provide another vehicle for less senior women to work with senior role models (both female and male);
- Increasing the participation of males in Women in Wine activities. Each network will have a male leader to jointly chair these networks from FY15;
- Increasing the visibility of senior female role models internally and ELT sponsorship of high potential women; and
- Launch the Mary Penfolds Award; promoting, recognising and celebrating the efforts of Penfolds' founding female role model. The Company sees Mary as encapsulating the qualities of leadership, resilience, confidence, innovation and capability.

FY15 OBJECTIVES

The Company's FY15 objectives aim to build on TWE's FY14 initiatives and focus areas.

As is the case in nurturing TWE's premium wines, investment and time yield great results. FY14 has delivered some solid foundations and in FY15 the Company will continue to invest in core areas to deliver sustainable improvement.

Given recent organisational changes and subsequent appointments, the Company does not anticipate that there will be significant variation amongst the senior leadership population over the coming financial year. Given this context, it has adjusted its targets to provide stretch yet achievable objectives in FY15.

Increase Gender Diversity in Leadership:

- Achieve a 2% increase in the overall number of females in leadership roles by the end of FY15, up from 33% to 35%; and
- Achieve at least one suitably qualified female at shortlist for interview in 80% of leadership roles.

Increase Flexible Work Practices:

- Cascade the Flexible Work Practices Training to all senior leaders by the end of FY15. Target 100%; and
- Incorporate the training into new leaders on-boarding programs by the end of FY15. Target 100%.

Executive Leadership Team Diversity Objectives

The CEO and all ELT members have a diversity Key Performance Objective (KPO) to deliver the above objectives in FY15.

BOARD OF DIRECTORS


Paul Rayner


Michael Clarke


Lyndsey Cattermole


Ed Chan

Paul Rayner BEc, MAdmin, FAICD
Chairman

Member of the Board since May 2011 and Chairman of the Board and the Nominations Committee since 1 September 2012.

Mr Rayner is an independent Director and is an Australian resident.

Mr Rayner brings to the Board extensive international experience in markets relevant to Treasury Wine Estates including Europe, North America, Asia, as well as Australia. He has worked in the fields of finance, corporate transactions and general management in the consumer goods, manufacturing and resource industries. His last role as an executive was as Finance Director of British American Tobacco plc, based in London, from January 2002 to 2008.

Mr Rayner is also a director of Qantas Airways Limited (since July 2008 and where he also serves as Chairman of the Remuneration Committee), Centrica Plc a UK listed company (since September 2004) and Boral Limited (since September 2008 and where he also serves as Chairman of the Audit Committee).

Michael Clarke CA, B.Com
Managing Director and Chief Executive Officer since 31 March 2014

Member of the Board since March 2014.

Mr Clarke has dual Irish/South African citizenship and is an Australian resident.

Mr Clarke has held senior executive roles at Kraft Foods, where he was President of the Company's European business and sat on the global operating board, The Coca-Cola Company and Reebok International. He was Chief Executive Officer of the UK publicly listed company Premier Foods Plc, where he led a significant turnaround of the business. In addition to his role with Treasury Wine Estates, Mr Clarke is currently a non-executive director of Quiksilver Inc.

Lyndsey Cattermole AM, B.Sc., FACS
Non-executive Director

Member of the Board since February 2011 and currently a Member of the Audit and Risk, Human Resources and Nominations Committees.

Mrs Cattermole is an independent Director and is an Australian resident.

Mrs Cattermole was a member of the Foster's Group Limited Board from October 1999 until May 2011. Mrs Cattermole has extensive information technology and telecommunications experience. She is a former executive director of Aspect Computing Pty Ltd, Kaz Group Limited, and a former director of PaperlinX Limited. She has also held a number of significant appointments to government, hospital and research boards and committees. Mrs Cattermole is a director of Tatts Group Limited (where she is also a member of the Remuneration, Human Resources, Governance and Nominations Committees), Pact Group Holdings Limited and Hexigo Pty Ltd.

Ed Chan BA/Ec, MS
Non-executive Director

Member of the Board since September 2012.

Mr Chan is an independent Director and a Hong Kong resident.

Mr Chan is currently Vice Chairman of Charoen Pokphand Group and a director of Hong Kong-listed CP Lotus. From 2006 to 2011, he was the President and CEO of Wal-Mart China. He has also held senior positions with Dairy Farm including his last position as North Asia Regional Director, as well as leading the Bertelsmann Music Group business in Greater China. Mr Chan began his career as a consultant with McKinsey & Co working in both Hong Kong and the United States.


Michael Cheek


Warwick Every-Burns


Peter Hearl


Garry Hounsell

Michael Cheek B.BA (Hons)
Non-Executive Director

Member of the Board since September 2012 and a member of the Human Resources Committee (since 1 April 2013).

Mr Cheek is an independent Director and a US resident.

Mr Cheek has held prior roles as Chairman of Finlandia Vodka Worldwide for the Brown-Forman Corporation and also as a non-executive director for Glenmorangie. His career spans over ten years with Brown-Forman in executive roles including President, Global Spirits Group and President, North American Spirits. Mr Cheek also spent over nine years with the Coca-Cola Company in senior positions in both The Wine Spectrum and in Coca Cola USA. He is a member of the Board of Advisers of the privately owned Jose Cuervo Co.

Warwick Every-Burns AMP, Harvard University (Advanced Management Program 1996)
Chief Executive Officer, Executive Director (from 23 September 2013 to 30 March 2014)

Non-Executive Director (until 22 September 2013 and from 31 March 2014)

Member of the Board since May 2011. Chief Executive Officer from 23 September 2013 to 30 March 2014.

Chairman of the Human Resources Committee, and a Member of the Audit and Risk Committee and Nominations Committee (until 22 September 2013).

Mr Every-Burns was an independent Director until 22 September 2013 and resumed being such from 31 March 2014, and is an Australian resident.

Mr Every-Burns was Chief Executive Officer of Treasury Wine Estates on an interim basis from 23 September 2013 until 30 March 2014. Mr Every-Burns previously worked for over 30 years in the consumer packaged goods sector. Most recently, he was President of International Business and a member of the Worldwide Executive Committee, of The Clorox Company, a NYSE listed, S&P 500 business with a market capitalisation of circa US$11 billion. He was based at The Clorox Company's headquarters in the United States for over five years. Mr Every-Burns began his career at Unilever; is a former Managing Director of Glad Products of Australia and New Zealand and is currently on the Advisory Council of the Frontier Strategy Group.

Peter Hearl B Com (UNSW), MAIM, GAICD, Member – AMA
Non-executive Director

Member of the Board since February 2012, and a member of the Audit and Risk and Human Resources Committees (and Chairman of the Human Resources Committee from 23 September 2013).

Mr Hearl is an independent Director and is an Australian resident.

Mr Hearl is the former global Chief Operating and Development Officer for YUM Brands, the world's largest restaurant company, and he oversaw much of the growth in the KFC, Taco Bell and Pizza Hut businesses around the world. He is currently a director of Telstra Corporation Limited, and Goodman Fielder Limited where he serves on the Human Resources Committee and the Audit Committee as well as chairing the Risk Committee. He is a member of the UNSW's Australian School of Business Alumni Leaders Group and previously held the position of honorary Chairman of the US based UNSW Study Abroad-Friends and US Alumni Inc.

Garry Hounsell BBus(Acc), FCA, CPA, FAICD
Non-Executive Director

Member of the Board since September 2012, Chairman of the Audit and Risk Committee and Member of the Nominations Committee.

Mr Hounsell is an independent Director and is an Australian resident.

Mr Hounsell is currently Chairman of PanAust Limited and also holds directorships with Qantas Airways Limited, Dulux Group Limited, and Spotless Group Holdings Limited. Mr Hounsell is also Chairman of Investec Ltd's Global Aircraft Fund, and is on the Advisory Council of Rothschild Australia. He is a former director of Orica Limited, Freehills, Nufarm Limited, Ingeus Limited and has held senior positions at Ernst & Young and Arthur Andersen.

Company Secretary

The Company Secretary is Paul Conroy, LLB (Hons), B.Com. He has been the Company's Chief Legal Officer and Company Secretary since its listing in May 2011.

Mr Conroy has practised as a solicitor for legal firms in Australia, Asia and the United Kingdom. He has previously held senior management positions for Southcorp Limited in Australia and the United States, and was Chief Legal Officer and Company Secretary of Foster's Group Limited prior to joining the Company.

CORPORATE GOVERNANCE

This corporate governance statement outlines the corporate governance framework that has been established by Treasury Wine Estates Limited (the Company) and its group of companies ('the consolidated entity' or 'the Group') and its compliance with that framework for the reporting period ending on 30 June 2014.

The Board supports the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations Second Edition (ASX Principles) and is committed to delivering best practice in corporate governance and transparency in reporting. The Board believes that the Company's policies and practices comply in all substantial respects with the ASX Principles unless otherwise set out in this statement.

The charters, codes and policies in respect of the Company's corporate governance practices referred to in this statement will be reviewed and updated periodically to ensure that they remain in accordance with common practice. They are available at the TWE website: www.tweglobal.com/about/corporate-governance.

SECTION 1 – STRUCTURE OF THE BOARD

1.1 Composition

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic aims.

The members of the Board as at the date of this statement are:

Paul Rayner – Chairman
Michael Clarke – Managing Director and Chief Executive Officer (since 31 March 2014)
Warwick Every-Burns (Chief Executive Officer from 23 September 2013 to 30 March 2014)
Lyndsey Cattermole, AM
Peter Hearl
Garry Hounsell
Ed Chan
Michael Cheek

Details of the respective directors' qualifications, tenure, directorships of other listed companies, experience and other responsibilities are provided on pages 31 to 32 of this Annual Report and also on the Company's website at: www.tweglobal.com/about/Board-of-Directors.

1.2 Director independence

As required under the Board Charter and ASX Principles, the Board comprises a majority of independent non-executive directors.

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board assesses the independence of all new directors upon appointment and reviews the matter annually (and more regularly where appropriate).

The Company has adopted guidelines based on the factors set out in the ASX Principles in assessing the independent status of a director. In summary, the test of whether a relationship could, or could be perceived to, materially interfere with the independent exercise of a director's judgement is based on the nature of the relationship and the circumstances of that director. Materiality is considered on a case-by-case basis, against thresholds determined by the Board from the perspective of the company, the director, and the person or entity with which the director has a relationship.

The Board has reviewed the position and associations of all directors in office at the date of this report and considers that, save for the Chief Executive Officer (who is an executive director), all directors are independent.

Following the appointment of Michael Clarke as Managing Director and Chief Executive Officer, the Board assessed the independence of Mr Every-Burns pursuant to the above guidelines. After taking into consideration both his short six-month tenure as Chief Executive Officer of the Company and the nature of activities performed when in the role (including his exclusion from any management incentive schemes in this period), the Board believes Mr Every-Burns is an independent director as at the date of this report. Notwithstanding this, Mr Every-Burns elected to step aside from all Board Committee memberships until 1 July 2015 as an additional measure to avoid any perceived or potential impairment to his independence.

1.3 Appointment terms

The directors may at any time appoint any person as a director either to fill a casual vacancy or as an additional director.

Any director appointed (other than the Chief Executive Officer) holds office until the conclusion of the next Annual General Meeting of the Company and is eligible for election at that meeting. Thereafter, non-executive directors are required to submit for re-election at least at every third Annual General Meeting.

A summary of the Company's guidelines relating to the selection, appointment and re-election of directors is posted on the Company's website at www.tweglobal.com/about/corporate-governance.

1.4 Chairman

The Board Charter requires that the Chairman of the Board is an independent non-executive director.

SECTION 2 – CONDUCT OF THE BOARD

2.1 Division of responsibility between Board and management

The Board is responsible for the overall corporate governance of the Company. The Board Charter sets out the following objectives of the Board:

- to provide strategic guidance for the Company and effective oversight of management;
- to optimise Company performance and shareholder value within a framework of appropriate risk assessment and management; and
- to recognise the Company's legal and other obligations to all legitimate stakeholders.

The following table summarises the main responsibilities and functions that enable the achievement of these objectives:

	OBJECTIVES		
RESPONSIBILITIES AND DUTIES	STRATEGIC GUIDANCE AND MANAGEMENT OVERSIGHT	RISK ASSESSMENT AND MANAGEMENT	OBLIGATIONS TO STAKEHOLDERS
Approving	• The overall corporate strategy and performance objectives. • The Company's annual financial budget. • Major capital expenditure, and capital management. • Appointment and removal of the Chief Executive Officer and approval of the terms of engagement and termination benefits. • Remuneration of the Chief Executive Officer, non-executive directors (within the parameters approved by shareholders) and the policy for remunerating senior executives.	• The Company's risk management framework and internal compliance and controls systems.	• The Company's strategies, procedures and standards relating to communication with shareholders. • All shareholder communications.
Reviewing and monitoring	• The Company's performance against the corporate strategy, objectives and plan. • The progress of major capital expenditure, capital management, and acquisitions and divestitures. • The management reporting processes supporting external reporting.	• Risk management, internal compliance accountability and control systems. • The Company's financial position and its ability to meet its debts and other obligations as they fall due.	• Compliance with the adopted strategies, procedures and standards. • Internal and external financial and other reporting after receiving appropriate certifications from management. • That reporting to all stakeholders is relevant, timely and accurate.
Evaluating	• The performance of the Chief Executive Officer and other members of the senior management team. • The effectiveness of the performance of the Board and its Committees.	• Whether the Company's accounts comply with relevant accounting standards and present a true and fair view. • Whether processes are in place to effectively monitor all relevant legal, tax and regulatory obligations.	• Whether the Company's external reporting is legally compliant, consistent with the Board's information and knowledge, and suitable for shareholder needs.

The Board has implemented a practice whereby the non-executive directors meet periodically without the presence of management.

2.2 Board Committees

The Board Charter permits the Board to establish Committees to streamline the discharge of its responsibilities. As at the date of this statement, three standing Committees have been established as follows:

- Audit and Risk Committee;
- Nominations Committee; and
- Human Resources Committee.

The Charter of each Board Committee sets out the composition, duties and responsibilities of that particular Committee.

Further details regarding the three standing Committees are set out in the following table:

	AUDIT AND RISK	NOMINATIONS	HUMAN RESOURCES
Members	Garry Hounsell (Chair) Lyndsey Cattermole Peter Hearl	Paul Rayner (Chair) Lyndsey Cattermole Garry Hounsell	Peter Hearl (Chair) Lyndsey Cattermole Michael Cheek
Composition	• At least three but no more than five members. • All members must be independent non-executive directors. • At least one member must have financial expertise or experience. • At least one member should have relevant risk management expertise or experience (Mr Hounsell satisfies this requirement).	• The Committee must have at least three members. • The Chairman of the Board is to be the Chairman of the Committee.	• The Committee must have at least three members. • All members must be independent non-executive directors.
Responsibilities	Oversee and/or review: • The Company's systems and processes to ensure they are properly controlled and functioning effectively. • The ongoing maintenance of a sound system of risk oversight and management and internal control. • The processes used by management to ensure compliance with all requirements relating to external reporting. • The Company's legal and other obligations to all legitimate stakeholders. • The scope, coordination and conduct of the internal and external audit programs. • The performance and independence of the internal and external auditors.	Assess: • The necessary and desirable competencies of Board members. • The range of skills, experience and expertise on the Board and identify any additional skills or expertise that may be desirable. • The steps required to ensure a diverse range of candidates are considered in selecting new directors.	Oversee and/or review: • The overall human resources strategies and policies are consistent with the needs of the Company to ensure it achieves its short-and long-term business objectives. • The establishment of training and development programs and succession plans for senior management. • The senior executive performance review process and results. • The maintenance of a Company-wide diversity policy (and reporting on progress in achieving the objectives of the policy). • Approval of all new employee incentive plans and amendments to existing plans.

2.2 Board Committees / continued

	AUDIT AND RISK	NOMINATIONS	HUMAN RESOURCES
Responsibilities / continued	Advising the Board on: • The integrity of the Company's financial reporting, financing, capital management and treasury risk management. • The appointment or removal of internal and external auditors. • Standards of ethical behaviour and decision-making required of directors and key executives.	Review: • The performance of the Board, Board Committees and individual directors. Advising the Board on: • The composition, size and commitment of the Board to ensure that it can adequately discharge its duties. • Succession plans and plans for enhancing competencies of Board members, including the Chief Executive Officer. • Potential candidates suitably qualified to be invited to join the Board. • Whether the board should support the re-election of a director who is retiring by rotation.	Advising the Board on: • Recruitment and retention policies and procedures for the Chief Executive Officer and senior executives. • The remuneration policy applicable to the Chief Executive Officer and senior management. • Remuneration of non-executive directors in respect of Board and Committee participation. • Senior executive remuneration (including equity-based and other incentive plans). • The reduction or clawback of awards either in part or full as appropriate under the terms of the Clawback Policy.
Consultation and advice	• The Committee has unlimited access to internal and external auditors, senior management and other employees, and has the opportunity at each meeting to engage with the internal and external auditors without the presence of management.	• Subject to the consent of the Committee Chairman, the Committee or any individual member may engage an independent external adviser in relation to any Committee matter, at the expense of the Company. The Chairman may determine that such independent advice is to be circulated to all directors.	• Subject to the consent of the Committee Chairman, the Committee or any individual member may engage an independent external adviser in relation to any Committee matter, at the expense of the Company. The Chairman may determine that such independent advice is to be circulated to all directors.

Details of meeting attendance for members of each Committee are set out in the Directors' Report on page 41 of this Annual Report.

All directors receive copies of all Committee papers and all non-executive directors may attend meetings of all Committees whether or not they are members.

The Chief Executive Officer, senior executives and other employees, and external parties may be invited to provide information or reports, or attend the Committee meetings as required.

2.3 Performance assessment

In accordance with the Board Charter, a formal review of the effectiveness of the Board, its Committees and individual directors is conducted annually, including the current year. The views of individual directors as well as those of executives who report directly to the Chief Executive Officer in a senior management capacity referred to as the Executive Leadership Team (ELT) are canvassed.

Following each review:

- the performance of individual directors is discussed by the Chairman with each director (and in the case of the Chairman, by a director chosen by the Board for the purpose); and
- the performance of the Board and Committees is discussed by the Board at its next meeting after conclusion of the review.

The Board will, from time to time, engage external consultants to conduct a comprehensive review of the effectiveness of the Board, its Committees and individual directors. This review will be conducted against the terms of the Board Charter or relevant Committee Charter (as the case may be), and will include surveys of each director, relevant members of the ELT and selected external persons.

The performance of the Chief Executive Officer is measured against agreed annual key performance objectives.

A formal process for the evaluation of the performance of senior executives will be conducted by the Chief Executive Officer on an annual basis and reviewed by the Human Resources Committee.

SECTION 3 – GOVERNANCE POLICIES APPLICABLE TO THE BOARD

3.1 Directors' conflicts of interest

The Company has procedures in place for the reporting of any matter that may give rise to a conflict between the interests of a director and those of the Company.

Should the possibility of a conflict arise, relevant information will not be provided to the director and the director will not participate in discussions or vote on the matter unless permitted under specific circumstances in accordance with the *Corporations Act 2001.*

3.2 Board access and independent advice

The directors have unlimited access to employees and advisers, and subject to the law, access to all Company documents.

The Board, an individual director or a Committee, may engage an independent external adviser in relation to any Board matter, at the expense of the Company.

Before the external advice is sought, consent needs to be obtained. In the case of:

- the Board – from the Chairman;
- an individual director – from the Chairman or the relevant Committee Chairman, (if provided under the Committee charter) as the case may be;
- a Committee – from the Committee Chairman (if provided under the Committee Charter);
- the Chairman – from the Chairman of the Audit and Risk Committee, or otherwise from another director.

The Chairman or a Committee Chairman, as applicable, may determine that any external advice received by an individual director be circulated to the remainder of the Board.

3.3 Director induction and ongoing education

New directors are provided with a comprehensive induction program. They receive a formal letter of appointment that sets out the key terms and conditions of appointment, including duties, rights and responsibilities and the Board's expectations regarding involvement with Board Committee work. The induction program includes meetings with members of the ELT and other senior executives of the Company and being formally briefed on the financial, strategic and operational position of the Company (including visits to key sites).

The Board is committed to ensuring its performance is enhanced by providing non-executive directors with regular briefings on the Company's operations, as well as periodic site visits and presentations by external parties in a range of fields.

SECTION 4 – GOVERNANCE POLICIES OF GENERAL APPLICATION THROUGHOUT THE COMPANY

4.1 Code of Conduct

The Company recognises that its reputation is one of its most valuable assets, founded largely on the ethical behaviour of the people who represent the Company.

The Board has approved a Code of Conduct that sets out the principles of ethical behaviour expected to be adhered to by all personnel. This ethical framework provides the foundation for the maintenance and enhancement of the Company's reputation.

The Company's Code of Conduct commits its directors, employees, contractors and consultants to not only comply with the law, but to conduct business in accordance with the highest ethical standards so that, as a global supplier of premium alcoholic beverages, the Company:

- demonstrates corporate responsibility by encouraging the responsible consumption of the Company's products;
- conducts business with integrity, honesty and fairness;
- values and respects diversity in a workplace in which no-one is discriminated against on the basis of gender, age, race, religion, sexual orientation, disability or marital status; and
- observes both the spirit and letter of the Company's legal obligations.

Any breach of the Code of Conduct will be treated as a serious matter and may give rise to disciplinary action, including dismissal.

4.2 Whistleblower Policy

The Company has adopted a Whistleblower Policy (the Policy) to promote and support its culture of honest and ethical behaviour. The Policy encourages employees to raise any concerns and report instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct, policies, or the law.

The Company is committed to absolute confidentiality and fairness in relation to all matters raised and will support and protect those who report violations in good faith.

The Policy provides that any issue may be reported to the employee's immediate supervisor, a Human Resources Manager, or an external Whistleblower Service Provider in instances where an employee wishes to remain anonymous. The Policy provides that all reports will be thoroughly investigated, and where applicable, feedback on the outcome of the investigation will be provided to the person making the report. Any person who makes a report will not be discriminated against or disadvantaged in their employment with the Company by virtue of making a report.

The Policy stipulates that the Board will be provided periodically with a report of the number and nature of reports made under the Policy.

4.3 Conflicts of Interest Policy

The Company has adopted a policy in relation to the disclosure and management of potential conflicts of interest. Employees must not engage in activities, hold interests or allow themselves to be in situations that involve, could potentially involve or could be perceived as involving, a conflict between their personal interests and the interests of the Company, without prior disclosure and, where appropriate, approval.

Employees are required to declare relevant potential conflicts prior to starting the activity or, in the case of prospective employees, during the application and recruitment process. Should a potential conflict arise, employees must immediately disclose this to their manager and to the Company Secretary. A register of disclosed interests is maintained by the Company Secretary and reviewed periodically by the Human Resources Committee.

4.4 Share Trading Policy

In accordance with the prohibition in the *Corporations Act 2001* in relation to insider trading, the Company's Share Trading Policy (the Policy) states that all directors and employees are prohibited from trading in the Company's shares if they are in possession of 'inside information'.

Under the Policy, unless they have the prior approval of the Company Secretary, employees (other than directors and members of the ELT) may only trade during certain 'trading windows'. In the case of directors and members of the ELT:

- They are prohibited from dealing in the Company's shares during 'black out' periods (which are the periods from the close of books to shortly after the announcement of the half-year or full-year results).
- Outside the 'black out' periods, approval must be sought prior to any sale or purchase:
  - from the Chairman and the Chairman of the Audit and Risk Committee, in the case of directors and the Executive Leadership Team; or
  - in the case of the Chairman, the Chairman of the Audit and Risk Committee and one other director chosen by the Board for that purpose.

All employees (including directors) are prohibited from dealings for short-term gain, including buying and selling Company shares in a three-month period or the use of forward contracts unless prior approval is obtained from the Chairman (or in the case of the Chairman, a director chosen by the Board for that purpose).

Employees (including members of the ELT) are prohibited from entering into any arrangement (including options or derivative products) that may alter the economic benefit they may derive with respect to their participation in any unvested equity-based incentive award or grant, and no director or member of the ELT may enter into a margin loan or similar funding arrangement to acquire any shares in the Company.

4.5 Diversity

The Company is committed to creating a high-performance culture by attracting and retaining the best possible talent, as well as creating an inclusive environment where people from diverse backgrounds, with a variety of experiences, can fulfill their potential.

This commitment will not only enrich the Company's culture, but will also serve to broaden its collective knowledge and give it a competitive edge in the marketplace. It will help TWE to understand and connect more effectively with its customers, communities and each other.

The Company has adopted the ASX Principles on diversity. The Board has committed to reviewing and assessing progress against the Company's diversity and inclusion objectives annually. To that end, the Company is pleased to report progress made in FY14, along with our FY15 measurable objectives, which can be found on pages 29 to 30.

The Company's Diversity and Inclusion Policy can be found at: www.tweglobal.com/about/corporate-governance.

4.6 Risk Management

The Board has approved a Risk Management Policy (the Policy) and a Risk and Assurance Framework (the Framework) to oversee and manage risk.

The Policy provides guidance and direction on the management of risk in the Company and states the Company's commitment to the effective management of risk to reduce uncertainty in the Company's business outcomes.

The Framework describes the risk and assurance systems to manage risk and the supporting management disciplines in place to bring these systems to life. It explains the philosophy and structure required to recognise business improvement opportunities through the management of risk.

The Risk Management Policy and Framework are both posted on the Company's website, www.tweglobal.com/about/corporate-governance and acknowledge that all employees have a role in managing risk, and in particular, they are encouraged to report incidents, hazards and risks. The management of risk is not treated as a separate discrete function, but is integral to the way employees work.

4.7 Integrity in Financial Reporting

Role of the Audit and Risk Committee

The Audit and Risk Committee monitors the internal control policies and procedures designed to safeguard company assets and to maintain the integrity of the Company's financial reporting.

The Chief Executive Officer, Chief Financial Officer, Global Director Risk and Internal Audit and external auditors are invited to attend meetings, as required. Other executives and advisers are also invited to attend meetings, as appropriate.

The Chief Executive Officer and Chief Financial Officer have provided a written declaration to the Board, in accordance with the *Corporations Act 2001*, confirming that:

- the Company's financial records have been properly maintained;
- the Company's financial statements and notes to the financial statements give a true and fair view and comply with the relevant accounting standards;
- the Company's financial statements are founded on a sound system of risk management and internal control, which operates effectively in all material respects in relation to financial reporting risks; and
- the risk management and internal controls, which implement the policies adopted by the Board, have been operating efficiently and effectively, in all material respects, during the financial year.

Appointment and rotation of the external auditor

The Audit and Risk Committee is responsible for reviewing the effectiveness and performance of the external auditor.

The Company will review the lead audit partner of the external audit firm at least once every five years. The lead audit partner will attend the Company's Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

A summary of the Company's guidelines relating to the selection, appointment and re-election of its external auditor is posted on the Company's website at www.tweglobal.com/about/corporate-governance.

Internal audit

The Company's internal audit function monitors the internal control framework Company-wide, and is independent of the external audit function.

Internal audit uses a risk-based methodology, including the use of the organisation's risk assessment program, in setting the annual internal audit plan. In performing their work, internal audit have unrestricted access to review all aspects of the Company's operations.

Internal audit operates under a Charter approved by the Board. The Audit and Risk Committee reviews the effectiveness and performance of the internal auditor, approves the annual internal audit plan, reviews reports and agreed actions, and ensures that planned audit activities are aligned to business risks.

4.8 Disclosure to stakeholders

The Company is committed to providing timely, open and accurate information to all its stakeholders including shareholders, regulators and the investment community.

To this end, the Board has approved a Disclosure Policy (the Policy) that sets out both the procedures in place to ensure compliance with its regulatory obligations, including obligations under the ASX continuous disclosure regime and the expectations on all employees of the Company, including directors and senior executives. The Company also holds periodic briefing sessions for directors and relevant employees on how the continuous disclosure obligations apply to the Company, including consideration of materiality guidelines relevant to the Company.

The Company Secretary is responsible, in consultation with other senior executives, for overseeing and coordinating the disclosure of information by the Company to the ASX and for administering the Policy.

The Company's website contains ASX announcements, annual reports and financial report announcements, as well as relevant presentations and supporting material provided to the media and investment community.

The Company's Communication Policy encourages and promotes effective communication with shareholders and effective participation at general meetings. The Company will periodically review how best to take advantage of technology to enhance shareholder communications.

4.9 External directorships

Key executives including the Chief Executive Officer, are only permitted to hold a non-executive directorship of an external public company with the prior approval of the Board. Such a public company may not be a competitor, supplier or customer of the Company, nor can the directorship create an actual or potential conflict of interest with the Company's business interests.

4.10 Corporate Responsibility

The Company is committed to maximising positive and minimising negative social, environmental and economic impacts through its integrated approach to corporate responsibility (CR). The Global CR Council, establishes a range of objectives and targets to deliver against the Company's CR Guiding Principles (The Principles). The Principles and supporting initiatives ensure the Company maintains its social licence to operate through risk management, proactive engagement of key stakeholders with interest in the Company's social and environmental performance and enhancement of employee engagement and retention. Progress against these initiatives has been detailed on pages 25 to 28.

DIRECTORS' REPORT

The directors of Treasury Wine Estates Limited (the Company) present their report together with the financial report for the Company and its controlled entities (the Group) for the financial year ended 30 June 2014 and the auditor's report thereon.

The information referred to below forms part of, and is to be read in conjunction with, this Directors' Report:

- Operating and Financial Review (OFR) on pages 6 to 24;
- Details of Company directors on page 31 to 32; and
- Remuneration Report on pages 44 to 73.

CHANGES IN THE STATE OF AFFAIRS

Performance Improvements

The Company undertook a number of step changes to its business model to drive sustained long-term growth.

In addition to executing its plans to deliver FY14 earnings guidance, increasing consumer marketing, and reducing overhead costs, the Company made substantial changes to its business model by moving the release date of its flagship Penfolds wines to one combined annual release in October to better manage allocations and availability.

The Company also commenced focusing on its Australian Commercial portfolio separately from its Luxury and Masstige portfolio, which will deliver greater focus on market and competitor dynamics and drive efficiency and profitability for both the Company's Commercial and Luxury and Masstige brands.

This change to TWE's Australian brands complements action already underway in the Americas to reshape the Company's portfolio to provide additional focus on the Luxury and Masstige portfolio while improving the performance of TWE's Commercial portfolio in the Americas.

Other than the above matters and those matters referred to in the Financial Statements, there have been no other significant changes in the state of affairs of the Group during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were viticulture and winemaking, and the marketing, sale and distribution of wine.

STATUTORY INFORMATION

The Group's consolidated financial statements have been presented for the financial year ended 30 June 2014 and appear on pages 74 to 130.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report are:

	DATE OF APPOINTMENT	DATE OF RESIGNATION
Lyndsey Cattermole AM	10 February 2011	
Warwick Every-Burns (CEO from 23 September 2013 to 30 March 2014)	9 May 2011	
Paul Rayner	9 May 2011	
Peter Hearl	17 February 2012	
Garry Hounsell	1 September 2012	
Ed Chan	1 September 2012	
Michael Cheek	1 September 2012	
Michael Clarke (Chief Executive Officer)	31 March 2014	
David Dearie (Managing Director)	5 November 2010	22 September 2013

Particulars of the current directors' qualifications, experience and Board Committee responsibilities are detailed on pages 31 to 39.

COMPANY SECRETARY

The Company Secretary is Paul Conroy, LLB (Hons), B.Com. He has been the Company's Chief Legal Officer and Company Secretary since its listing in May 2011.

Mr Conroy has practised as a solicitor for firms in Australia, Asia and the United Kingdom. He has previously held senior management positions for Southcorp Limited in Australia and the United States, and was Chief Legal Officer and Company Secretary of Foster's Group Limited prior to joining the Company.

DIRECTORS' MEETINGS

The number of Board and Board Committee meetings and the number of meetings attended by each of the directors of the Company during the financial year are listed below:

Meetings held during 2014 financial year

	BOARD MEETINGS[1]		AUDIT AND RISK COMMITTEE[1]		HUMAN RESOURCES COMMITTEE[1]		NOMINATIONS COMMITTEE[1]	
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
David Dearie	5	5	–	–	–	–	–	–
Lyndsey Cattermole	22	22	5	5	5	5	6	6
Warwick Every-Burns	22	22	2	2	1	1	1	1
Paul Rayner	22	22	–	–	–	–	6	6
Peter Hearl	22	22	5	5	5	5	–	–
Garry Hounsell	22	22	5	5	–	–	6	6
Ed Chan	22	19	–	–	–	–	–	–
Michael Cheek	22	22	–	–	5	5	–	–
Michael Clarke	7	7	–	–	–	–	–	–

1. Shows the number of meetings held and attended by each director during the period that the director was a member of the Board or Committee.

Directors' interests in share capital

The relevant interest of each director in the share capital of the Company as at the date of this report is disclosed in section 10 of the Remuneration Report.

DIVIDENDS

Interim dividend: The Company paid an interim dividend of 6 cents per ordinary share on 10 April 2014. The dividend was unfranked.

Final dividend: Since the end of the financial year, the directors have declared a final dividend of 7 cents per share unfranked and payable on 2 October 2014. The record date for entitlement to this dividend is 4 September 2014.

In summary:

	DIVIDEND PER SHARE	$'000
Interim dividend paid on 10 April 2014	6 cents per share	$38,833
Final dividend payable on 2 October 2014	7 cents per share	$45,460
Total	13 cents per share	$84,293

The Company paid shareholders a final dividend in respect of the 2013 financial year of A$45,305,900.08.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than as disclosed in the financial statements, the directors are not aware of any other matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

CORPORATE RESPONSIBILITY

Matters of environmental and social significance to the Group are addressed within the Corporate Responsibility (CR) program. This program is governed by the Group's CR Council, chaired by the CEO, and comprising representatives from each region and functional area of the business.

Further detail on the Group's CR program, strategy, initiatives and achievements to date are detailed on pages 25 to 28 of this Annual Report.

ENVIRONMENTAL REGULATION

Management of environmental issues is a core element of the CR program detailed on page 28, with the Group subject to a range of licences, permits and internal policies and procedures governing its operations.

Additionally, the Group's operations are subject to a number of regulatory frameworks governing energy and water consumption, waste generation and greenhouse gas reporting.

The Group recognises the direct link between effective management of our environmental and social impacts and our business success. To this end, the Group's environment policies, procedures and practices are designed to ensure that the Group maintains focus on resource efficiency and continuous improvement, and that all environmental laws and permit conditions are complied with. Compliance with these regulatory and operational programs has been incorporated into relevant business practices and processes. The Company monitors its operations through a Health, Safety and Environment (HSE) Management System, overlaid with a risk management and compliance system overseen by the Audit and Risk Committee. The Global CR Council provides the executive oversight of the Company's strategic approach to managing the environmental and social challenges it faces. Although the Company's various operations involve relatively low inherent environmental risks, matters of non-compliance are identified from time-to-time and are corrected. Where required, the appropriate regulatory authority is notified.

During the year under review, the Group was not convicted of any breach of environmental regulations.

Under the compliance system, the Audit and Risk Committee and the Board receive six-monthly reports detailing matters involving non-compliance and potential non-compliance. These reports also detail the corrective action that has been taken.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

Shareholders approved a change in the Company's auditor at the Company's Annual General Meeting on 23 October 2013. Accordingly, PricewaterhouseCoopers resigned with effect from 23 October 2013 and KPMG were appointed with effect from the same date.

The Group may decide to engage the auditor KPMG on assignments additional to their statutory audit duties where such services are not in conflict with their role as auditor and their expertise and/or detailed experience with the Company may allow cost efficiencies for the work.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services by KPMG is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Board also notes that:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the actual or perceived impartiality and objectivity of KPMG and are consistent with the Committee's rules of engagement contained in its Charter; and
- None of the services provided by KPMG undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the fees paid or payable for non-audit services provided by the auditor of the parent entity, its related parties and non-related audit firms totalled $353,020. Amounts paid or payable for audit and non-audit services are disclosed in note 26 of the Financial Report.

A copy of the auditor's independence declaration is set out on page 43 and forms part of this report.

INDEMNITIES AND INSURANCE

Rule 40 of the Company's Constitution provides that the Company will, to the extent permitted by law, indemnify directors and officers of Group companies in respect of any liability, loss, damage, cost or expense incurred or suffered in or arising out of the conduct of the business of the Group or in or arising out of the proper performance of any duty of that director or officer.

Each director of Treasury Wine Estates Limited has entered into a Deed of Indemnity, Insurance and Access (Deed) with the Company. Several members of the senior executive team have also entered into a Deed. No director or officer of the Company has received a benefit under an indemnity from the Company during the period ended 30 June 2014 or to the date of this report.

In accordance with the Company's Constitution and the Deed, the Company has paid a premium in respect of an insurance contract that covers directors and officers of the Group companies against any liability arising in or out of the conduct of the business of the Group and the proper performance of any duty of that director or officer. Due to confidentiality undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

ROUNDING

Treasury Wine Estates Limited is a company of the kind referred to in Australian Investment and Securities Commission Class Order 98/100 and, except where otherwise stated, amounts in the statutory financial statements forming part of this report have been rounded off to the nearest one hundred thousand dollars.

Dated at Melbourne 21 August 2014.

Paul Rayner
Chairman

Michael Clarke
Chief Executive Officer

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner

Melbourne

21 August 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

REMUNERATION REPORT – AUDITED

MESSAGE FROM THE CHAIRMAN OF THE HUMAN RESOURCES COMMITTEE

Dear Shareholders,

On behalf of my fellow directors, I am pleased to present the TWE FY14 Remuneration Report, which will be put to shareholders at our 2014 Annual General Meeting.

The critical facts contained in this report for FY14 are as follows:

- Only those executives new to Key Management Personnel (KMP) roles received a fixed remuneration increase upon appointment to their role;
- There were no short-term incentive plan (STIP) payments made to executives in FY14;
- At the end of FY14, the FY12 long-term incentive plan (LTIP) vested at 0% for the earnings per share (EPS) performance target and 70% for the Relative Total Shareholder Return (TSR) performance target;
- The non-executive director fee pool did not change from FY13;
- Individual non-executive director fees remained unchanged from FY13, with the exception of the fee paid to the Chair of the Human Resources Committee (HRC), which went from $25,000 to $40,000 based on market data; and
- The recruitment and appointment of Mr Michael Clarke as the Chief Executive Officer (CEO) effective 31 March 2014. Details of Mr Clarke's remuneration and key contract terms are contained in section 5 of the report.

During FY14, your Board and management undertook a detailed review of the Company's remuneration structure, including the framework and mechanics for both STIP and LTIP. This review included independent benchmarking against similar organisations, including the ASX100 and input from key shareholders and proxy holders.

This review highlighted some key limitations with respect to the FY14 remuneration structure, including but not limited to the following:

- The STIP was out of step with the market in terms of the number of participants, the presence of a financial gateway and its uncapped nature;
- The line of sight and impact on STIP measures for participants below senior leadership was low;
- The FY14 STIP design was not viewed as a motivator by employees; and
- The 30-day volume weighted average share price (VWAP) period up until the end of June that was used for calculating the number of LTIP Performance Rights granted is considered too short because of share price volatility.

As a result of this review, I can report that our FY15 remuneration structure will contain the following key elements:

- A STIP that will be capped in terms of total potential payout, with a significantly reduced number of participants, but much greater differentiation between individual rewards based on performance against a new Balanced Scorecard, which will include financial, strategic and operational objectives. Details of the FY15 STIP can be found in sections 2 and 4;
- The use of a 90-day VWAP period up to and including 30 June 2014 for the purposes of calculating the FY15 LTIP grants. We intend to apply a 90-day VWAP period for future year LTIP grants. Details of the FY15 LTIP are provided in sections 2 and 4;
- The use of the 90-day VWAP period up to and including 30 June each year for the calculation of the starting and ending share price for the Relative TSR measure for both past unvested LTIP awards and future LTIP awards;
- The same vesting schedule for both the EPS and Relative TSR measures for the FY15 LTIP grants; and
- No increase in the non-executive director fee pool and fees.

During FY14 and leading into FY15, there have been a number of organisational changes to business units, reporting relationships and KMP, details of which are contained in section 1.

We have also included a non-statutory table (Table 8.2) detailing the actual pay and incentives crystallised in FY14 for executives, to supplement the statutory disclosure included in Table 8.1.

In closing, I encourage you to read this report in its entirety and trust that you find it relevant and useful both in understanding the remuneration policies and practices of the Group and in better informing your investment decisions.

Yours sincerely

Peter R. Hearl
Human Resources Committee Chairman

INTRODUCTION

The directors present the Remuneration Report of the Company and its controlled entities (the Group) for FY14, prepared in accordance with the requirements of the *Corporations Act 2001* (the Act). The Remuneration Report forms part of the Directors' Report, and provides shareholders with an understanding of the remuneration principles for Key Management Personnel (KMP).

All references to dollars in the Remuneration Report are to Australian dollars (A$), unless otherwise specified.

SECTION 1: ORGANISATION AND KMP

This report details the FY14 remuneration framework and outcomes for the KMP of the Group. KMP includes the non-executive directors of the Group. In this report, 'executives' refers to executives identified as KMP (excluding the non-executive directors).

Formerly, the KMP of the Group was identified as the Resource Allocation Group (RAG). The RAG comprised a group of executives being the leaders of key global functions of the Group. During FY14, the Group undertook a restructure of its leadership team, resulting in the disbandment of the RAG. The Group appointed Chief Commercial Officers to oversee the operations of major geographical regions – Asia Pacific (APAC), Europe, Middle East and Africa (EMEA), and the Americas.

Pursuant to the above, there has been the following movement in the KMP during FY14:

- Mr Fleming exited the business on 1 July 2013. Mr Reeves was appointed as Chief Financial Officer on 1 July 2013 to take over from Mr Fleming.
- Mr Dearie exited the business on 22 September 2013, and Mr Every-Burns was appointed interim Chief Executive Officer (CEO) on 23 September 2013. At this time, Mr Every-Burns temporarily stood down from his roles as non-executive director, Chairman of the HRC and member of the Nominations Committee to dedicate his time to this interim appointment.
- Mr Every-Burns has fees disclosed as a non-executive director from 1 July 2013 until 22 September 2013, and 31 March to 30 June 2014. From 23 September 2013 until 30 March 2014, remuneration outcomes are disclosed for Mr Every-Burns as interim Chief Executive Officer.
- Mr Hearl was appointed as Chairman of the HRC on 23 September 2013, taking over the position from Mr Every-Burns.
- Mr Carter and Ms LeDrew were appointed Chief Commercial Officers on 27 November 2013 as part of the executive team restructure, thereby becoming KMP. Mr Carter's responsibility covered the APAC and EMEA regions, and Ms LeDrew's responsibility covered the Americas region. Remuneration outcomes for Mr Carter and Ms LeDrew are disclosed in this report only for the portion of the year they were KMP (i.e. 27 November 2013 until 30 June 2014).
- As a result of a further reorganisation at the end of FY14, Mr Carter left the business effective 15 August 2014.
- Mr Conroy and Ms Collins previously formed part of the RAG, and therefore were KMP up until the executive team restructure. From the disbandment of the RAG on 27 November 2013, Mr Conroy and Ms Collins were no longer considered KMP of the Group. Remuneration outcomes for Mr Conroy and Ms Collins are disclosed in this report only for the portion of the year they were KMP (i.e. 1 July 2013 until 26 November 2013).
- Mr Clarke was appointed as Chief Executive Officer on 31 March 2014. As noted above, Mr Every-Burns reverted to his prior position as a non-executive director at this date. Mr Every-Burns will return to his positions of Chairman of the HRC and member of the Nominations Committee from 1 July 2015.

A list of all KMP during FY14 is presented below:

NAME	POSITION	DATES
Non-executive directors		
Current		
PA Rayner	Chairman	Full year
ML Cattermole	Non-executive director	Full year
EYC Chan	Non-executive director	Full year
MV Cheek	Non-executive director	Full year
WL Every-Burns	Non-executive director	Until 22 September 2013; again from 31 March 2014
PR Hearl	Non-executive director	Full year
GA Hounsell	Non-executive director	Full year
Executives		
Current (as at 30 June 2014)		
MA Clarke	Chief Executive Officer	From 31 March 2014
AJ Carter	Chief Commercial Officer, APAC and EMEA	From 27 November 2013
SL LeDrew	Chief Commercial Officer, Americas	From 27 November 2013
SC McNab	Chief Supply Officer	Full year
AJ Reeves	Chief Financial Officer	Full year
Former		
DCM Dearie	Chief Executive Officer	Until 22 September 2013
WL Every-Burns	Interim Chief Executive Officer	23 September 2013 to 30 March 2014
ML Collins	Chief Human Resources Officer	Until 26 November 2013
PD Conroy	Chief Legal Officer	Until 26 November 2013
MJ Fleming	Chief Financial Officer	Until 1 July 2013

SECTION 2: REMUNERATION SNAPSHOT

FY14 Remuneration snapshot

The FY14 remuneration framework is broadly aligned to the Group's key business drivers and market practice. The below table highlights the key activities and outcomes which occurred throughout FY14:

ELEMENT	HIGHLIGHTS
Fixed remuneration	In FY14, only those executives new to KMP roles received a fixed remuneration increase upon appointment to their role. All other executive salaries remained constant.
Short-term incentive plan (STIP)	The threshold level of earnings before interest, tax, SGARA and material items (EBITS) performance, being 5% constant currency EBITS growth on the prior year, was not achieved in FY14. No payments were made under the STIP in respect of FY14. *Vesting* The Deferred Equity allocated under the FY11 STIP vested during FY14.
Long-term incentive plan (LTIP)	The LTIP continues to operate on an annual basis, with awards being granted to key executives and senior leaders of the Group. FY14 LTIP awards were granted to executives on 28 February 2014. *Vesting* The FY12 LTIP offer vested during FY14 with 35% of the overall award vesting against the performance conditions, and the remaining 65% lapsed. The FY11 LTIP Demerger Offer 2 vested during FY14 with 27.8% of the overall award vesting against the performance conditions, and the remaining 72.2% lapsed.
Restricted Equity Plan (REP)	Targeted REP awards were granted to executives in FY14 in order to retain key talent during the CEO transition. Taking into consideration the executive changes during FY14, the Board approved a grant of Restricted Equity to executives and issued these during the employee share trading window in February 2014. *Vesting* FY12 and FY11 Targeted Restricted Shares, and FY11 Demerger Restricted Shares (Offers 1 and 2) vested during FY14.
Non-executive director fees	The non-executive director fee pool remains constant at $2,200,000 per annum. The fees for the Chairman of the HRC increased during FY14, within the director fee pool.
Clawback Policy	As disclosed in the FY13 Remuneration Report, the Group implemented a Clawback Policy in FY14. The Policy applies to all awards made from 1 July 2013 onwards under all equity plans, including the LTIP, REP or Deferred Equity allocated under the STIP. Should a plan providing for Deferred Cash awards be implemented in the future, the Clawback Policy would also apply to these awards.

FY15 Remuneration snapshot

The below table highlights the key activities planned for FY15:

ELEMENT	UPDATE
Fixed remuneration	In reviewing the performance of the executives throughout FY14, and taking into consideration market movements, fixed remuneration increases (effective 1 September 2014) will be applied for the following executives: • SL LeDrew • SC McNab • AJ Reeves As per his employment agreement, Mr Clarke will not be eligible for a fixed remuneration review until September 2016. Due to Mr Carter's departure from the Group, he was not included in the remuneration review process.
Short-term incentive plan (STIP)	As noted in the HRC Chairman's message preceding the report, the Group undertook a review of the STIP and a new STIP was implemented, effective 1 July 2014. The objective of the STIP redesign is to ensure that the plan represents a meaningful incentive to participants, in terms of quantum, achievability, and line of sight to the performance measures. The plan will assess participants against measures which balance short-term profitability with long-term sustainable Company performance. The main changes to the FY15 STIP are: • Combined focus on both financial and strategic/operational measures via the introduction of a Balanced Scorecard. Balanced Scorecards are a well-regarded method of measuring participants against the achievement of financial measures, and also allows participants to focus on strategic and operational imperatives which are important drivers for the success of the Group. The financial component has a 70% weighting; strategic and operational measures will be weighted at 30% of the overall Scorecard. • Removal of the 5% global EBITS growth hurdle for all participants. Group and team financial performance will instead be measured by way of the Balanced Scorecard objectives. • Reduced number of eligible participants – ongoing participants are the most senior and able to influence Company results. • Revised individual STIP opportunity levels – all STIP opportunities have been reviewed against other ASX-listed organisations and large international corporations to ensure the opportunities provided under the plan are competitive. This review has resulted in reduced STIP opportunities for some participants, including executives. • Greater focus on outperformance – payments under the plan will be limited to participants rated as at least 'strong contributor' on the performance rating scale (the third rating on a five-point rating scale). The individual performance multiplier range has been expanded, initially from 0.7 to 1.2 in FY14, and now to 0.5 to 1.5 in FY15, once threshold performance is achieved. • Introduction of a cap on payments – the Balanced Scorecard multiplier is capped at 120% and the individual performance multiplier is capped at 150%. As such, overall payments are capped at 180% of the STIP target opportunity. The Board maintains absolute discretion to increase or decrease the STIP pool available for payment based on the underlying performance of the Group. This means the total STIP bonus pool will be capped, with the Board maintaining discretion for any payment made for on-target performance or outperformance. The Group consulted with key stakeholders regarding the proposed structure and rationale for the new plan. The above changes were generally well received by proxy advisers and shareholders, and the plan terms and conditions were approved by the Board on this basis.
Long-term incentive plan (LTIP)	The vesting schedules for the FY15 LTIP have been revised such that both measures now vest at 35% for threshold performance (increase from 0% for EPS, and reduction from 50% for TSR). The Board believes that this 're-balancing' of the schedules will better meet the interests of shareholders and participants. The VWAP for the 90 days preceding the performance period will be used to determine the number of units allocated under the FY15 LTIP. The Board believes this will help to smooth out any share price volatility leading up to the performance period. Further detail is provided in section 4(D).

SECTION 3: GROUP REMUNERATION GOVERNANCE

Role of the Human Resources Committee (HRC)

The HRC provides assistance to the Board in relation to such matters as monitoring remuneration principles and frameworks, providing advice on remuneration matters, making remuneration recommendations for executives, approving incentive plans, and reviewing and governing remuneration policies.

Their role ensures that the policies and frameworks in place at TWE facilitate the achievement of the Group's strategic objectives, are aligned with market best practice, and fulfil the Board's responsibility to shareholders. The complete HRC Charter is reviewed annually to ensure the Committee's governance requirements are adequately captured and met, and is available at www.tweglobal.com/about/corporate-governance.

The HRC comprises independent non-executive directors to ensure the objectivity of the HRC from management in respect of remuneration decisions. The composition, membership and experience of each member of the Committee is detailed in the Board of Directors summary and Corporate Governance Statement in this Annual Report.

The HRC has direct access to management and external consultants, and the right to seek explanations and additional information from management. Management has provided advice and information to the Committee in line with its responsibilities. The Board's protocols in respect of the engagement of remuneration advisers are outlined in the next section.

As outlined in the Corporate Governance Statement of this Annual Report (section 3), the Group has procedures in place for the reporting of any matter that may give rise to a conflict between the interests of a director and those of the Group. In addition, the Group has adopted a general policy for employees in relation to the disclosure and management of potential conflicts of interest (section 4).

Engagement of remuneration advisers

The Board's protocol and policies stipulate that any recommendations made by consultants in relation to remuneration arrangements at TWE must be made directly to the Board without any undue influence from management. The arrangements are to ensure that any advice is free from undue influence and include management not being able to attend Board meetings where remuneration recommendations are discussed.

In FY14, the Board engaged 3 Degrees Consulting to review the terms and conditions of the Group's remuneration framework for executives, and provide advice in relation to this. The work conducted was considered to be within the provision of remuneration recommendations as defined in the Act. The fee paid to 3 Degrees Consulting for the remuneration recommendations was $39,750 (excluding GST).

In addition to providing remuneration recommendations in relation to the above, 3 Degrees Consulting provided other services to the Group in FY14 (including other people-related matters) and was paid a total of $111,750 (excluding GST) for all services to the Group in FY14 (including the remuneration recommendations).

3 Degrees Consulting was engaged in accordance with the Act and the Company's protocols, and provided advice directly to the Committee through the HRC Chairman. 3 Degrees Consulting provided a declaration of their independence from management. Both 3 Degrees Consulting and the Board are satisfied the remuneration recommendations were made free from undue influence from the KMP to whom the remuneration recommendations applied, as per the Company's protocols. Remuneration recommendations were provided to the Group as an input into decision-making only. The Board considered the recommendations, along with other factors, in making its remuneration decisions.

In FY14, management also engaged PricewaterhouseCoopers (PwC) to provide independent advice in relation to the review and redesign of its FY15 STIP. Whilst PwC was consulted on this project, and assisted to provide information on market practice, they did not provide any remuneration recommendations in respect of KMP to either management, or the Board, as defined in the Act.

Clawback Policy

In FY14, the Board implemented a Clawback Policy which applies to all unvested equity. The Policy:

- ensures that the Group's remuneration governance framework is sound;
- provides the Board with an additional mechanism to ensure reward outcomes appropriately align to longer-term performance and shareholder interests; and
- provides assurance to the Group and its shareholders against factors that may not be apparent at the time awards are granted and/or determined.

Under this Policy, the Board may exercise its judgement in relation to unvested Deferred Equity under the STIP (at any time prior to the end of the two-year restriction period), unvested REP offers (at any time prior to the end of the relevant restriction period), and unvested LTIP offers (at any time during or prior to the vesting date).

The Board will take into account factors such as (but not limited to) material mis-statement, major negligence by a participant, or significant regulatory non-compliance in applying the Clawback Policy.

SECTION 4: EXECUTIVE REMUNERATION FRAMEWORK

The Group's remuneration strategy and structure is reviewed by the Board and the HRC for business appropriateness and market suitability on an ongoing basis.

Remuneration strategy and Policy

The Group's remuneration strategy is designed to:

- attract and retain high-calibre employees by providing competitive remuneration packages in the markets in which the Group operates;
- motivate employees to deliver exceptional individual and business results by rewarding high performance appropriately; and
- align remuneration outcomes directly with the achievement of short-term and long-term business strategies, as well as shareholder value creation.

The Group's Remuneration strategy and Policy ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance, and is simple to administer and understand by executives and shareholders. In line with the Remuneration Policy, remuneration levels and arrangements are reviewed annually to ensure alignment to the market and the Group's stated objectives.

To ensure the variable components of the Group's remuneration structure remain 'at risk', employees may not hedge against the risk inherent in arrangements such as the LTIP or any other share-based incentive plans. Awards will be forfeited if the Policy is breached.

Executive shareholding guidelines exist for the CEO and direct reports. Under the guidelines, each executive is encouraged to have control over ordinary shares in the Company that are worth at least the equivalent of one year's fixed remuneration. Executives are expected to meet the guideline over a reasonable period of time (approximately five years). The Group's variable incentive programs contribute towards executives meeting this guideline.

Remuneration structure

The key elements of executive remuneration are summarised in Table 4.1.

Table 4.1: Overview of executive remuneration

REMUNERATION ELEMENT	SUMMARY	DISCUSSION IN REMUNERATION REPORT
Remuneration mix and levels	Executive remuneration comprises fixed remuneration and variable ('at-risk') remuneration in the form of STIP and LTIP.	Section 4(A)

The remuneration structure in FY14 and FY15 is as follows, at target and maximum STIP performance, for executives serving at 30 June 2014:

	CEO				EXECUTIVES			
	REMUNERATION MIX		REMUNERATION % OF TFR		REMUNERATION MIX		REMUNERATION % OF TFR	
	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM
FY15	% OF TOTAL REWARD		% OF TFR		% OF TOTAL REWARD		% OF TFR	
TFR	25%	23%	100%	100%	32%	28%	100%	100%
STIP	25%	31%	100%	135%	19%	30%	60%	108%
LTIP	50%	46%	200%	200%	49%	42%	150%	150%
Total Reward	**100%**	**100%**			**100%**	**100%**		

	CEO[1]				EXECUTIVES			
	REMUNERATION MIX		REMUNERATION % OF TFR		REMUNERATION MIX		REMUNERATION % OF TFR	
	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM	AT TARGET	AT MAXIMUM
FY14	% OF TOTAL REWARD		% OF TFR		% OF TOTAL REWARD		% OF TFR	
TFR	100%	100%	100%	100%	31%	25.0%	100%	100%
STIP	0%	0%	0%	0%	23%	37.5%	75%	150%
LTIP	0%	0%	0%	0%	46%	37.5%	150%	150%
Total Reward	**100%**	**100%**			**100%**	**100%**		

1. Commenced employment on 31 March 2014, therefore not eligible to participate in the FY14 STIP and LTIP.

For fixed remuneration, the Group's Policy aims to deliver around market median (market benchmarks will vary by role). When taking into account variable remuneration, the intention is to deliver around market median for target levels of performance. For superior performance, the Group aims to deliver rewards around the 75th percentile of its comparator group.

The Board continues to value share ownership in the Company by key employees, and thus all executive variable components incorporate some level of share ownership.

REMUNERATION ELEMENT	SUMMARY	DISCUSSION IN REMUNERATION REPORT
Fixed remuneration	Fixed remuneration is set at a level that is aligned to market benchmarks and reflective of the executive's skills, experience, responsibilities, location and performance.	Section 4(B)

Table 4.1: Overview of executive remuneration / continued

REMUNERATION ELEMENT	SUMMARY	DISCUSSION IN REMUNERATION REPORT
Short-term incentive plan (STIP)	The STIP is an at-risk component of executive remuneration under which an award of cash and/or equity may be received based on achievement of individual and Group performance measures. The purpose of the STIP is to link Group performance, executive performance and reward. The STIP structure has been designed to focus on the Group's global performance, with an emphasis on year-on-year growth in profits. The STIP arrangements provide eligible employees with the opportunity to earn an award if certain financial hurdles and agreed key performance objectives (KPOs) are achieved. In FY14, one-third of the STIP award for senior leaders is deferred into ordinary shares in the Company (STIP Deferred Shares) which are subject to disposal restrictions for two years. The remaining two-thirds of the STIP award are delivered in cash at the end of the one-year performance period. In FY15, only the CEO and direct reports will have one-third of their STIP award deferred into ordinary shares in the Company which are subject to disposal restrictions for two years.	Section 4(C)
Long-term incentive plan (LTIP)	The LTIP is an at-risk component of executive remuneration under which an equity reward may be provided to participants based on achievement of specific performance measures over a three-year performance period. Under the LTIP, participants are granted Performance Rights which give them the opportunity to acquire shares subject to two performance measures with equal weighting: • Relative Total Shareholder Return (TSR) compared to a pre-determined peer group; and • Earnings Per Share (EPS) growth. Performance Rights held by each executive of the Group are shown in section 10 of this Remuneration Report.	Section 4(D)
Other equity arrangements	In addition to the LTIP, the Group operates a Restricted Equity Plan (REP) which allows the Board to make ad-hoc offers of Restricted Shares or Deferred Share Rights for the purpose of attracting, retaining and motivating key employees within the Group. Deferred Share Rights and Restricted Shares held by each executive of the Group are shown in section 10 of this Remuneration Report.	Section 4(E)

A. Remuneration mix and levels

Remuneration packages are structured to ensure that a significant portion of an executive's reward depends on achieving business objectives, including the creation of shareholder value. Accordingly, the proportion of remuneration that is at risk (being the short-term and long-term incentive elements) increases for more senior positions in the Group. The structure and relative proportion of each element is held as consistent as practicable on a global basis.

Table 4.1 includes the annual remuneration mix of executives serving in their role as at 30 June 2014 for FY14 and FY15. The actual remuneration mix for executives will vary depending on the level of performance achieved at an organisational and individual level – Table 8.1 includes the percentage of total remuneration received as performance-based incentives (i.e. STIP, LTIP and REP).

An objective of the Group's Remuneration Policy is that remuneration levels properly reflect the duties and responsibilities of executives. The Group's remuneration levels are benchmarked annually using information and advice from independent external consultants.

The HRC will generally review the remuneration of the CEO on an annual basis and make appropriate recommendations to the Board. The fixed remuneration for the current CEO will not be reviewed until September 2016 – two remuneration cycles after Mr Clarke commenced in his role with the Group.

The CEO, in conjunction with the HRC, will review the remuneration of the executives and make appropriate recommendations to the Board. The executives will review their direct reports' remuneration arrangements annually, and submit their recommendations for approval to the CEO, via the annual remuneration review process.

B. Fixed remuneration

All executives receive a fixed remuneration component as per their employment contract. In general, fixed remuneration is set by reference to:

- the market median for comparable organisations;
- the scope of the role; and
- the level of knowledge, skills and experience required of the individual.

Different markets are considered relevant for different KMP roles. The Group looks at industry and general market peers, with key quantitative criteria applied (such as market capitalisation and revenue). Both Australian and global peers are considered, reflecting the complexity of roles in a global business and the Group's international lens on talent. Executive peer groups are reviewed regularly for accuracy and alignment with the nature of the business.

Executives' fixed remuneration is structured as:

- **Total Fixed Remuneration** (TFR) (for Australian-based executives) – inclusive of cash salary, mandatory employer superannuation contributions, and any other packaged benefits (e.g. motor vehicle leasing arrangements, additional superannuation contributions). Executives may also receive non-monetary benefits (wine allocations, event tickets, car parking, etc.) as part of their TFR (inclusive of Fringe Benefits Tax). References to 'fixed remuneration' in this report refer to the TFR component for these executives; or
- **Base salary plus benefits** consistent with local market competitive practice (for executives based outside Australia) – which may vary by country. References to 'fixed remuneration' in this report refer to the base salary component for these executives.

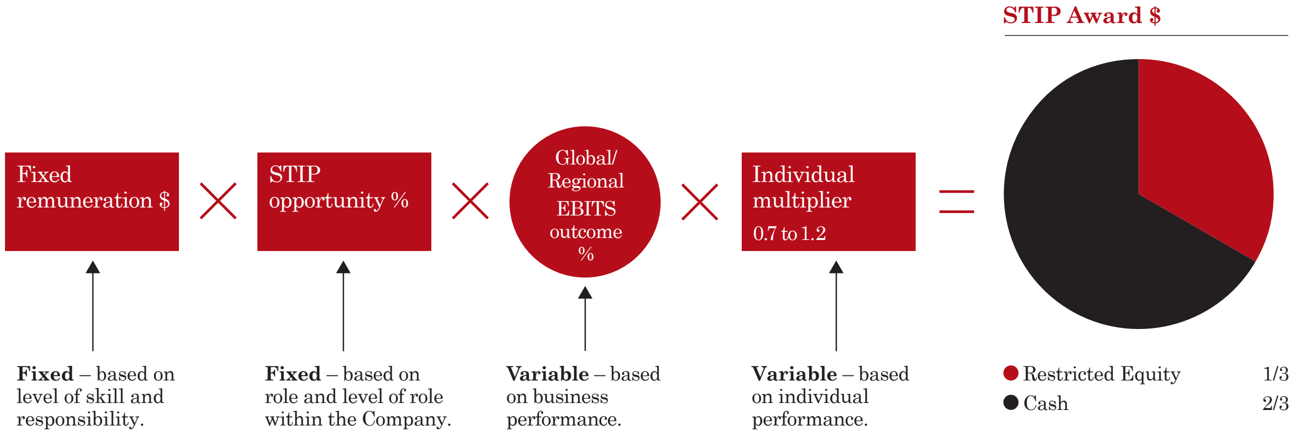
Fixed remuneration is generally reviewed on an annual basis in July–August, with any changes effective from 1 September. Executive roles introduced during FY14, being the Chief Commercial Officer roles, were subject to a fixed remuneration increase upon appointment. No other executives received a fixed remuneration increase in FY14. As detailed in section 2, fixed remuneration increases for executives are planned for FY15. Detail of this will be included in the FY15 Remuneration Report.

C. Short-term incentive plan (STIP)

The FY14 STIP offered by the Group is linked to the achievement of pre-determined Group and individual financial and non-financial performance measures. To generate a payment under the STIP, prior year constant currency EBITS (excluding material items) performance must be exceeded by 5% (threshold).

FY14 was the last year that the Group operated the STIP in the manner detailed below. A new plan has been developed for FY15, which is effective 1 July 2014. The FY15 STIP will be structured by way of a Balanced Scorecard, providing specific and measurable targets. The Scorecard is weighted 70% financial measures (both Group and function-specific, where relevant) and 30% strategic/operational measures.

The approved FY14 STIP methodology for executives was:



The key terms of the FY14 STIP are summarised in Table 4.2.

Table 4.2: Terms of the FY14 STIP

ELEMENT	DETAIL
STIP opportunity	The STIP opportunity is a set percentage of fixed remuneration, and varies by employee depending on the type and seniority of the role within the Company. For superior EBITS performance, executives can earn up to 180% of fixed remuneration, which is achieved when the individual receives the highest performance rating (an individual multiplier of 1.2). However, for exceptional Company performance beyond that contemplated in setting targets, participants can earn in excess of this. The Board believes that the opportunity to exceed hurdles will motivate exceptional business performance, which, in turn, will result in shareholder benefits.
Performance measures	Vesting of any STIP award is subject to performance against a combination of financial and non-financial measures set at the beginning of the financial year. The Board has the discretion to assess STIP outcomes more holistically, considering both financial and non-financial performance in making any adjustments to the STIP outcome. The intention of the Board exercising its discretion is to ensure that any STIP awards payable are appropriately aligned to TWE's underlying performance and the interests of shareholders. *Financial measure – global EBITS outcome* The financial measure of the STIP is operating profit defined as EBITS, excluding material items. The adjustment to self-generating and regenerating assets (SGARA) is excluded to reflect the fair value adjustment each financial year, which is largely due to environmental and market conditions not within the Group's control. The Board believes that management should be incentivised on an earnings figure pre-SGARA to motivate management to maximise real returns. Global EBITS is the sole financial measure for participants for FY14, and therefore also forms a gateway for the STIP such that where the threshold level of EBITS performance is not met, no STIP awards will be made. *Non-financial measure – KPO outcome (individual multiplier)* The non-financial measure encompasses individual KPOs, which include measures designed to ensure that individual behaviours are aligned with business objectives, including: • **strategic measures** – focused on the development and implementation of strategies to ensure the success of the Group in the long term; • **process measures** – focused on the development and implementation of processes for the Group to promote efficiency and performance into the future; and • **behavioural measures** – focused on ensuring actions are performed in such a way that they promote the internal behavioural values of the Company.
STIP Deferred Share component	To further align executive remuneration with shareholder interests, one-third (or such other portion as determined by the Board) of any executive's FY14 STIP that is awarded is delivered as Restricted Equity in the form of Deferred Shares (or Deferred Share Rights in jurisdictions where local legislations do not allow the allocation of Deferred Shares). The balance of any vested award is delivered as cash. The Restricted Equity is subject to a mandatory two-year disposal restriction period and continued employment with the Group. Participants are entitled to dividends and voting rights in respect of their Restricted Shares (does not apply to Deferred Share Rights). The Board has absolute discretion as to whether participants retain their unvested Restricted Equity upon ceasing employment, taking into account the circumstances of their departure.
Cessation of employment	**Prior to STIP payment date** – under the STIP guidelines for FY14, if an executive ceases employment with the Group prior to any STIP awards being paid (i.e. September 2014), they are generally not entitled to receive any cash STIP payment or corresponding Restricted Equity. **Post-STIP payment date** – if the executive is dismissed for cause, tenders his/her resignation, is terminated for performance reasons (as determined by the Board) or commits an act that the Board deems to result in forfeiture after STIP awards have been allocated, then any Restricted Equity will generally be forfeited. Cash payments are not subject to any clawback, should the executive leave the Group at any time post-payment date.
Change of control	In the event of a change of control, unless the Board determines otherwise, the transfer restrictions imposed on the shares will be lifted, but only in so far as to permit the executive to participate in the change of control event. Any shares that do not participate in the change of control event will continue to be subject to restrictions until the end of the applicable restriction period.
Clawback	The Board maintains the discretion to clawback any unvested equity should a clawback event arise, such as (but not limited to) material mis-statement, which was not apparent at the time the equity was awarded.

i. FY14 STIP targets
The targets in respect of the FY14 STIP were set at the beginning of the financial year:

- EBITS STIP targets were set by the Board against prior year results;
- The CEO's individual KPOs were set by the Board; and
- All other executives' individual KPOs were set by the CEO (taking into consideration the Group's objectives, the CEO's own KPOs and relevant business unit strategy).

The Board assesses the CEO's performance at the end of the financial year; the CEO (in conjunction with the Board) assesses the executives' performance; and the executives, in turn, assess their respective teams' performance.

To generate a payment under the FY14 STIP, prior year constant currency EBITS performance must have been exceeded by 5% (threshold). For threshold performance, vesting commenced at 25% of the opportunity level.

EBITS performance is assessed at the end of the financial year against full-year audited accounts.

All individual KPOs are assessed under the Group's performance management framework. KPO performance translates into an individual performance multiplier based on the overall performance rating received. If KPO targets are not achieved, no payments are made (regardless of EBITS results). Based on individual performance against KPOs, the individual multiplier range is 0.7 to 1.2.

The Group undertakes a calibration process across the entire business to ensure that there is an appropriate distribution of performance ratings. Each of the CEO's direct reports and their leadership teams meet to discuss preliminary performance ratings for their teams. This calibration process seeks to ensure that each leader is applying a consistent interpretation of the performance levels and ratings applied.

Refer section 7(B) for FY14 STIP outcomes.

ii. FY15 STIP targets
The Board has approved a set of Balanced Scorecard measures to apply to participants in FY15. The measures will be weighted 70% financial and 30% strategic and operational – ensuring that the focus is still on increasing the Group's profitability. Some of the measures which will be used in the Balanced Scorecards are provided below:

- **Financial measures:** global and regional EBITS, gross margin, cost saving/efficiency measures, improving balance sheet measures, and improving forecast accuracy measures.
- **Strategic and operational measures:** actions to drive return on capital employed, improved cash conversion, metrics supporting the increased premiumisation of the TWE portfolio, and alignment with the new TWE growth behaviours (focus, belief, trust and collaboration).

The specific targets applying to the new FY15 STIP have been approved by the Board, however these will not be disclosed at this time due to the nature and sensitivity of the measures. Performance against these targets will be disclosed retrospectively in the FY15 Remuneration Report.

D. Long-term incentive plan (LTIP)
The LTIP has been designed to provide reward for long-term executive performance and long-term value creation for shareholders.

LTIP awards are delivered in the form of Performance Rights. No dividends or voting rights are attached to Performance Rights. If the performance conditions are met at the end of the three-year performance period, the relevant portion of Performance Rights automatically vests and executives receive a share for each vested Performance Right. No amount is payable on the vesting of the Performance Rights or on their conversion into shares.

The key terms of the FY14 LTIP are summarised in Table 4.3.

Table 4.3: Terms of the FY14 LTIP

ELEMENT	DETAIL
Eligibility	Offers were made to select executives and senior leaders, as nominated by the CEO and approved by the Board.
CEO offer	As a matter of good corporate governance, the Company seeks shareholder approval for CEO equity grants at its Annual General Meeting (AGM). There was no FY14 CEO LTIP offer. The Company will seek shareholder approval at the 2014 AGM for an FY15 LTIP offer to the CEO.
Performance period	The performance period for the LTIP is three years – from 1 July 2013 to 30 June 2016. The Board considers that three years is an appropriate performance period as it is aligned to market practice and is sufficiently long-term to influence the desired performance outcomes, whilst providing a forseeable and genuine incentive to participants.
Performance measures	The FY14 LTIP is subject to two performance measures which are weighted equally and assessed at the end of the performance period. The Board has chosen performance measures that align management's long-term interests with those of shareholders. These measures are considered consistent with market practice and are easily understood by both participants and shareholders. • **Relative TSR** is a measure that is well regarded by investors and most common across ASX-listed companies. TSR provides shareholder alignment by taking into consideration the increase in share price as well as dividends paid. The relative measure supports competitive returns as compared to other comparable organisations. • **EPS** compound annual growth rate (CAGR) is closely aligned to increases in shareholder value. EPS takes account of the Group's operating profit, capital structure and tax strategy over the medium-term. The peer group for relative TSR comprises companies within the S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance Global Industry Classification Standards sectors (111 companies at the start of the performance period). This peer group was chosen as these organisations exhibit similar characteristics in terms of business cyclicality, market capitalisation, stock volatility and business operations, and provide a sufficiently large population to minimise the risk of attrition. The relative TSR peer group remains relatively broad as there are too few industry peers (i.e. within the Consumer Goods/Distillers and Vintners subgroup) to make additional sector exclusions viable. The manner of assessing performance against the two performance measures is: • **Relative TSR** – the Group will receive an independent report that sets out the Group's TSR growth and that of each organisation in the peer group. The level of TSR growth achieved by the Group will be given a percentile ranking having regard to its performance compared with the performance of other companies in the peer group (the highest ranking organisation being ranked at the 100th percentile). This ranking will determine the extent to which awards subject to this measure will vest. TWE applies a 90-day VWAP to determine the start and ending share price to determine the relative TSR measure. • **EPS** – the Group's EPS growth rate will be calculated excluding SGARA and material items. The Board retains the discretion to adjust the EPS performance condition to ensure that participants are not penalised nor provided with a windfall benefit arising from matters outside of management's control that affect EPS (for example, one-off non-recurrent items).

Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to relative TSR measure which vest**
	Below 50th percentile	0%
	50th to 75th percentile	50–100%
	At or above 75th percentile	100%
EPS growth vesting schedule	**% EPS CAGR**	**% of Performance Rights subject to EPS measure which vest**
	Less than 7.5%	0%
	7.5% to 15%	0–100%
	15% or more	100%

Table 4.3: Terms of the FY14 LTIP / continued

ELEMENT	DETAIL
LTIP opportunity	The maximum value of an individual's LTIP opportunity is determined at the time of offer, and is set as a percentage of a participant's fixed remuneration. The percentage of fixed remuneration varies depending on the individual's role, and is 200% for the CEO and 150% for the other executives in FY14. For FY14, the number of Performance Rights allocated was based on the 30-day VWAP preceding 1 July 2013 (the start of the performance period).
Hedging	The terms and conditions surrounding the FY14 LTIP do not allow participants to hedge against future performance by entering into any separate equity or other arrangements.
Cessation of employment	If an executive ceases employment before the end of the performance period, unvested Performance Rights will generally lapse. In exceptional circumstances (such as redundancy, death or disability), the Board, in its discretion, may determine that a portion of the award is retained having regard to performance and time lapsed to date of cessation (or that an equivalent cash payment be made). Retained awards will generally be subject to post-employment vesting, where the participant must continue to hold the relevant Performance Rights until the end of the performance period, and be subject to the performance conditions under the plan.
Change of control	If a change of control event is to occur, the Board has discretion to determine that all or a portion of the award will vest, and may have regard to performance and time elapsed to the date of change of control in exercising that discretion.

i. FY14 LTIP awards

KEY DATES
Grant date: 28 February 2014
Vesting date: 30 June 2016

The valuation of FY14 LTIP awards made to executives is summarised in Table 4.4.

Table 4.4: FY14 LTIP valuations

PERFORMANCE MEASURE	FAIR VALUE ($)	SHARE PRICE AT GRANT DATE ($)	EXPECTED VOLATILITY (%)	EXPECTED LIFE (YEARS)	EXPECTED DIVIDEND YIELD (%)	RISK-FREE INTEREST RATE (%)
Relative TSR	0.71	3.87	31	3	2.6	2.68
EPS	3.64					

An explanation of the pricing model used to calculate the fair value of awards is set out in note 24 of the Consolidated Financial Statements.

The allocation of FY14 LTIP awards made to executives is summarised in Table 4.5.

Table 4.5: FY14 LTIP Performance Rights[1]

EXECUTIVE	NUMBER OF AWARDS GRANTED	VALUE AT GRANT DATE ($)[2]	MAXIMUM VALUE YET TO VEST ($)[3]
Current (as at 30 June 2014)			
AJ Carter	112,054	243,717	243,717
SL LeDrew	88,392	192,253	192,253
SC McNab	106,451	231,531	231,531
AJ Reeves	133,701	290,800	290,800

1. Table 4.5 reports only executives who were KMP at the grant date, 28 February 2014.
2. The value at grant date is calculated based on the fair values shown in Table 4.4.
3. The maximum value is calculated based on the fair values shown in Table 4.4. The minimum total value of the grant is zero.

ii. FY15 LTIP awards

The Board considered the appropriateness of performance measures and vesting schedules for the FY15 LTIP. A detailed review of the relevant practice in the market was undertaken.

From FY15, TWE will commence using the 90-day VWAP up to and including 30 June for the calculation of the number of Performance Rights granted to each participant. The Board believes that using the 90 days leading up to the performance period will help to smooth out any volatility that may apply to the TWE share price.

The other key changes to the FY15 LTIP, including the new vesting schedules, are detailed in Table 4.6. All other LTIP terms, including LTIP opportunity levels for executives, remain unchanged from FY14.

Table 4.6: Terms of the FY15 LTIP

ELEMENT	DETAIL	
Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to relative TSR measure which vest**
	Below 50th percentile	0%
	50th to 75th percentile	35–100%
	At or above 75th percentile	100%
EPS growth vesting schedule	**% EPS CAGR**	**% of Performance Rights subject to EPS measure which vest**
	Less than 7.5%	0%
	7.5% to 15%	35–100%
	15% or more	100%
Change of control *(CEO only)*	For the CEO, upon a change of control event, the Board will exercise its discretion to vest all of the FY15 LTIP offer subject to the Board assessing performance against applicable vesting conditions. As Mr Clarke commenced with the Group in March 2014, the FY15 LTIP will be submitted to shareholders for approval at the 2014 AGM. In the event of a change of control prior to the 2014 AGM, TWE will make a cash payment to Mr Clarke to put him in the same position as if the FY15 LTIP has been issued and fully vested. This condition is only applicable to the CEO's FY15 LTIP offer – any future LTIP offers will be in accordance with the Company's normal position under the plan rules.	

The changes to the vesting schedules for EPS and TSR mean that both measures commence vesting at 35% at their respective cut-in points (performance thresholds remain unchanged). The Board believes this better balances and aligns both shareholders' and participants' interests.

The amendment to the FY15 LTIP rules in relation to the CEO's participation in the plan reflected TWE's desire to attract the right calibre of talent for the CEO role, and then subsequently Mr Clarke's commitment to relocate to Melbourne. This was agreed in his contract of employment upon joining the Group. As indicated, this is a one-off for the FY15 offer, which will not be replicated in any future plan years.

E. Restricted equity plan (REP)

From time to time, the Board may make offers to executives under the REP, in order to attract and retain the critical skills and talent for the Group where existing arrangements may not be sufficiently flexible for this purpose. In general, Restricted Equity awards are restricted for a period of three years during employment. Generally, if the executive resigns or is dismissed for cause prior to the end of the restriction period, the Restricted Equity awards will be forfeited.

Retention incentives were provided during FY14 comprising Deferred Share Rights/Restricted Shares that are subject to restriction periods as per Table 4.7. These awards are provided as a retention incentive, in order to retain key talent during the CEO transition.

Table 4.7: FY14 Restricted Equity movements[1]

EXECUTIVE	INSTRUMENT TYPE	ALLOCATION DATE	NUMBER	VALUE AT ALLOCATION DATE ($)[2]	VESTING DATE
Current (as at 30 June 2014)					
AJ Carter	Deferred Share Rights	28 February 2014	40,821	164,998	28 February 2017
		30 April 2014	110,946	412,497	1 July 2017
SL LeDrew	Restricted Shares	28 February 2014	32,201	130,156	28 February 2017
		30 April 2014	99,374	369,473	1 July 2017
SC McNab	Deferred Share Rights	28 February 2014	38,780	156,749	28 February 2017
		30 April 2014	105,399	391,873	1 July 2017
AJ Reeves	Deferred Share Rights	28 February 2014	83,498	337,499	28 February 2017
		30 April 2014	121,032	449,997	1 July 2017

Mr Clarke did not receive any Restricted Equity allocations in FY14.

1. Table 4.7 reports only executives who were KMP at the allocation dates.
2. The value at allocation date is calculated based on the allocation price. The allocation price for 28 February 2014 was $4.042, and $3.718 for 30 April 2014.

F. Prior years equity arrangements

The following section details all outstanding legacy equity arrangements, including relevant FY14 vesting events, for executives.

F.1 STIP

i. FY13 STIP Deferred Shares

No awards were made in respect of the FY13 STIP.

ii. FY12 STIP Deferred Shares

The terms and conditions of the FY12 STIP Deferred Shares for executives are summarised in Table 4.8.

Table 4.8: Plan terms and conditions

Grant date	14 September 2012
Vesting date	13 September 2014
Mechanism	Restricted Shares, subject to two-year disposal restriction
Grant price	VWAP $4.780

The STIP Deferred Shares allocated in respect of FY12 performance are currently outstanding as detailed in Table 4.9. The awards are due to be released from restriction on 13 September 2014, subject to ongoing employment as per the plan rules.

Table 4.9: FY12 STIP Deferred Shares[1]

EXECUTIVE	NUMBER OF AWARDS GRANTED	VALUE AT GRANT DATE ($)	MAXIMUM TOTAL VALUE YET TO VEST ($)[2]
Current (as at 30 June 2014)			
AJ Carter[3]	9,268	44,301	44,301
SL LeDrew[3]	5,052	24,149	24,149
SC McNab	47,168	225,463	225,463

Mr Clarke and Mr Reeves were not employed by the Group at the time of the FY12 STIP Deferred Share allocation.

1. Table 4.9 reports only executives who were KMP at 30 June 2014.
2. The maximum value is calculated based on the grant price. The minimum total value of the grant is zero.
3. Mr Carter and Ms LeDrew received pro-rata FY12 STIP awards to reflect their period of service – both commenced employment with the Group during FY12.

iii. FY11 STIP Deferred Shares

The terms and conditions of the FY11 STIP Deferred Shares for executives are summarised in Table 4.10.

Table 4.10: Plan terms and conditions

Grant date	15 September 2011
Vesting date	14 September 2013
Mechanism	Restricted Shares, subject to two-year disposal restriction
Grant price	VWAP $3.362
Closing share price at vesting date	$4.79

The STIP Deferred Shares allocated in respect of FY11 performance vested in FY14 in accordance with Table 4.11. The awards are not subject to any further disposal or other restrictions.

Table 4.11: FY11 STIP Deferred Shares[1]

EXECUTIVE	NUMBER OF SHARES RELEASED	VALUE VESTED ($)[2]
Current (as at 30 June 2014)		
SC McNab	40,150	192,319
Former		
DCM Dearie[3]	14,257	68,291
PD Conroy	18,501	88,620

Mr Reeves and Ms Collins were not employed by the Group at the time of the FY11 STIP Deferred Share allocation.

1. Table 4.11 reports only executives who were KMP at the vesting date, 14 September 2013.
2. The value vested is calculated based on the closing share price at the vesting date.
3. The FY11 STIP Deferred Shares were released from restriction prior to Mr Dearie's cessation of employment. As such, the shares vested as per the normal process and were not subject to any further restrictions or clawback.

F.2 LTIP

i. FY13 LTIP awards

The terms and conditions of the FY13 LTIP awards for executives are summarised in Table 4.12.

Table 4.12: Plan terms and conditions

Grant date	22 November 2012
Vesting date	30 June 2015
Fair value at grant date	Relative TSR – $3.35 EPS – $4.75
Closing share price at grant date	$5.16

The vesting schedules for the FY13 LTIP awards are shown in Table 4.13.

Table 4.13: Vesting schedules

Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to relative TSR measure which vest**
	Below 50th percentile	0%
	50th to 75th percentile	50–100%
	At or above 75th percentile	100%
EPS growth vesting schedule	**% EPS CAGR**	**% of Performance Rights subject to EPS measure which vest**
	Less than 5%	0%
	5% to 15%	0–100%
	15% or more	100%

The Performance Rights allocated in respect of the FY13 LTIP are currently outstanding as detailed in Table 4.14. The awards are due to vest, subject to testing of the performance conditions, after 30 June 2015.

Table 4.14: FY13 LTIP Performance Rights[1]

EXECUTIVE	NUMBER OF AWARDS GRANTED	VALUE AT GRANT DATE ($)[2]	MAXIMUM VALUE YET TO VEST ($)[3]
Current (as at 30 June 2014)			
AJ Carter	119,704	484,801	484,801
SL LeDrew	134,307	543,943	543,943
SC McNab	181,004	733,066	733,066

1. Table 4.14 reports only executives who were KMP at 30 June 2014.
2. The value at grant date is calculated based on the fair values shown in Table 4.12.
3. The maximum value is calculated based on the fair values shown in Table 4.12. The minimum total value of the grant is zero.

ii. FY12 LTIP awards

The terms and conditions of the FY12 LTIP awards for executives are summarised in Table 4.15.

Table 4.15: Plan terms and conditions

	DAVID DEARIE[1]	ALL OTHER PARTICIPANTS
Grant date	25 November 2011	13 April 2012
Vesting date	N/A	30 June 2014
Fair value at grant date	Relative TSR – $2.61 EPS – $3.43	Relative TSR – $3.21 EPS – $4.06
Closing share price at grant date	$3.76	$4.35
Closing share price at vesting date	N/A	$5.01

1. Mr Dearie exited the business prior to the vesting date for the FY12 LTIP. The Board deemed that Mr Dearie would forfeit all units under the FY12 LTIP at his time of exit. 787,172 Performance Rights under the FY12 LTIP were forfeited upon departure.

The vesting schedules for the FY12 LTIP awards are shown in Table 4.16.

Table 4.16: Vesting schedules

Relative TSR vesting schedule	**Relative TSR ranking**	**% of Performance Rights subject to relative TSR measure which vest**
	Below 50th percentile	0%
	50th to 75th percentile	50–100%
	At or above 75th percentile	100%
EPS growth vesting schedule	**% EPS CAGR**	**% of Performance Rights subject to EPS measure which vest**
	Less than 10%	0%
	10% to 20%	0–100%
	20% or more	100%

The FY12 LTIP vested on 30 June 2014. 35% of the overall award vested, with the relative TSR measure vesting at 70% (based on TSR performance at the 60th percentile) and nil vesting in relation to the EPS hurdle.

Table 4.17 details the shares provided to executives on vesting of FY12 LTIP awards, and Performance Rights which lapsed during FY14.

Table 4.17: Vesting/lapse of FY12 LTIP[1]

EXECUTIVE	NUMBER OF PERFORMANCE RIGHTS GRANTED[2]	NUMBER OF ORDINARY SHARES ISSUED ON VESTING OF RIGHTS	VALUE VESTED ($)[3]	NUMBER OF RIGHTS WHICH LAPSED	VALUE LAPSED ($)[3]
Current (as at 30 June 2014)					
AJ Carter	109,626	38,369	192,229	71,257	356,998
SL LeDrew	156,290	54,701	274,052	101,589	508,960
SC McNab	228,499	79,974	400,670	148,525	744,108

Mr Clarke and Mr Reeves were not employed by the Group at the time of the FY12 LTIP allocation.

1. Table 4.17 reports only executives who were KMP at the vesting date, 30 June 2014.
2. Represents the original number of Performance Rights granted under the FY12 LTIP.
3. The value vested and value lapsed are calculated based on the closing share price at the vesting date.

iii. FY11 LTIP Demerger awards – Offer 2

In FY11, upon demerger, a number of the LTIP offers that had been made to executives employed by Foster's Group Limited (FGL LTIP) were forfeited. The grant of one-off Demerger awards in the form of LTIP Performance Rights was approved by the Board prior to demerger.

Participants received up to two offers of Performance Rights (Offers 1 and 2), which aligned the original FGL LTIP entitlements that were forfeited with the following:

- performance period end dates (approximately one and two years from the grant date); and
- performance measures (equal weighting for Absolute TSR and Return on Capital Employed (ROCE)).

The targets were set as appropriate for the Group.

Offer 1 vested on 17 September 2012, as detailed in the FY13 Remuneration Report. The terms and conditions of Offer 2 are summarised in Table 4.18.

Table 4.18: Plan terms and conditions

Grant date	6 June 2011
Vesting date	22 September 2013
Fair value at grant date	Absolute TSR – $0.86 ROCE – $3.22
Closing share price at grant date	$3.46
Closing share price at vesting date	$4.75

The vesting schedules for Offer 2 are shown in Table 4.19 below.

Table 4.19: Offer 2 Vesting schedules

Absolute TSR vesting schedule	**% Absolute TSR CAGR**	**% of Performance Rights subject to absolute TSR measure which vest**
	Less than 7%	0%
	7% to 18%	0–50%
	18% to 30%	50–100%
	30% or more	100%
ROCE vesting schedule	**% ROCE CAGR**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 8%	0%
	8% to 10%	25–50%
	10% to 14%	50–100%
	14% or more	100%

The FY11 LTIP Demerger Offer 2 vested on 22 September 2013. 27.8% of the overall award vested, with absolute TSR growth vesting at 55.6% and nil vesting in relation to the ROCE hurdle.

Table 4.20 details the shares provided to executives on vesting of FY11 LTIP Demerger Offer 2 awards, and Performance Rights which lapsed during FY14.

Table 4.20: Vesting/lapse of Offer 2[1]

EXECUTIVE	NUMBER OF PERFORMANCE RIGHTS GRANTED[2]	NUMBER OF ORDINARY SHARES ISSUED ON VESTING OF RIGHTS	VALUE VESTED ($)[3]	NUMBER OF RIGHTS WHICH LAPSED	VALUE LAPSED ($)[3]
Current (as at 30 June 2014)					
SC McNab	47,834	13,297	63,161	34,537	164,051
Former					
DCM Dearie[4]	174,638	48,549	230,608	126,089	598,923
PD Conroy	122,784	34,133	162,132	88,651	421,092

Mr Reeves and Ms Collins did not receive Demerger Awards, as they were not employed by Foster's Group Limited.

1. Table 4.20 reports only executives who were KMP at the vesting date, 22 September 2013.
2. Represents the original number of Performance Rights granted under the FY11 LTIP Demerger Offer 2.
3. The value vested and value lapsed are calculated based on the closing share price at the vesting date.
4. Mr Dearie exited the business on 22 September 2013; as such, his FY11 LTIP Demerger Offer 2 was subject to testing as per the standard plan timeline. He subsequently retained all vested shares at his departure date, which were no longer subject to any further restriction or clawback.

F.3 REP

i. FY12 Targeted Restricted Share awards

In FY12, Ms LeDrew was granted a sign-on award of Targeted Restricted Shares, on terms summarised in Table 4.21. These shares are held in Ms LeDrew's name, but are subject to disposal restrictions. The Targeted Restricted Shares were released from restriction on 3 March 2014 as detailed in Table 4.21.

Table 4.21: Plan terms and outcomes

Executive	Sandra LeDrew
Grant date	3 February 2012
Grant price	VWAP $3.48
Number of awards granted	46,089
Value at grant date	$160,390
Restrictions lifted	3 March 2014
Closing share price at vesting date	$3.89
Number of shares released	46,089
Value at vesting date[1]	$179,288

1. The value at vesting date is calculated based on the closing share price at the vesting date.

ii. FY11 Targeted Restricted Share Demerger awards

In FY11, upon demerger, executives also forfeited a number of their Restricted Share offers. Targeted Restricted Share Demerger award offers were made to certain executives.

Participants received up to two offers of Targeted Restricted Shares, with restriction end dates that aligned with Foster's Group Limited's Targeted Restricted Share offers that lapsed on demerger.

The terms and conditions of the FY11 Targeted Restricted Share Demerger awards for executives are summarised in Table 4.22.

Table 4.22: Plan terms and conditions

	OFFER 1	OFFER 2
Grant date	3 June 2011	3 June 2011
Restrictions lifted	7 July 2013	15 November 2013
Grant price	VWAP $3.42	VWAP $3.42
Closing share price at vesting date	$5.84	$5.09

Table 4.23 details the FY11 Targeted Restricted Share Demerger awards which were released from restriction during FY14.

Table 4.23: FY11 Targeted Restricted Share Demerger awards

	OFFER 1			OFFER 2		
EXECUTIVE	RESTRICTIONS LIFTED	NUMBER OF SHARES RELEASED	VALUE VESTED ($)[1]	RESTRICTIONS LIFTED	NUMBER OF SHARES RELEASED	VALUE VESTED ($)[1]
Former						
DCM Dearie[2]	7 July 2013	84,041	490,799	15 November 2013	–	–
PD Conroy	7 July 2013	64,073	374,186	15 November 2013	33,974	172,928

No other executives received targeted Demerger Awards.

1. Value vested calculated based on the closing share price at the vesting date.
2. Mr Dearie exited the business on 22 September 2013. Offer 1 had vested at this point; Mr Dearie retained the shares released under this offer, which were not subject to any further restriction or clawback. The Board deemed that Mr Dearie would forfeit all units under Offer 2 at his time of exit. 33,974 shares under FY11 Targeted Restricted Share Demerger Award (Offer 2) were forfeited upon departure.

iii. FY11 Targeted Restricted Share awards

In FY11, Mr Fleming was granted a sign-on award of Targeted Restricted Shares, on terms summarised in Table 4.24. These shares were held in Mr Fleming's name, but were subject to disposal restrictions.

Table 4.24: Plan terms and outcomes

Executive	Mark Fleming
Grant date	3 June 2011
Grant price	VWAP $3.42
Number of awards granted	110,974
Value at grant date	$379,531
Restrictions lifted	Tranche 1: 5 May 2012; Tranche 2: 5 May 2013; Tranche 3: 5 May 2014
Closing share price at final vesting date	$3.94

Tranches 1 and 2 were released from restriction in FY12 and FY13, respectively. Mr Fleming exited the business on 1 July 2013. The Board exercised its discretion to allow Mr Fleming to retain the full amount of his 36,992 remaining Restricted Shares under Tranche 3 of his FY11 Targeted Award upon his departure, which were released post-employment on the same terms and conditions as the original awards.

SECTION 5: CHIEF EXECUTIVE OFFICER CONTRACT TERMS

A. Contract

A summary of the key terms of employment for the CEO is presented in Table 5.1.

Table 5.1: Summary of the key terms of employment for the CEO

		TERMINATION PROVISIONS	
EXECUTIVE	ROLE	NOTICE BY THE GROUP	NOTICE ON RESIGNATION
MA Clarke	Chief Executive Officer	6 months (plus 6 months' severance pay)	6 months

There is no fixed term for the CEO contract. The Company may terminate the service agreement immediately for cause, in which case the CEO is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

B. Fixed remuneration

Mr Clarke's remuneration package was determined using external benchmarks and professional advice. In considering this information, the Board determined the TFR for Mr Clarke at $1,700,000 per annum. Mr Clarke's contract of employment stipulates that the fixed component of his remuneration package will not be reviewed again by the Board until September 2016 – two remuneration cycles after Mr Clarke commenced in his role with the Company.

C. STIP

As Mr Clarke commenced his role on 31 March 2014, he was not eligible to participate in the FY14 STIP as the Board viewed it would be more relevant to reward Mr Clarke for the future performance of TWE. Mr Clarke will participate in the FY15 STIP.

Mr Clarke's FY15 STIP opportunity level will be 100% of TFR for target performance and will be capped at 135% of TFR for outperformance. Any STIP award made to Mr Clarke will be delivered as one-third TWE shares, and the remaining portion as cash.

D. LTIP

There was no FY14 CEO LTIP offer.

Mr Clarke will be invited to participate in the FY15 LTIP. Mr Clarke's FY15 LTIP opportunity level will be 200% of TFR. The FY15 LTIP will be submitted to shareholders for approval at the 2014 AGM.

Upon a change of control event, the Board will exercise its discretion and vest all of the FY15 LTIP offer subject to the Board assessing performance against applicable vesting conditions. In the event of a change of control prior to the 2014 AGM, TWE will make a cash payment to Mr Clarke to put him in the same position as if the FY15 LTIP had been issued and fully vested.

E. REP

There were no FY14 CEO REP offers.

F. Other benefits

In order to take up the Melbourne-based CEO role, the Group provided a level of assistance to relocate Mr Clarke and his family from the United Kingdom to Australia. The value of relocation assistance provided during FY14 to the CEO is detailed under 'non-monetary benefits' in Table 8.1.

SECTION 6: EXECUTIVES' CONTRACT TERMS

A summary of the key terms of employment for executives as at 30 June 2014 is presented in Table 6.1.

There is no fixed term for executive contracts. The Company may terminate service agreements immediately for cause, in which case the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Table 6.1: Summary of the key terms of employment for executives

		TERMINATION PROVISIONS	
EXECUTIVE	ROLE	NOTICE BY THE GROUP	NOTICE ON RESIGNATION
Current (as at 30 June 2014)			
AJ Carter	Chief Commercial Officer – APAC and EMEA	6 months (plus 6 months' severance pay)	6 months
SL LeDrew	Chief Commercial Officer – Americas	12 months	1 month
SC McNab	Chief Supply Officer	12 months	3 months
AJ Reeves	Chief Financial Officer	6 months (plus 6 months' severance pay)	6 months

SECTION 7: REMUNERATION OUTCOMES

A. Link between Group performance and executive remuneration

The Board considers the link between remuneration and organisational performance to be of considerable importance. The remuneration of executives is linked to the Group's performance through the use of targets based on the operating performance of the business for both STIPs and LTIPs.

As the Group has only been listed since May 2011, it is not possible to present five years of financial performance data.

B. STIP remuneration outcomes

Table 7.1 shows the Group's EBITS performance, excluding material items, for FY12–FY14, with associated STIP outcomes.

Table 7.1: EBITS performance

PERIOD	EBITS PERFORMANCE		STIP PAYMENT
FY14	$184.6 million reported	• Decrease of $31.6 million on a reported currency basis from FY13 reported result of $216.2 million. • Decrease of $60.1 million on a constant currency basis from an FY13 constant currency result of $244.7 million.	Nil
FY13	$216.2 million[1] reported	• Increase of $6.0 million on a reported currency basis from FY12 reported result of $210.2 million. • Increase of $8.6 million on a constant currency basis from an FY12 constant currency result of $207.6 million.	Nil
FY12	$210.2 million reported	• Increase of $15.0 million on a reported currency basis from FY11 reported pro-forma result of $195.2 million. • Increase of $32.9 million on a constant currency basis from an FY11 constant currency pro-forma result of $177.3 million.	64.8% of STIP opportunity attributable to Group EBITS result

1. Due to the adoption of new accounting standards, the FY13 EBITS has been adjusted and differs from that reported in the FY13 Remuneration Report.

Under the plan, STIP outcomes are linked to EBITS performance and individual KPOs.

i. FY14 executive STIP outcomes

The Group EBITS result for FY14 was $184.6 million, a decrease of $60.1 million from the FY13 constant currency result.

As the EBITS growth on the prior year constant currency result did not reach the threshold level of 5%, no FY14 STIP payments were made.

As a result, no STIP cash awards or Deferred Share awards were made in respect of FY14, none of the FY14 STIP opportunity will be earned by executives.

C. Long-term performance against key measures

i. LTIP remuneration outcomes

For FY12-FY14, LTIP awards were linked to relative TSR and EPS growth. The performance targets are outlined in section 4.

The FY12 LTIP offer was based on achievement of relative TSR growth and EPS growth targets. The performance targets are outlined in section 4. The FY12 LTIP awards vested on 30 June 2014. 35% of awards vested based on achievement of the relative TSR hurdle (nil awards vested subject to the EPS growth hurdle).

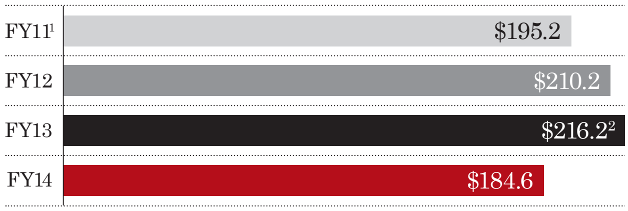
The FY11 LTIP offer was based on achievement of absolute TSR growth and ROCE growth targets. The performance targets are outlined in section 4. The FY11 LTIP Demerger awards (Offer 2) vested on 22 September 2013. 27.8% of awards vested based on achievement of the absolute TSR growth hurdle (nil awards subject to the ROCE hurdle vested).

The Board is committed to providing shareholders with additional information regarding the link between Group performance and executive LTIP reward in future Remuneration Reports once the Group has an established performance history and outcomes have been evaluated.

ii. Financial performance

The financial performance for each financial year since the Group was listed is detailed below:

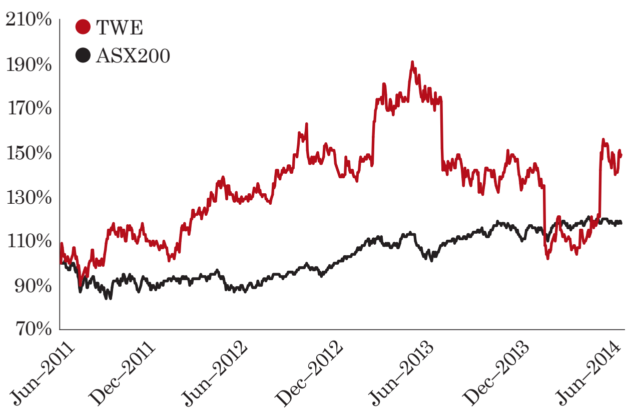
EBITS performance
(A$ million)



EPS
(before material items and SGARA; cents per share)

1. Pro-forma FY11 EBITS: to assist shareholders and other stakeholders in their understanding of the TWE Group's business, pro-forma financial information for the years ending 30 June 2010 and 2011 were provided in the FY11 Annual Report. In preparation of the pro-forma financial information, adjustments were made to the Group's statutory results to present a view of performance as if the internal corporate restructure associated with the demerger had been effective from 1 July 2009.
2. Restated as a result of the adoption of AASB9.
3. Before material items, SGARA and tax consolidation benefit.

Share price
(performance against ASX200)



FINANCIAL YEAR	DATE PAID	DIVIDEND AMOUNT	% FRANKED
FY14	10-Apr-2014	6c	0%
	8-Oct-2013	7c	0%
FY13	17-Apr-2013	6c	50%
	2-Oct-2012	7c	50%
FY12	2-Apr-2012	6c	50%
	6-Oct-2011	6c	50%

SECTION 8: REMUNERATION OF EXECUTIVES

Table 8.1 sets out details of remuneration for the CEO and executives for FY14, calculated in accordance with statutory accounting requirements. All amounts are in Australian dollars and relate only to the portion of the year in which the person occupied the KMP role.

Table 8.1: Remuneration of executives

		SHORT-TERM BENEFITS				
EXECUTIVE	YEAR	SALARY/FEES[1]	LEAVE ACCRUAL[2]	NON-MONETARY BENEFITS[3]	TOTAL CASH INCENTIVE[4]	OTHER PAYMENTS[5]
Current (as at 30 June 2014)						
MA Clarke	**FY14** From 31 Mar 2014	**406,990**	**53,414**	**34,735**	**–**	**13,084**
AJ Carter	**FY14** From 27 Nov 2013	**327,247**	**6,496**	**181,956**	**–**	**–**
SL LeDrew[10]	**FY14** From 27 Nov 2013	**278,028**	**7,821**	**45,246**	**–**	**8,431**
SC McNab	**FY14**	**504,067**	**8,329**	**1,780**	**–**	**–**
	FY13	487,078	785	33,947	–	–
AJ Reeves	**FY14**	**726,064**	**4,443**	**10,773**	**–**	**–**
Former						
DCM Dearie	**FY14** Until 22 Sept 2013	**288,864**	**(4,241)**	**7,993**	**–**	**782**
	FY13	1,281,168	(102,289)	71,283	–	–
WL Every-Burns	**FY14** 23 Sept 2013 – 30 Mar 2014	**1,021,784**	**–**	**21,702**	**–**	**–**
ML Collins	**FY14** Until 26 Nov 2013	**147,497**	**(1,876)**	**6,987**	**–**	**–**
	FY13 From 14 Jan 2013	165,987	16,222	3,965	–	–
PD Conroy	**FY14** Until 26 Nov 2013	**190,869**	**(3,254)**	**2,030**	**–**	**–**
	FY13	500,246	239	6,815	–	–
MJ Fleming[11]	**FY14** Until 1 July 2013	**2,609**	**19,585**	**–**	**–**	**1,400**
	FY13	668,671	53,740	204,543	–	191,480
Total	**FY14**	**3,894,019**	**90,717**	**313,202**	**–**	**23,697**
	FY13	3,103,150	(31,303)	320,553	–	191,480

1. Represents cash salary including any salary sacrificed items such as car parking, charitable donations and novated motor vehicles. FY13 values represent cash salary excluding salary sacrificed items, as disclosed in the FY13 Remuneration Report.
2. Includes any net changes in the balance of annual leave and long service leave (i.e. leave entitlements that accrued during the year but were not used) and any leave paid out upon termination of employment.
3. Includes the provision of car parking, insurances, product allocations, the value of entertainment, international and domestic relocation costs and Fringe Benefits Tax on all benefits where applicable.
4. Represents the nil payments made under the FY14 and FY13 STIPs.
5. Includes relocation allowances, car allowances and payments received upon finalisation of novated leases.
6. Includes a proportion of the fair value of all outstanding LTIP offers at the start of the year, or which were offered during the year. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.
7. Includes a proportion of the fair value of all restricted shares and deferred share rights held under outstanding equity plans (STIP Deferred Shares and Restricted Equity) at the start of the year. No STIP Deferred Shares were awarded in respect of FY13 or FY14. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.

POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS				
SUPERANNUATION	TOTAL AMORTISATION VALUE OF LTIP[6]	OTHER EQUITY[7]	TOTAL	PERFORMANCE-RELATED (%)[8]	TERMINATION BENEFITS[9]
6,351	**–**	**–**	**514,574**	**–**	**–**
29,169	**312,221**	**39,013**	**896,102**	**39%**	**–**
24,277	**200,951**	**62,949**	**627,703**	**42%**	
18,433	**466,745**	**196,914**	**1,196,268**	**55%**	**–**
13,641	282,069	109,905	927,425	42%	–
21,051	**27,867**	**45,562**	**835,760**	**9%**	**–**
18,099	**(1,131,741)[12]**	**(152,356)[12]**	**(972,600)**	**–**	**1,329,287**
17,315	900,587	270,147	2,438,211	48%	–
18,143	**–**	**–**	**1,061,629**	**–**	**–**
13,000	**211,633[13]**	**–**	**377,241**	**56%**	**–**
14,938	98,820	–	299,932	33%	–
17,502	**360,501**	**94,383**	**662,031**	**69%**	**–**
10,544	309,548	218,872	1,046,264	51%	–
–	**–**	**(11,712)[13]**	**11,882**	**–**	**–**
14,319	(169,171)	413,750	1,377,332	18%	660,389
166,025	**448,177**	**274,753**	**5,210,590**		**1,329,287**
70,757	1,421,853	1,012,674	6,089,164		660,389

8. Represents the sum of incentive and Performance Rights/Restricted Shares as a percentage of total remuneration, excluding termination payments.
9. Termination payments made to Mr Dearie and Mr Fleming were in accordance with their contract terms.
10. Ms LeDrew is remunerated in US dollars. Amounts reported are converted to Australian dollars at average AUD:USD exchange rate for FY14 of 0.9183.
11. Mr Fleming exited the business on 1 July 2013. Amounts reported one day of ordinary earnings, annual leave paid out upon termination and amounts received upon finalisation of a novated lease.
12. Mr Dearie exited the business on 22 September 2013, and forfeited his FY12 and FY13 LTIP awards, and FY11 Targeted Restricted Share Demerger award – Offer 2. Under Australian Accounting Standards, the accumulated reserve is reversed upon cessation of employment to the extent forfeited.
13. Mr Fleming exited the business on 1 July 2013, and forfeited his FY12 and FY13 LTIP awards. Tranche 3 of the FY11 Targeted Restricted Shares and FY12 STIP Deferred Shares were retained. Under Australian Accounting Standards, the accumulated reserve is reversed upon cessation of employment to the extent forfeited.

Table 8.2 has been prepared to provide shareholders with an outline of the remuneration which has been received for FY14 as cash, or in the case of prior equity awards, the value which has vested in FY14. Details in this table supplement the statutory requirements in Table 8.1. Unlike the statutory table, which represents remuneration outcomes prepared in accordance with the relevant Australian accounting standards, Table 8.2 shows the actual remuneration value received by executives and is not prepared in accordance with the standards.

Table 8.2: Actual pay and incentives crystallised in FY14 for executives[1]

		CURRENT CASH REMUNERATION EARNED IN FY14			
EXECUTIVE	KMP DATES	FIXED REMUNERATION[2]	STIP (CASH)	INCENTIVES (EQUITY) VESTED[3]	ACTUAL CASH REMUNERATION RECEIVED FY14
Current (as at 30 June 2014)					
MA Clarke	From 31 Mar 2014	413,341	–	–	413,341
AJ Carter	From 27 Nov 2013	356,416	–	192,229	548,645
SL LeDrew	From 27 Nov 2013	302,305	–	453,340	755,645
SC McNab	Full year	522,500	–	656,149	1,178,649
AJ Reeves	Full year	747,115	–	–	747,115
Former					
DCM Dearie	Until 22 Sept 2013	306,963	–	789,698	1,096,661
WL Every-Burns	23 Sept 2013 – 30 Mar 2014	1,039,927	–	–	1,039,927
ML Collins	Until 26 Nov 2013	160,497	–	–	160,497
PD Conroy	Until 26 Nov 2013	208,371	–	797,866	1,006,237
MJ Fleming	1 Jul 2013	2,609	–	–	2,609
Total		**4,060,044**	**–**	**2,889,282**	**6,949,326**

1. Represents only portion of FY14 that executives were KMP.
2. Includes cash salary plus mandatory employer superannuation contributions for Australian executives, and base salary for all other executives.
3. Includes prior STIP and LTIP allocations subject to performance hurdles which have vested in FY14. The equity value has been calculated as at the vesting date for each award. Details of each vesting event is disclosed in section 4.

SECTION 9: NON-EXECUTIVE DIRECTOR REMUNERATION

A. Non-executive director fee pool

The Board determines the fees payable to non-executive directors within the maximum aggregate fee pool for FY14 of $2,200,000 per annum (inclusive of superannuation guarantee contributions and any fees that a non-executive director elects to sacrifice on a pre-tax basis), as approved by shareholders at the 2012 AGM. The fee pool did not increase for FY14.

The aggregate fee pool is reviewed annually, or as appropriate, by the HRC. The HRC considers market benchmarking advice from independent external consultants in making recommendations to the Board. No changes are proposed to the non-executive director fee pool for FY15.

B. Non-executive director fee Policy

In setting the level of non-executive directors' fees, the following factors are taken into account:

- risks and responsibilities of the role;
- global reach and complexity of the business;
- director skills and experience; and
- market benchmark data provided by independent external consultants. Market benchmark data is sourced for comparable companies, including ASX100 organisations with a market capitalisation similar to that of the Group and organisations in the consumer staples sector.

Non-executive directors are remunerated by way of base Board fees (for their service as a director of the Board) and additional Committee fees (for membership of, or chairing, a Committee). The Chairman of the Board, taking into account the greater time commitment required, receives a higher base fee, but does not receive any additional payment for services on the respective Committees.

In order to maintain independence, non-executive directors do not participate in the Company's incentive plans and they do not receive retirement benefits other than the superannuation contributions disclosed in this report.

C. Non-executive director shareholdings

Non-executive directors are encouraged to hold shares in the Company, and are required to build their shareholding to the equivalent of one year's base fees over a reasonable period of time. In order to support this, the Company operates the Director Share Acquisition Plan (DSAP). The DSAP operates by applying a portion of directors' after-tax fees to acquire the Company's shares on the ASX on a quarterly basis at the prevailing market rate.

The Company has established an arrangement with Computershare Plan Managers Pty Limited (Computershare), as agent of the plan trustee, to acquire shares on a quarterly basis through an independent broker. The Company pays the brokerage costs for these transactions. Appropriate 'Chinese wall' arrangements have been established by both the Company and Computershare that are designed to ensure that the people executing the purchases are quarantined from price sensitive non-public information regarding the Company. On this basis, the scheduled quarterly acquisitions are able to take place in accordance with the Group's Share Trading Policy.

D. Non-executive director fees

During FY14, the Board undertook a review of the Chairman and member fees for all Committees, taking account of market data. The result of this review was an increase in the fees paid to the Chairman of the HRC, from $25,000 to $40,000 per annum (effective 1 January 2014). There were no other movements in the non-executive director fees in FY14.

Current annual base fees and Committee fees are detailed in Table 9.1.

Table 9.1: FY14 Non-executive director fees

BOARD/COMMITTEE	CHAIRMAN FEE ($)	MEMBER FEE ($)
Board base fee	390,000	130,000
Audit and Risk Committee	40,000	20,000
Human Resources Committee	40,000	15,000
Nominations Committee	10,000[1]	5,000

The above fees are inclusive of superannuation.

1. Currently, the Chairman of the Board is also the Chairman of the Nominations Committee, thereby not receiving any additional fees for this role.

Non-executive directors elect how they wish to receive their total fees – e.g. as a combination of cash, contributions to the DSAP, superannuation contributions or charitable donations.

In addition to the above fees, non-executive directors receive a wine allowance and a travel allowance. The travel allowance is intended to compensate the non-executive director for travel undertaken in their duties, in addition to any business-related expenses that may be incurred in carrying out their duties, and are detailed in Table 9.2.

The Board believes that the travel allowance is appropriate given the international nature of the Company. Travel costs are not included in base fees but are paid to non-executive directors as appropriate so that it is a targeted spend for the business to compensate for actual travel taken during the year.

Table 9.2: Non-executive director travel allowances

TRAVEL TIME	TRAVEL ALLOWANCE
Between 4–12 hours	$2,500 each trip (i.e. generally $5,000 per meeting)
More than 12 hours	$5,000 each trip (i.e. generally $10,000 per meeting)

The above allowances are inclusive of superannuation.

E. Remuneration paid to non-executive directors

Details of non-executive director remuneration for FY14 and FY13 are set out in Table 9.3. As disclosed earlier, Mr Every-Burns was appointed interim Chief Executive Officer on 23 September 2013. Mr Every-Burns temporarily stood down from his roles as Chairman of the HRC, and member of the Nominations Committee, to dedicate his time to this interim appointment.

Mr Hearl was appointed as Chairman of the HRC, taking over the position in the absence of Mr Every-Burns from 23 September 2013.

Mr Every-Burns returned to his role as Board member on 31 March 2014, upon Mr Clarke joining the Company as CEO. Mr Every-Burns will return to his position as Chairman of the HRC, and as a member of the Nominations Committee on 1 July 2015.

Table 9.3: Non-executive director remuneration ($)

NON-EXECUTIVE DIRECTOR	YEAR	FEES[1]	NON-MONETARY BENEFITS[2]	TRAVEL ALLOWANCE	SUPER-ANNUATION	TOTAL
PA Rayner	**FY14**	**372,225**	**3,697**	**10,000**	**17,775**	**403,697**
	FY13	337,307	1,107	15,000	16,470	369,884
ML Cattermole	**FY14**	**155,606**	**3,697**	**9,155**	**15,239**	**183,697**
	FY13	154,942	1,107	15,000	15,058	186,107
EYC Chan	**FY14**	**123,765**	**2,443**	**35,000**	**6,235**	**167,443**
	FY13	103,769	1,365	30,000	4,564	139,698
MV Cheek	**FY14**	**145,000**	**2,443**	**75,000**	**–**	**222,443**
	FY13	112,083	355	55,000	–	167,438
WL Every-Burns[3]	**FY14**	**69,618**	**3,781**	**9,366**	**4,233**	**86,998**
	FY13	163,187	1,107	15,000	15,563	194,857
PR Hearl[4]	**FY14**	**164,968**	**3,697**	**9,153**	**16,106**	**193,924**
	FY13	136,376	1,107	15,000	13,624	166,107
GA Hounsell	**FY14**	**160,183**	**3,697**	**9,261**	**15,556**	**188,697**
	FY13	131,265	11,944	15,000	11,652	169,861
Total	**FY14**	**1,191,365**	**23,455**	**156,935**	**75,144**	**1,446,899**
	FY13	1,138,929	18,092	160,000	76,931	1,393,952

1. Includes cash fees plus any salary sacrificed items such as additional superannuation contributions. FY13 values represent cash fees, excluding salary sacrificed items, as disclosed in the FY13 Remuneration Report.
2. Includes product allocations and Fringe Benefits Tax, where applicable.
3. Actual non-executive director remuneration for Mr Every-Burns reported for the periods 1 July 2013 to 22 September 2013; 31 March 2014 to 30 June 2014, whilst Mr Every-Burns was a Board member. Income received as Interim-CEO between 23 September 2013 and 30 March 2014 is reported in section 8.
4. Mr Hearl was appointed as Chairman of the HRC from 23 September 2013.

SECTION 10: ADDITIONAL KMP DISCLOSURES

A. Equity instrument disclosures relating to KMP

i. Movement in shares

The movement during FY14 in the number of ordinary shares in the Company held by each director and executive of the Group, including their related parties, is shown in Table 10.1.

Table 10.1: KMP shareholdings

FY14	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF REMUNERATION[1]	OTHER CHANGES DURING THE YEAR[2]	BALANCE AT END OF YEAR
Non-executive director				
PA Rayner	55,500	–	37,500	93,000
ML Cattermole	80,706	3,286	44,004	127,996
EYC Chan	3,823	9,858	–	13,681
MV Cheek	13,398	8,762	7,553	29,713
WL Every-Burns	26,667	–	25,000	51,667
PR Hearl	10,000	–	30,000	40,000
GA Hounsell	40,000	–	–	40,000
Non-executive director total	230,094	21,906	144,057	396,057

Table 10.1: KMP shareholdings / continued

FY14	BALANCE AT START OF THE YEAR	RECEIVED UPON VESTING/EXERCISE[3]	OTHER CHANGES DURING THE YEAR[4]	BALANCE AT END OF YEAR
Executive				
Current (as at 30 June 2014)				
MA Clarke[5]	–	–	–	–
AJ Carter[6]	–	38,369	–	38,369
SL LeDrew[6]	–	100,790	74,317	175,107
SC McNab	47,424	133,421	–	180,845
AJ Reeves	–	–	15,000	15,000
Former				
DCM Dearie[7]	93,727	146,847	(240,574)	–
ML Collins[8]	–	–	–	–
PD Conroy[8]	–	150,681	(150,681)	–
MJ Fleming[9]	36,991	–	(36,991)	–
Executive total	178,142	570,108	(338,929)	409,321
Grand total	**408,236**	**592,014**	**(194,872)**	**805,378**

1. Shares acquired as part of the DSAP.
2. Includes the purchase/sale of ordinary shares during FY14.
3. Includes shares acquired upon vesting of STIP Deferred Shares, and LTIP/REP awards.
4. Includes the purchase/sale of ordinary shares during FY14, and balance adjustments for executives joining or leaving KMP.
5. Commenced as KMP on 31 March 2014.
6. Commenced as KMP on 27 November 2013.
7. Ceased as KMP on 22 September 2013.
8. Ceased as KMP on 26 November 2013.
9. Ceased as KMP on 1 July 2013.

ii. Movement in Restricted Shares – Executives

The movement during FY14 in the number of Restricted Shares in the Company held by each executive of the Group, including their related parties, is shown in Table 10.2. Restricted Shares are issued under the REP (for US based executives only), and STIP (Deferred Shares).

Table 10.2: Executive Restricted Share holdings

EXECUTIVE	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF REMUNERATION	NUMBER VESTED/EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR[1]	BALANCE AT END OF YEAR
Current (as at 30 June 2014)					
MA Clarke[2]	–	–	–	–	–
AJ Carter[3]	–	–	–	9,268	9,268
SL LeDrew[3]	–	131,575	(46,089)	51,141	136,627
SC McNab	87,318	–	(40,150)	–	47,168
AJ Reeves	–	–	–	–	–
Former					
DCM Dearie[4]	223,778	–	(98,298)	(125,480)	–
ML Collins[5]	–	–	–	–	–
PD Conroy[5]	158,423	–	(116,548)	(41,875)	–
MJ Fleming[6]	85,792	–	–	(85,792)	–
Grand total	**555,311**	**131,575**	**(301,085)**	**(192,738)**	**193,063**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY14.
2. Commenced as KMP on 31 March 2014.
3. Commenced as KMP on 27 November 2013.
4. Ceased as KMP on 22 September 2013.
5. Ceased as KMP on 26 November 2013.
6. Ceased as KMP on 1 July 2013.

iii. Movement in Performance Rights – Executives

The movement during FY14 in the number of Performance Rights in the Company held by each executive of the Group, including their related parties, is shown in Table 10.3. Performance Rights are issued under the LTIP.

Table 10.3: Executive Performance Right holdings

EXECUTIVE	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF REMUNERATION	NUMBER VESTED/EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR[1]	BALANCE AT END OF YEAR
Current (as at 30 June 2014)					
MA Clarke[2]	–	–	–	–	–
AJ Carter[3]	–	110,946	(38,369)	158,073	230,650
SL LeDrew[3]	–	88,392	(54,701)	189,008	222,699
SC McNab	457,337	106,451	(93,271)	(183,062)	287,455
AJ Reeves	–	133,701	–	–	133,701
Former					
DCM Dearie[4]	1,585,366	–	(48,549)	(1,536,817)	–
ML Collins[5]	136,836	–	–	(136,836)	–
PD Conroy[5]	526,252	–	(34,133)	(492,119)	–
MJ Fleming[6]	564,291	–	–	(564,291)	–
Grand total	**3,270,082**	**439,490**	**(269,023)**	**(2,566,044)**	**874,505**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY14.
2. Commenced as KMP on 31 March 2014.
3. Commenced as KMP on 27 November 2013.
4. Ceased as KMP on 22 September 2013.
5. Ceased as KMP on 26 November 2013.
6. Ceased as KMP on 1 July 2013.

iv. Movement in Deferred Share Rights – Executives

The movement during FY14 in the number of Deferred Share Rights in the Company held by each executive of the Group, including their related parties, is shown in Table 10.4. Deferred Share Rights are issued under the REP.

Table 10.4: Executive Deferred Share Right holdings

EXECUTIVE	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF REMUNERATION	NUMBER VESTED/EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR[1]	BALANCE AT END OF YEAR
Current (as at 30 June 2014)					
MA Clarke[2]	–	–	–	–	–
AJ Carter[3]	–	152,875	–	–	152,875
SL LeDrew[3]	–	–	–	–	–
SC McNab	–	144,179	–	–	144,179
AJ Reeves	–	204,530	–	–	204,530
Former					
DCM Dearie[4]	–	–	–	–	–
ML Collins[5]	–	–	–	–	–
PD Conroy[5]	–	–	–	–	–
MJ Fleming[6]	–	–	–	–	–
Grand total	**–**	**501,584**	**–**	**–**	**501,584**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY14.
2. Commenced as KMP on 31 March 2014.
3. Commenced as KMP on 27 November 2013.
4. Ceased as KMP on 22 September 2013.
5. Ceased as KMP on 26 November 2013.
6. Ceased as KMP on 1 July 2013.

B. Other transactions with KMP and their personally-related entities

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

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

DEFINITIONS

TERM	DEFINITION
Constant currency	An exchange rate that eliminates the effects of exchange rate fluctuations year-on-year.
Earnings per share (EPS)	NPAT excluding SGARA divided by the weighted average number of shares. Adjusted EPS is used to calculate performance outcomes, meaning that the Board retains the discretion to adjust EPS to ensure that participants are not penalised or provided with a windfall gain arising from matters outside of management's control (for example, one-off non-recurrent items).
EBITS	Earnings before interest, tax, SGARA and material items.
Key management personnel (KMP)	Those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise), as listed in the introduction to the Remuneration Report.
Relative Total Shareholder Return	The return on investment of a company relative to a peer group of companies.
Return on Capital Employed (ROCE)	EBITS divided by (average net assets plus average net debt).
SGARA	Self-generating and regenerating assets. The adjustment to self-generating and regenerating assets (SGARA) is excluded to reflect the fair value adjustment each financial year which is largely due to environmental conditions not within the Group's control.
Total Shareholder Return	Total return on investment of a security, taking into account both capital appreciation and distributed income that was reinvested.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 $M	2013[1] $M
Revenue	3	**1,790.2**	1,728.4
Cost of sales		**(1,209.5)**	(1,303.9)
Gross profit		**580.7**	424.5
Other income	3	**6.2**	9.5
Selling expenses		**(204.4)**	(182.1)
Marketing expenses		**(71.7)**	(70.9)
Administration expenses		**(105.6)**	(94.9)
Other expenses	3	**(424.6)**	(21.8)
Share of net profits of associates and joint ventures accounted for using the equity method		**–**	1.0
Profit/(loss) before tax and finance costs		**(219.4)**	65.3
Finance income		**1.5**	0.7
Finance costs		**(23.1)**	(15.1)
Net finance costs	3	**(21.6)**	(14.4)
Profit/(loss) before tax		**(241.0)**	50.9
Income tax benefit/(expense)	5	**138.6**	(3.3)
Net profit/(loss)		**(102.4)**	47.6
Net (profit)/loss attributable to non-controlling interests		**1.5**	(0.4)
Net profit/(loss) attributable to members of Treasury Wine Estates Limited		**(100.9)**	47.2
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**3.9**	(6.5)
Tax on cash flow hedges		**(1.5)**	1.8
Exchange difference on translation of foreign operations		**11.8**	106.4
Other comprehensive income for the year, net of tax		**14.2**	101.7
Total comprehensive income/(loss) for the year attributable to members of Treasury Wine Estates Limited		**(86.7)**	148.9
Non-controlling interests		**(1.5)**	0.4
Total comprehensive income/(loss) for the year		**(88.2)**	149.3

		CENTS PER SHARE	CENTS PER SHARE
Earnings per share for profit or loss attributable to the ordinary equity holders of the Company			
Basic	7	**(15.6)**	7.3
Diluted	7	**(15.6)**	7.2

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.

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 2014

	NOTE	2014 $M	2013[1] $M
Current assets			
Cash and cash equivalents	9	**52.0**	10.8
Receivables	10	**407.9**	457.1
Inventories	11	**707.1**	714.5
Current tax assets		**45.7**	0.1
Assets held for sale	13	**2.5**	2.5
Derivative financial assets	19	**3.1**	1.0
Total current assets		**1,218.3**	1,186.0
Non-current assets			
Receivables	10	**7.0**	3.8
Inventories	11	**525.2**	446.0
Investments	12	**2.0**	2.0
Derivative financial assets	19	**1.3**	0.2
Property, plant and equipment	14	**958.3**	1,024.4
Agricultural assets	15	**229.9**	227.1
Intangible assets	16	**747.1**	1,009.9
Deferred tax assets	5	**171.4**	228.8
Total non-current assets		**2,642.2**	2,942.2
Total assets		**3,860.5**	4,128.2
Current liabilities			
Payables	17	**449.8**	480.0
Borrowings	20	**0.8**	0.7
Current tax liabilities		**39.0**	–
Provisions	21	**86.5**	88.2
Derivative financial liabilities	19	**6.0**	4.3
Total current liabilities		**582.1**	573.2
Non-current liabilities			
Payables	17	**1.4**	–
Borrowings	20	**264.8**	224.3
Deferred tax liabilities	5	**159.6**	314.4
Provisions	21	**3.3**	3.7
Derivative financial liabilities	19	**0.5**	4.7
Total non-current liabilities		**429.6**	547.1
Total liabilities		**1,011.7**	1,120.3
Net assets		**2,848.8**	3,007.9
Equity			
Contributed equity	22	**3,051.4**	3,042.6
Reserves	23	**(222.4)**	(241.1)
Retained earnings		**17.2**	202.2
Total parent entity interest		**2,846.2**	3,003.7
Non-controlling interest		**2.6**	4.2
Total equity		**2,848.8**	3,007.9

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.

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 2014

	CONTRIBUTED EQUITY $M	RETAINED EARNINGS[1] $M	CASH FLOW HEDGE RESERVE[1] $M	SHARE BASED PAYMENTS RESERVE $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2012	**3,042.2**	**239.1**	**(0.2)**	**6.8**	**(352.4)**	**2,935.5**	**3.8**	**2,939.3**
Profit for the year	–	47.2	–	–	–	47.2	0.4	47.6
Total other comprehensive income/(loss)	–	–	(4.7)	–	106.4	101.7	–	101.7
Total comprehensive income/(loss) for the year	**–**	**47.2**	**(4.7)**	**–**	**106.4**	**148.9**	**0.4**	**149.3**
Transactions with owners in their capacity as owners directly in equity								
Share-based payment expense	–	–	–	7.9	–	7.9	–	7.9
Purchase of own shares	(4.5)	–	–		–	(4.5)	–	(4.5)
Vested deferred shares and share rights[2]	4.9	–	–	(4.9)	–	–	–	–
Dividends to owners of the Company	–	(84.1)	–		–	(84.1)	–	(84.1)
Balance at 30 June 2013	**3,042.6**	**202.2**	**(4.9)**	**9.8**	**(246.0)**	**3,003.7**	**4.2**	**3,007.9**
Loss for the year	–	(100.9)	–	–	–	(100.9)	(1.5)	(102.4)
Total other comprehensive income	–	–	2.4	–	11.8	14.2	–	14.2
Total comprehensive (loss)/income for the year	**–**	**(100.9)**	**2.4**	**–**	**11.8**	**(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
Issue of ordinary shares	8.1	–	–	–	–	8.1	–	8.1
Purchase of own shares	(2.8)	–	–	–	–	(2.8)	–	(2.8)
Vested deferred shares and share rights[2]	3.5	–	–	(3.5)	–	–	–	–
Dividends to owners of the Company	–	(84.1)	–	–	–	(84.1)	(0.1)	(84.2)
Balance at 30 June 2014	**3,051.4**	**17.2**	**(2.5)**	**14.3**	**(234.2)**	**2,846.2**	**2.6**	**2,848.8**

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.
2. Represents vested share rights and restricted shares under the Group's Long-Term Incentive Program and Restricted Equity Plan which are held as treasury shares prior to vesting date.

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 2014

	NOTE	2014 $M INFLOWS/ (OUTFLOWS)	2013 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Receipts from customers[1]		**2,380.6**	2,270.8
Payments to suppliers, governments and employees[1]		**(2,215.2)**	(2,118.5)
Interest received		**1.5**	0.7
Borrowing costs paid		**(22.2)**	(15.4)
Income taxes refunded/(paid)		**36.7**	(23.2)
Other cash (payments)/receipts		**4.1**	(1.3)
Net cash flows from operating activities	28	**185.5**	113.1
Cash flows from investing activities			
Payments for property, plant, equipment and agricultural assets		**(98.4)**	(134.9)
Payments for intangible assets		**(13.9)**	(28.9)
Payments for subsidiaries, investments and other assets		**(0.1)**	(27.5)
Loans to other parties		**(0.8)**	(2.0)
Proceeds from sale of property, plant and equipment		**8.1**	2.2
Proceeds from sale of assets held for sale		**–**	1.1
Other cash receipts		**–**	1.4
Net cash flows from investing activities		**(105.1)**	(188.6)
Cash flows from financing activities			
Payments for on-market share purchase		**(1.1)**	(4.5)
Dividend payments		**(77.8)**	(84.1)
Proceeds from borrowings		**972.4**	750.3
Repayment of borrowings		**(931.5)**	(610.5)
Net cash flows from financing activities		**(38.0)**	51.2
Total cash flows from activities		**42.4**	(24.3)
Cash and cash equivalents at the beginning of the year		**10.8**	28.6
Effects of exchange rate changes on foreign currency cash flows and cash balances		**(1.2)**	6.5
Cash and cash equivalents at end of the year	9, 28	**52.0**	10.8

1. Incorporates a reclassification between receipts from customers and payments to suppliers, governments and employees in FY13 primarily to reflect how certain customer receipts are made.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of preparation

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

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

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission (ASIC), relating to the rounding off of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest tenth of one million dollars.

Statement of compliance

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

The financial report was authorised for issue by the Board of Directors on 21 August 2014. The directors have the power to amend and reissue the financial statements.

Principles of consolidation

The consolidated financial statements have been prepared for the consolidated entity comprising the Company, and all its controlled entities. Controlled entities are listed in note 30.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

Non-controlling interests in the results and equity of subsidiaries 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 Company, using consistent accounting policies. Average exchange rates used in translating profit and loss items in 2014 are AUD$1 = USD 0.918 and GBP 0.565 (2013: USD 1.0274 and GBP 0.655). Year-end exchange rates used in translating financial position items in 2014 are AUD$1 = USD 0.942 and GBP 0.553 (2013: USD 0.928 and GBP 0.608).

Functional and presentation currency

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

Transactions and balances

Intra-group balances and transactions arising from intra-group transactions are eliminated.

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

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

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

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

Foreign group companies

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

(i) assets and liabilities are translated at the closing rate at the statement of financial position date;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates for the period; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

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

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

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

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

Fair value measurement

The Group measures financial instruments, including derivatives and non-financial assets, such as agricultural assets, at fair value at each balance sheet date. In addition, fair values of financial instruments measured at amortised cost are disclosed in note 18.

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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability, or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability 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 asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue recognition

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

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

Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer, the amount can be reliably measured, collectability of the related receivable is probable, and the associated costs are identifiable and can be measured reliably. Revenue is usually recognised when goods are despatched or when goods are delivered.

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

Property

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

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

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

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

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

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

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

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

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

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

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

Recoverable amount of an individual asset or cash generating unit (CGU) is the greater of fair value less costs of disposal and value in use. For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such a reversal is recognised in the statement of profit or loss and other comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment losses recognised for goodwill are prohibited from being reversed.

Cash and cash equivalents

Cash and cash equivalents 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.

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

Trade receivables

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

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

Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss.

Other receivables

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

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

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

Inventories

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

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

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost, which includes transaction costs.

Under this method, the Group's share of profits or losses are recognised in the statement of profit or loss and other comprehensive income and its share of movements in reserves are recognised in the Group's other comprehensive income. The cumulative post acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment losses, are adjusted against the cost of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the investment, the Group does not recognise any further losses, unless it has an obligation on behalf of the associate or joint venture. Where there has been a change recognised directly in the associate's or joint venture's equity, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of profit or loss and other comprehensive income.

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

Non-controlling interest

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

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, in which case it will be classified as such. This classification is done on initial recognition where financial assets classified as amortised cost are measured at fair value and adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition of the instrument. All other financial assets are measured at fair value on initial recognition.

Reclassification after initial recognition occurs only if there are fundamental changes to the Group's business model for managing financial assets.

Fair value through profit or loss

Where a financial asset is classified and subsequently measured at fair value, gains and losses in the fair value are taken to the statement of profit or loss.

Fair value through other comprehensive income

A financial asset is classified and subsequently measured at fair value through other comprehensive income if it is an equity instrument and it is not 'held for trading'. Subsequent changes to fair value will be recognised in equity (through other comprehensive income). Any dividends will be recognised in the statement of profit or loss.

An asset is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- Is a derivative (except for a derivative that is a financial guarantee contract).

Amortised cost

A financial asset is classified and subsequently measured at amortised cost only if the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets carried at amortised cost

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

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

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

Derecognition of financial assets

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

Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of forward exchange contracts and options are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument and the hedged item or transaction together with 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 in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

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

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

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

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

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

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

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, the Group will rebalance the relationship by adjusting either the volume of the hedged item or the volume of the hedging instrument so that the hedge ratio meets that used for risk management purposes.

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

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

Leases

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Property, plant and equipment

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

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

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

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

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

These rates are consistent with rates used in the prior period. Residual values, useful lives and amortisation methods are reviewed annually and adjusted where applicable.

Derecognition and disposal

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

Intangible assets

Brand names

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

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

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

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

Goodwill

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

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

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

Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

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

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

IT development and software

Costs incurred in developing information technology (IT) products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised as intangible IT assets. Following initial recognition, IT assets are carried at cost less any accumulated amortisation. Costs incurred in developing IT assets include the cost of purchased software and labour used in the development of software, and software licenses and are amortised over the expected useful life of the intangible asset (2–4 years).

Agricultural assets

Agricultural assets comprise grape vines and olive trees. Both of these assets are measured at fair value less estimated point-of-sale costs, with changes in the fair value during the period recognised in the statement of profit or loss and other comprehensive income. Costs incurred in maintaining agricultural assets are recognised as expenses in the statement of profit or loss and other comprehensive income as incurred.

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

Assets held for sale and discontinued operations

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

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

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

Interest-bearing loans and borrowings

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

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

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

Payables

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

Trade payables are normally settled within 65 days from the end of the month from which the invoice is received unless alternate terms have been agreed with the supplier.

Other financial liabilities

Other financial liabilities are classified at amortised cost except if they are held for trading or are derivative financial liabilities in which case it is classified as fair value through profit or loss where gains and losses in the fair value are taken to the statement of profit or loss.

Employee benefits

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

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within 12 months) are 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.

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

Termination benefits

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

Superannuation

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

Share-based payment transactions

The Group provides benefits to employees in the form of share-based payment awards, whereby employees render services in exchange for shares or performance rights over shares under the Group's Employee Share Plan. Information relating to this plan is set out in note 24.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Share-based payment transactions / continued

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

Provisions

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

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

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

Restructuring

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

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

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

Onerous contracts

Provisions recognised in relation to onerous contracts are recognised where the unavoidable costs of meeting the obligations under these contracts exceed the benefits expected to be received. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Income tax

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

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

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

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

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

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

The Group has identified the following reportable segments:

(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 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.

Types of products and services
The Group's wine portfolio includes some of the world's leading Commercial, Masstige and Luxury wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass and Rosemount. The Group also distributes beer under licence in New Zealand and provides contract bottling services to third parties.

Accounting policies and intersegment transactions
The price of an intersegment transaction is set at an arm's length basis, which is eliminated on consolidation.

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

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

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

Major customers
The Group has two major customers whose revenues represent 13.6% (2013: 17.8%) and 9.5% (2013: 11.0%) of the Group's reported revenues. The customers are in the Americas and ANZ segments respectively.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share-based payments reserve. Share options exercised during the reporting period are satisfied with treasury shares.

Comparative information
Where necessary, comparative information has been adjusted to align with the presentation of the current period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

New Accounting Standards and Interpretations

The Group has adopted the following new and revised Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations.

REFERENCE	TITLE
AASB 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7.
AASB 10, AASB 127	Consolidated Financial Statements, Separate Financial Statements.
AASB 11, AASB 128	Joint Arrangements, Investments in Associates and Joint Ventures.
AASB 2011–7	Amendments to Australian Accounting Standards arising from the consolidation and joint arrangements standards.
AASB 12	Disclosure of interests in other entities.
AASB 13	Fair value measurement.
AASB 119	Employee benefits (revised 2011).
AASB 2011–4	Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements.
AASB 9	Financial Instruments.
AASB 2012–5	Improvements to AASBs 2009–2011 Cycle.
AASB 2012–9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039.

Other than as outlined below, the adoption of these standards did not have a significant impact on the financial position or performance of the Group.

AASB 13 Fair value measurement

AASB 13 established a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when the Group is required to use fair value but provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition did not result in different fair values being determined for the relevant assets at 30 June 2014, however, it enhanced the disclosure requirements for those assets carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The impact to the Group includes additional disclosure in relation to assets measured at fair value. (Refer note 15.)

AASB 9 Financial Instruments

From 1 July 2013, the Group applied amendments to *AASB 9 Financial Instruments* for hedge accounting outlined in *AASB 2013–9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*

The change in accounting policy altered the accounting for time value of qualifying hedging options. Under AASB 139, movements in time value of qualifying hedging options was required to be recognised in the statement of profit or loss. Under AASB 9, time value on qualifying hedging options is recognised in other comprehensive income. Under the AASB 9 transition rules, the changes are applied retrospectively for qualifying hedging options that existed at 1 July 2013. The following table outlines the impacts to prior periods.

	JUN 13 $M	IMPACT OF CHANGE $M	RESTATED JUN 13 $M
Statement of financial position (extract)			
Retained earnings	197.3	4.9	202.2
Reserves	(236.2)	(4.9)	(241.1)
Total equity	3,003.7	–	3,003.7
Statement of profit or loss and other comprehensive income (extract)			
Other expenses	(28.8)	7.0	(21.8)
Income tax benefit/(expense)	(1.2)	(2.1)	(3.3)
Net profit	42.7	4.9	47.6

There was no re-statement impact on the statement of cash flows. Earnings per share for profit attributable to members of Treasury Wine Estates for the year ended 30 June 2013 has increased by 0.8 cents.

The 30 June 2012 statement of financial position was not impacted by the retrospective application of this change in accounting policy.

Recently issued or amended accounting standards

Australian Accounting Standards and Interpretations relevant to the Group that have been issued or amended but are not yet effective and have not been early adopted by the Group for the financial year ended 30 June 2014 include:

AASB 2013–3	Amendments to the disclosure requirements in AASB 136 *Impairment of Assets;* which will require the Group to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

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

Net realisable value of inventory

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

Agriculture

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

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

Taxation

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

On forming the Australian tax-consolidated Group effective from 21 May 2011, the Company was required to reset the tax cost base of all of its assets based on relative market values. Management undertook a high level exercise as at 30 June 2011 to estimate the impact of the tax consolidation exercise on the recognised values of deferred tax balances in Australia. In the 2011 consolidated financial statements, the impact of tax consolidation was estimated as an increase in deferred tax liabilities of approximately $2.0 million based on available information and management's best estimates at the time.

During the financial year ended 30 June 2013, the Company commenced additional analysis to confirm the original estimates on the impact of the tax consolidation reset cost base rules given that the Australian Federal Government's potential changes to Australian tax laws, to apply to Demergers after 9 November 2010, had not been enacted since their original announcement date. In December 2013, the Australian Federal Government formally announced that the potential changes relating to Demergers would not proceed. During FY14, the Group completed the tax consolidation calculation and has recognised a deferred tax asset of $31.2 million (the balance at 30 June 2014 is $18.8 million). Additionally, during the period the Group received $49.3 million in cash as refunds. Consequently at 30 June 2014, $80.5 million of tax credits have been off-set against income tax expense for FY14.

NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES / CONTINUED

Impairment of assets

Consistent with the impairment accounting policy in note 1, Group assets become impaired when their carrying value exceeds their recoverable amount. Recoverable amount is the greater of fair value less costs to sell or value in use. In determining the recoverable amount, certain judgements and assumptions are made in the determination of likely net sale proceeds or in the determination of future cash flows. Specifically with respect to future cash flows, judgements are made in respect to the quantum of those future cash flows, the discount rates used to present value the cash flows, the royalty rate and exchange rates used.

Useful life of intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Brand names that have indefinite lives are not amortised. The Group uses judgement in determining whether an individual brand will have a finite life or an indefinite life. In making this determination, management makes 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, the Group will use judgement in determining the useful life of the brand and will consider the period over which expected cash flows will continue to be derived in making that decision.

NOTE 3 – REVENUE, INCOME AND EXPENSES

	2014 $M	2013 $M
Revenue		
Net sales revenue*	**1,680.5**	1,656.5
Other revenue	**109.7**	71.9
Total revenue	**1,790.2**	1,728.4
Other income		
Insurance settlement receipts	**1.9**	–
Other contract and litigation settlement receipts	**2.2**	–
Fair value adjustment to investment	–	7.9
IT contract settlement receipt	–	1.1
Net profit on disposal of property, plant and equipment and agricultural assets	**2.1**	0.5
Total other income	**6.2**	9.5
Other expenses		
Amortisation of intangible assets	**(7.1)**	(4.5)
Impairment of non-current assets:		
Property, plant and equipment (note 14)	**(72.6)**	–
Intangible assets (note 16)	**(272.6)**	–
Restructuring and redundancy costs (note 21)	**(35.0)**	(6.9)
Net agriculture valuation movement (note 15)	**(19.5)**	3.8
Other miscellaneous	**(17.8)**	(14.2)
Total other expenses	**(424.6)**	(21.8)
Finance income	**1.5**	0.7
Finance costs	**(23.1)**	(15.1)
Net finance cost	**(21.6)**	**(14.4)**
Other disclosures		
Depreciation of property, plant and equipment	**(78.6)**	(72.3)
Reversal of impairment/(impairment allowance) for doubtful debts	**0.6**	(2.1)
Inventory obsolescence reversed/(raised)	**3.9**	(82.7)
Rental expense relating to operating leases	**(47.5)**	(50.3)
Net foreign exchange gains/(losses)	**1.0**	(5.3)

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

NOTE 4 – MATERIAL ITEMS

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

	2014 $M	2013 $M
Individually material items included in profit/(loss) before income tax:		
Impairment of indefinite life brands and goodwill[1]	**(233.5)**	–
Loss on derecognition of IT assets[1]	**(39.1)**	–
Write-down of property, plant and equipment[1]	**(72.6)**	–
Inventory (write-down)/release of write-down to net realisable value arising during the current period[2]	**4.7**	(82.4)
Special depletion allowance[3,4]	**(21.9)**	(38.1)
Net distributor inventory destruction provision[3]	**21.9**	(33.8)
Onerous contract commitments[5]	**(5.6)**	–
Restructuring and redundancy costs[6]	**(35.0)**	(6.9)
Deferred lease liability adjustment	**(3.4)**	–
Fair value adjustment to investments and other assets	–	7.9
Lease termination costs	–	(2.5)
IT contract settlement receipt	–	1.1
Total material items (before tax)	**(384.5)**	(154.7)
Tax effect of material items	**103.9**	57.5
Total material items (after tax)	**(280.6)**	(97.2)

FY14

1. The Group has recognised an impairment charge against goodwill and other non-current assets. The impairment reflects the combination of historical prices paid for pre-demerger acquisitions and the decline in market growth rates for Commercial wine globally; and relates to the Company's Commercial brands ($228.2 million), Goodwill ($5.3 million), IT assets ($39.1 million) and Property, plant and equipment ($72.6 million). Additional detail of the impairments are included in notes 14 and 16.
2. The Group continues to address inventory net realisable value (NRV) for the excess aged and deteriorating inventory identified in the prior period by working with US distribution partners. As a result of favourable outcomes of the loss mitigation programs on certain inventory items in FY14, a net $4.7 million of the provision has been released.
3. Due to the United States Government shut-down in October 2013 which delayed the ability to destroy inventory held by distributors, the Group reacted by modifying its approach and opted to deplete certain inventory that had previously been earmarked for destruction. As a result, the distributor inventory destruction provision has been reduced and the special depletion allowance increased through profit and loss by $21.9 million.
4. The special depletion allowance ($51.8 million (2013: $38.1 million)) is included in other payables and accruals. The utilisation of the allowance is subject to a number of factors including the ongoing negotiation of depletion programs with distributors or retailers as well as the timing of appropriate promotional periods during the year. The balance at FY14 is reflective of these factors.
5. The Group recognised $5.6 million largely relating to onerous supplier contracts relating to contractual inventory purchase commitments for wine already considered to be in surplus and subject to an NRV provision.
6. Relates to redundancy and contract break costs in relation to the Group's rationalisation and restructure program.

FY13

In FY13, $154.3 million of provisions were raised relating to the destruction of aged and obsolete inventory at distributors, the acceleration of depletions with additional investment in discounts and rebates and a write-down of inventory to net realisable value.

These material items were disclosed in the financial statements as outlined below:

MATERIAL ITEM	STATEMENT OF FINANCIAL POSITION	STATEMENT OF PROFIT OR LOSS	2014 $M	2013 $M
Discounts and rebates on distributor inventory destruction	Payables	Net sales revenue	**(3.2)**	5.8
Special depletion allowance	Payables	Net sales revenue	**(21.9)**	(38.1)
Net inventory write down to NRV	Inventories	Cost of sales	**4.7**	(82.4)
Gross distributor inventory destruction	Provisions	Cost of sales	**25.1**	(39.6)
Restructuring and redundancy costs	Provisions	Other expenses	**(35.0)**	(6.9)
Onerous contract commitments	Provisions	Other expenses	**(5.6)**	–
Impairment of indefinite life brands and goodwill	Intangible assets	Other expenses	**(233.5)**	–
Impairment of IT development costs	Intangible assets	Other expenses	**(39.1)**	–
Write-down of property, plant and equipment	Property, plant and equipment	Other expenses	**(72.6)**	–
Deferred lease liability adjustment	Payables	Other expenses	**(3.4)**	–
Lease termination costs	Provisions	Other expenses	–	(2.5)
Fair value adjustment to investments and other assets	Goodwill	Other income	–	7.9
IT contract settlement receipt	Provisions	Other income	–	1.1
			(384.5)	(154.7)

NOTE 5 – INCOME TAX

	2014 $M	2013[1] $M
The major components of income tax expense/(benefit) are:		
Current income tax	**(40.8)**	30.9
Deferred income tax	**(97.8)**	(27.6)
Total tax expense/(benefit)	**(138.6)**	3.3
Deferred income tax expense included in the income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	**54.3**	(23.3)
(Decrease)/Increase in deferred tax liabilities	**(152.1)**	(4.3)
Deferred income tax	**(97.8)**	(27.6)

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:

	2014 $M	2013[1] $M
Profit/(Loss) before tax excluding material items	**143.5**	205.6
Material items before tax	**(384.5)**	(154.7)
Profit/(Loss) before tax	**(241.0)**	50.9
Prima facie income tax expense/(benefit) attributable to profit from operations calculated at the rate of 30% (2012: 30%) tax effect of:	**(72.3)**	15.3
Non-taxable income and profits, net of non-deductible expenditure	**1.0**	(0.3)
Impairment of non-current assets	**27.9**	–
Other deductible items	**(0.7)**	(0.8)
Tax losses recognised	**(4.7)**	(2.3)
Change in tax rate	**0.5**	(1.1)
Foreign tax rate differential	**(11.9)**	(8.9)
Other	**4.3**	2.3
Over provisions in previous years	**(2.2)**	(0.9)
Tax cost base reset – tax consolidation project	**(80.5)**	–
Total tax expense/(benefit)	**(138.6)**	3.3
Income tax expense/(benefit) on operations	**(34.7)**	60.8
Income tax benefit attributable to material items	**(103.9)**	(57.5)
Income tax expense/(benefit)	**(138.6)**	3.3

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.

	2014 $M	2013 $M
Deferred income tax relates to the following:		
Movement in deferred tax assets:		
Opening balance	**228.8**	189.4
Credited/(charged) to the profit or loss	**(54.3)**	23.3
Foreign currency translation	**(1.5)**	12.8
Other	**(1.6)**	3.3
Closing balance	**171.4**	228.8
Movement in deferred tax liabilities:		
Opening balance	**314.4**	293.2
(Credited)/charged to the profit or loss	**(152.1)**	(4.3)
Business acquisitions	–	3.7
Foreign currency translation	**(2.7)**	21.9
Other	–	(0.1)
Closing balance	**159.6**	314.4
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	**(0.4)**	2.6
Net deferred – tax recognised directly in equity	**0.4**	5.7
Total current and deferred tax recognised directly in equity	–	8.3

Deferred tax asset

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 $103.2 million (2013: $97.5 million).

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

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

The Group has carry forward capital tax losses in Australia and the United Kingdom. These losses may be used to offset any future capital gains derived by activities in these countries. The Group will assess the conditions for deductibility imposed by the tax laws of Australia and the United Kingdom prior to any utilisation of the capital losses.

NOTE 5 – INCOME TAX / CONTINUED

	2014 $M	2013 $M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory (net of net realisable value)	**43.8**	23.3
Property, plant and equipment	**2.0**	1.2
Accruals	**12.9**	18.8
Provisions	**25.4**	96.1
Foreign exchange	**1.4**	0.4
Tax losses	**78.8**	70.4
Other	**7.1**	18.6
Total deferred tax assets	**171.4**	228.8
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	–	59.3
Property, plant and equipment	**81.1**	115.0
Intangibles	**76.0**	133.2
Foreign exchange	**1.0**	1.0
Other	**1.5**	5.9
Total deferred tax liabilities	**159.6**	314.4

Ongoing tax audits

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

Tax consolidation project

On forming the Australian tax-consolidated group effective from 21 May 2011, the Australian Tax Consolidated Group (ATCG) was required to reset the tax cost base of all of its assets based on relative market values. The ATCG undertook a high level exercise as at 30 June 2011, to estimate the impact of the tax consolidation exercise on the recognised values of deferred tax balances in Australia. In the 2011 consolidated financial statements, the impact of tax consolidation was estimated as an increase in deferred tax liabilities of approximately $2.0 million based on available information and management's best estimates at the time.

During FY13, the Group commenced additional analysis to confirm the original estimates on the impact of the tax consolidation reset cost base rules given that the Australian Federal Government's potential changes to Australian tax laws, to apply to Demergers after 9 November 2010, had not been enacted since their original announcement date. In December 2013 the Australian Federal Government formally announced that the potential changes relating to demergers would not proceed. During FY14, the Group completed the tax consolidation calculation and has recognised a deferred tax asset of $31.2 million (the balance at 30 June 2014 is $18.8 million). Additionally, during the period the Group received $49.3 million in cash as refunds. Consequently at 30 June 2014, $80.5 million of tax credits have been offset against income tax expense for the FY14 financial year.

Franking credits

The ATCG has nil (2013: $17.9 million) franking credits available for subsequent reporting periods.

Due to the outcomes of the tax consolidation project, the ATCG received tax refunds during FY14 resulting in the ATCG's franking account being in deficit at 30 June 2014. Consequently, the ATCG is due to pay $31.4 million in Franking Deficits Tax (FDT) to the Australian Taxation Office on 31 July 2014. As FDT is effectively a prepayment of tax and is able to be used to offset future tax liabilities of the ATCG, the Group has recognised the $31.4 million FDT as both a current income tax receivable and current tax payable as at 30 June 2014.

NOTE 6 – SEGMENT RESULTS

	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)**
– Impairment of non-current assets	(47.7)	(201.8)	–	(56.6)	–	(306.1)	(39.1)	(345.2)
– Other material items	(9.6)	(16.6)	(0.3)	(1.9)	–	(28.4)	(10.9)	(39.3)
Management EBIT	**(0.2)**	**(145.0)**	**47.4**	**(29.4)**	**–**	**(127.2)**	**(92.2)**	**(219.4)**
Net finance income/(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**
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**
2013								
Total revenue comprises:								
Net sales revenue	600.8	704.0	135.4	248.5	–	1,688.7	–	1,688.7
Other revenue	68.1	0.7	–	0.9	–	69.7	2.2	71.9
Intersegment revenue	310.7	4.0	–	21.1	(335.8)	–	–	–
Material items*	–	(32.2)	–	–	–	(32.2)	–	(32.2)
Total segment revenue (excl other income/interest)	979.6	676.5	135.4	270.5	(335.8)	1,726.2	2.2	1,728.4
Management EBITS	110.1	66.8	54.5	16.0	–	247.4	(31.2)	216.2
SGARA profit	1.8	2.0	–	–	–	3.8	–	3.8
Material items	(6.8)	(146.1)	–	–	–	(152.9)	(1.8)	(154.7)
Management EBIT	105.1	(77.3)	54.5	16.0	–	98.3	(33.0)	65.3
Net finance income/(costs)								(14.4)
Consolidated profit before tax								50.9
Depreciation of property, plant and equipment	47.6	21.7	–	1.6	–	70.9	1.4	72.3
Amortisation of intangible assets	0.2	–	–	–	–	0.2	4.3	4.5
Share of profit of associates and joint ventures	1.0	–	–	–	–	1.0	–	1.0
Capital expenditure	122.9	26.5	0.4	1.6	–	151.4	28.9	180.3
Segment assets (excl intersegment assets)	2,077.9	1,378.0	45.6	313.6	–	3,815.1	313.1	4,128.2
Segment liabilities (excl intersegment liabilities)	246.3	221.3	10.7	59.0	–	537.3	583.0	1,120.3

* Material items associated with net sales revenue is included in the total material items reported in note 4.

Intersegment revenue as disclosed in the FY13 financial statements has been restated to reflect the elimination of internal revenue within individual segments (no impact to EBITS).

NOTE 6 – SEGMENT RESULTS / CONTINUED

Management EBITS

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

Segment assets 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 the Group's centralised treasury function. As the segment performance is measured based on EBITS, tax assets and liabilities, which by their nature do not contribute towards EBITS, are not allocated to operating segments.

NOTE 7 – EARNINGS PER SHARE (EPS)

	2014 CENTS PER SHARE	2013[1] CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**(15.6)**	7.3
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**(15.6)**	7.2

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**647,912**	647,227
Effect of potentially dilutive securities		
Deferred shares (in thousands)	–	(8,560)
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**647,912**	655,787

Earnings per share

Under AASB 133, basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares outstanding during the period plus the dilutive effect of restricted shares and share options outstanding during the period. There are 6,312,157 share rights or share options that are not included in the calculation of diluted earnings per share because they are not dilutive for FY14. These share options and share rights could potentially dilute basic earnings per share in future periods.

	$M	$M
Earnings reconciliation		
Basic and diluted EPS		
Net (loss) profit	**(102.4)**	47.6
Net (profit)/loss attributable to non-controlling interests	**1.5**	(0.4)
Net (loss) profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**(100.9)**	47.2

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.

NOTE 8 – DIVIDENDS

	2014 $M	2013 $M
Dividends declared and paid during the year on ordinary shares:		
Final dividend for 2013 of 7.0 cents per share (2012: 7.0 cents)	**45.3**	45.3
Interim dividend for 2014 of 6.0 cents per share (2013: 6.0 cents)	**38.8**	38.8
	84.1	84.1
Dividends declared after balance date		
Since the end of the financial year, the directors declared a final dividend of 7 cents per share (2013: 7.0 cents) unfranked (2013: unfranked). This dividend has not been recognised as a liability in the financial statements at year end	45.5	45.3

Details in relation to franking credits is included in note 5.

NOTE 9 – CASH AND CASH EQUIVALENTS

	2014 $M	2013 $M
Cash at bank and on hand	**52.0**	10.8
Total cash and cash equivalents	**52.0**	10.8

NOTE 10 – RECEIVABLES

	2014 $M	2013 $M
Current		
Trade receivables	**363.7**	422.6
Impairment allowance for doubtful debts	**(1.0)**	(3.0)
Other receivables	**24.7**	17.7
Prepayments	**20.5**	19.8
Total current receivables	**407.9**	457.1
Non-current		
Other receivables	**6.7**	3.8
Prepayments and deferred expenses	**0.3**	–
Total non-current receivables	**7.0**	3.8

The Group has entered into an uncommitted non-recourse arrangement to sell certain domestic and international receivables from time-to-time in exchange for cash. Australian Accounting Standards require the receivables under this arrangement to be derecognised and not included in the carrying value of accounts receivable at 30 June 2014 (refer note 20).

NOTE 10 – RECEIVABLES / CONTINUED

Foreign exchange transaction disclosures

Total trade and other receivables balances, net of the impairment allowance for doubtful debts at the reporting date, were denominated in the following currencies.

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2014					
Trade receivables (net of the impairment allowance for doubtful debts)	**203.7**	**76.7**	**21.9**	**60.4**	**362.7**
Other receivables	**9.8**	**16.3**	**–**	**5.3**	**31.4**
Total receivables	**213.5**	**93.0**	**21.9**	**65.7**	**394.1**
2013					
Trade receivables (net of the impairment allowance for doubtful debts)	190.1	153.5	39.7	36.3	419.6
Other receivables	13.0	4.4	0.8	3.3	21.5
Total receivables	203.1	157.9	40.5	39.6	441.1

Credit risk

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

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

The ageing of the consolidated Group trade receivables net of the impairment allowance for doubtful debts is outlined below:

AGEING OF TRADE RECEIVABLES NET OF THE IMPAIRMENT ALLOWANCE FOR DOUBTFUL DEBTS	2014 $M	2013 $M
Not past due	**328.7**	364.2
Past due 1–30 days	**18.4**	32.8
Past due 31–60 days	**3.0**	5.9
Past due 61 days+	**12.6**	16.7
Total	**362.7**	419.6
Comprising		
Current	**362.7**	419.6

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

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

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

As at 30 June 2014, the amount of the allowance for impaired doubtful debts was $1.0 million (2013: $3.0 million). The movement in the allowance is as follows:

MOVEMENT IN THE IMPAIRMENT ALLOWANCE FOR DOUBTFUL DEBTS	2014 $M	2013 $M
Opening balance	**(3.0)**	(1.0)
Allowance (raised)/released	**0.6**	(2.1)
Less amounts used	**1.6**	0.1
Foreign exchange differences	**(0.2)**	–
Closing balance	**(1.0)**	(3.0)

NOTE 11 – INVENTORIES

	2014 $M	2013 $M
Current		
Raw materials and stores	**26.2**	22.9
Work in progress	**401.0**	404.6
Finished goods	**279.9**	287.0
Total current inventories	**707.1**	714.5
Non-current		
Work in progress	**458.0**	398.2
Finished goods	**67.2**	47.8
Total non-current inventories	**525.2**	446.0
Total inventories	**1,232.3**	1,160.5

Inventories recognised as an expense during the year and included in cost of sales amounted to $608.2 million (2013: $719.4 million).

In 2014, the write-down of inventories to net realisable value amounted to $10.7 million (2013: $84.7 million). The reversal of write-downs amounted to $11.5 million (2013: $2.0 million). The write-down and reversals are included in cost of sales.

NOTE 12 – INVESTMENTS

The Group has interests in a number of individually immaterial associates. The carrying value of these associates is shown in the following table.

	2014 $M	2013 $M
Investments accounted for using the equity method	**2.0**	2.0
Total investments	**2.0**	2.0

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

			OWNERSHIP INTEREST	
NAME OF ENTITY	COUNTRY OF INCORPORATION	REPORTING DATE	2014 %	2013 %
Trebuchet Logistics Pty. Ltd.	Australia	31 December	**49.99**	49.99
Fiddlesticks LLC	United States of America	31 December	**50.0**	50.0

NOTE 13 – ASSETS HELD FOR SALE

	2014 $M	2013 $M
Assets		
Production and distribution facilities	**2.5**	2.5
Total assets classified as held for sale	**2.5**	2.5

Assets held for sale include Australian vineyards and wineries.

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	2014 $M	2013 $M
Land		
At cost	**299.0**	306.3
Freehold buildings and improvements		
At cost	**362.5**	357.9
Accumulated depreciation and impairment	**(163.9)**	(142.3)
	198.6	215.6
Leasehold buildings and improvements		
At cost	**57.6**	56.7
Accumulated depreciation and impairment	**(42.6)**	(31.0)
	15.0	25.7
Plant and equipment		
At cost	**1,208.1**	1,166.4
Accumulated depreciation and impairment	**(808.3)**	(736.7)
Projects in progress at cost	**45.9**	47.1
	445.7	476.8
Total property, plant and equipment	**958.3**	1,024.4

Reconciliations

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

	LAND		FREEHOLD BUILDINGS		LEASEHOLD BUILDINGS		PLANT AND EQUIPMENT		TOTAL	
	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M
Carrying amount at start of year	**306.3**	280.8	**215.6**	202.3	**25.7**	20.4	**476.8**	427.5	**1,024.4**	931.0
Additions	**6.9**	11.6	**7.1**	4.0	**1.8**	6.2	**70.6**	92.6	**86.4**	114.4
Business acquisition	**–**	1.1	**–**	4.7	**–**	–	**–**	18.2	**–**	24.0
Disposals	**(2.7)**	(0.3)	**(0.9)**	–	**(0.1)**	–	**(1.7)**	(1.4)	**(5.4)**	(1.7)
Impairment	**(10.7)**	–	**(17.8)**	–	**(8.8)**	–	**(35.3)**	–	**(72.6)**	–
Depreciation expense	**–**	–	**(6.1)**	(6.0)	**(3.5)**	(2.3)	**(69.0)**	(63.9)	**(78.6)**	(72.2)
Transfer	**–**	0.5	**–**	2.1	**–**	–	**1.9**	(8.7)	**1.9**	(6.1)
Foreign currency translation	**(0.8)**	12.6	**0.7**	8.5	**(0.1)**	1.4	**2.4**	12.5	**2.2**	35.0
Carrying amount at end of year	**299.0**	306.3	**198.6**	215.6	**15.0**	25.7	**445.7**	476.8	**958.3**	1,024.4

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that an asset's carrying value may not be recoverable. For the purposes of impairment testing, an asset's recoverable amount is determined as being the higher of its value in use and fair value less costs to sell. For FY14, recoverable amount was based on fair values as determined by independent valuations. In determining fair value, the price that would be received if the asset was sold in an orderly transaction between market participants using the asset for its highest and best use was considered.

When there is an indicator of impairment of non-current assets within an operating segment containing goodwill or indefinite life intangible assets, the Group tests the non-current assets for impairment first and recognises any impairment loss on the non-current assets before testing the operating segment containing the goodwill or indefinite life brands for impairment.

Primarily as a result of a decline in Commercial growth rates, the Group impaired $26.0 million (2013: nil) of property, plant and equipment during the period as the assets' carrying values exceeded their respective recoverable amounts. These assets are included in the ANZ segment. Additionally, $46.6 million (2013: nil) of assets were impaired within the Americas CGU as part of the CGU impairment test. Refer note 16.

The impairment charges have been included within the 'other expenses' line item in the statement of profit or loss.

NOTE 15 – AGRICULTURAL ASSETS

	2014 $M	2013 $M
Agricultural assets	**229.9**	227.1
Total agricultural assets	**229.9**	227.1

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

The Group has total owned vineyard resources of around 10,781 hectares (2013: 10,511 hectares). These vineyards provide the Group with access to some of Australia's highest quality super premium fruit from regions such as the Barossa Valley in central South Australia, Coonawarra in south-eastern South Australia and the Hunter Valley in New South Wales. Other Australian vineyards are also located in the Clare Valley, Eden Valley, Great Western, Heathcote, Langhorne Creek, Limestone Coast, McLaren Vale, Margaret River, Mornington Peninsula, Mudgee, Murray Valley, Padthaway, Robe and the Yarra Valley. The Group also holds vineyards in North America (mainly Napa Valley and Sonoma County), Italy and New Zealand.

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

Of the total land area under vine, around 1,997 hectares (2013: 1,966 hectares) are under lease arrangements. The Group also has around seven hectares (2013: seven hectares) of olive groves in Tuscany, a region of Italy.

During the fiscal year, the Group owned and leased vineyards yielded 72,902 tonnes of grapes (2013: 89,441 tonnes). Northern Hemisphere harvest of vines normally occurs in September–October, with Southern Hemisphere harvest around March–April.

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

NOTE 15 – AGRICULTURAL ASSETS / CONTINUED

Fair value measurement

Vines and grapes are measured at fair value, less estimated point-of-sale costs, with changes in fair value included in the statement of profit or loss and other comprehensive income in the period in which it arises. The fair value of acquired vines is determined with reference to independent valuations of vineyards and the market price of purchased vines (rootlings). Subsequent movements in the fair value of vines is determined through operational reviews of the vineyard portfolio which identify, where applicable, any factors affecting the long-term viability and value of the vines. The fair value of harvested grapes is determined by reference to the weighted district average of grape prices for each region for the current vintage. Harvested grapes are included within inventories (work in progress). Annual prices for grapes will vary with the grade quality of grapes produced in each particular region.

In accordance with the Group's accounting policies, the fair value measurement for agricultural assets has been categorised as a Level 2 fair value based on the inputs to the valuation techniques used. For grapes, these techniques include inputs such as the estimation of the yields per hectare, harvest costs and the market price of grapes. For vines, reference is made to independent valuations in determining the fair value of the related assets.

The estimated fair value adjustment would increase/(decrease) if:

- Yields 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).

The measurement basis for vines and grapes as prescribed by AASB 141 *Agriculture* has resulted in a net loss before tax of $19.5 million (2013: net gain before tax of $3.8 million) comprising a decrement in vines valuation of $11.3 million (2013: nil) and loss on grape valuation of $8.2 million (2013: $3.8 million gain) being recognised and included within inventories.

Reconciliations

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

	2014 $M	2013 $M
Carrying amount at start of year	**227.1**	195.6
Acquisitions	**13.3**	19.5
Disposal	**(0.6)**	–
Fair value increment/(decrement) included in 'net agricultural valuation movement' (note 3)	**(11.3)**	–
Transfer	**0.8**	4.2
Foreign currency translation	**0.6**	7.8
Carrying amount at end of year	**229.9**	227.1

NOTE 16 – INTANGIBLE ASSETS

	2014 $M	2013 $M
Brand names and licences		
At cost	**1,093.4**	1,099.9
Accumulated amortisation and impairment	**(404.6)**	(179.2)
	688.8	920.7
IT development costs		
IT development at cost	**22.4**	52.7
Projects in progress at cost	**13.0**	4.9
Accumulated amortisation	**(13.4)**	(6.3)
	22.0	51.3
Goodwill		
At cost	**661.5**	657.3
Accumulated impairment	**(625.2)**	(619.4)
	36.3	37.9
Total intangible assets	**747.1**	1,009.9

Reconciliations

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

	BRAND NAMES AND LICENCES		IT DEVELOPMENT COSTS		GOODWILL		TOTAL	
	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M
Carrying amount at start of year	**920.7**	892.9	**51.3**	35.0	**37.9**	4.7	**1,009.9**	932.6
Additions	**–**	–	**16.9**	18.9	**–**	–	**16.9**	18.9
Business acquisitions	**–**	–	**–**	–	**–**	30.8	**–**	30.8
Impairment/write-off	**(228.2)**	–	**(39.1)**	–	**(5.3)**	–	**(272.6)**	–
Amortisation expense	**–**	–	**(7.1)**	(4.5)	**–**	–	**(7.1)**	(4.5)
Transfer	**–**	–	**–**	1.9	**–**	–	**–**	1.9
Foreign currency translation	**(3.7)**	27.8	**–**	–	**3.7**	2.4	**–**	30.2
Carrying amount at end of year	**688.8**	920.7	**22.0**	51.3	**36.3**	37.9	**747.1**	1,009.9

16.1 IT Development costs

As part of the rationalisation and restructure of the organisation, a strategic review of information technology infrastructure has resulted in a write-off of $39.1 million of assets.

16.2 Recoverable amount of cash generating units (CGUs)

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level.

The Group's CGUs have been determined as being:

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

The allocation of the Group's intangible assets (other than IT assets) across the three CGUs is as follows:

	AMERICAS		EMEA		ANZ		TOTAL	
	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M	2014 $M	2013 $M
Carrying amount of goodwill	**–**	–	**–**	5.2	**36.3**	32.7	**36.3**	37.9
Carrying amount of indefinite life brand names	**204.7**	364.2	**2.9**	2.8	**481.2**	553.7	**688.8**	920.7

NOTE 16 – INTANGIBLE ASSETS / CONTINUED

16.2 Recoverable amount of cash generating units (CGUs) / continued

For the purposes of testing for impairment, the carrying amount of each individual CGU's net assets has been compared to their recoverable amount, with the recoverable amount being calculated as the higher of fair value less costs of disposal and value in use.

The recoverable amount of goodwill is calculated as part of the CGU including the attributed goodwill. The recoverable amounts of other assets contained within the CGUs have been determined using the assets' fair value less costs of disposal by reference to independent valuations for tangible assets and discounted cash flows using the relief from royalty methodology for brands.

Primarily as a result of a decline in Commercial growth rates, the carrying value of net assets within the Americas and EMEA CGUs exceeded their respective recoverable amounts; therefore the Group has recognised impairments for these CGUs. The impairments have been allocated first to goodwill, then to the individual assets within the CGUs on a pro-rata basis by calculating the individual assets' recoverable amounts.

Americas

Within the Americas CGU an impairment of $201.8 million was recognised as a result of the CGU's recoverable amount test. The impairment was allocated to property, plant and equipment ($46.6 million) and indefinite life brands ($155.2 million).

EMEA

The Group impaired $5.3 million of goodwill within the EMEA CGU as a result of the CGU recoverable amount test.

ANZ

The recoverable amount of the ANZ CGU was assessed to significantly exceed the carrying value of its net assets based on a value in use discounted cash flow methodology.

In the prior period, the recoverable amount for all CGUs was determined based on the respective CGUs value in use. The recoverable amount was in excess of the carrying values and no CGUs were impaired at FY13.

16.3 Goodwill and indefinite life brands

Goodwill and indefinite life brand names have been allocated to individual CGUs according to business segment and country of operation. This is consistent with the prior period.

Goodwill

The Group has goodwill of $36.3 million (2013: 37.9 million) which is tested for impairment annually as part of the CGU recoverable amount impairment test for ANZ. The recoverable amount of net assets in the ANZ CGU was determined to be in excess of the carrying value and accordingly no goodwill impairment was evident in the current or comparative period.

As part of the EMEA CGU recoverable amount impairment test, the Group impaired $5.3 million of goodwill. The impairment was due to a revised medium-term outlook influenced in part by reduced market demand.

Indefinite life brands

Brand names with a carrying value of $688.8 million (2013: $920.7 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.

As part of the Americas CGU recoverable amount impairment test, the Group impaired $155.2 million (2013: nil) of brands (refer note 16.2).

As part a review of indefinite life brands, the Group determined that individual asset impairment indicators existed for commercially aligned brands within the ANZ portfolio caused by adverse market conditions within the Commercial market sector. Accordingly, the Group has recognised an impairment of $73.0 million in relation to these brands (2013: nil). The recoverable amounts of the brands were based on their fair value less costs of disposal determined using a relief from royalty methodology using assumptions detailed in note 16.4.

16.4 Key assumptions and sensitivities used in determining recoverable amounts

The recoverable amounts are sensitive to a number of assumptions, which are discussed in turn below.

Discount rate

The Group applies post-tax discount rates 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 following pre-tax discount rates were used in the respective impairment tests:

	2014	2013
ANZ	**13.1%**	13.5%
Americas	**13.0%**	12.8%
EMEA	**13.5%**	13.5%

Cash flows

Cash flows are based on the most recent financial plans approved by the Board. For each CGU, the cash flow projections for a five-year period have been determined based on expectations about future performance. Key assumptions in the cash flows include sales volume growth, costs of sales, costs of doing business and foreign exchange rates. The assumptions regarding sales volume growth and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectations about future vintage costs. This is consistent with the prior period.

Long-term growth rate

Cash flows beyond a five-year period are extrapolated using a growth rate of 3% (2013: 3%). The growth rate does not exceed the long-term growth rate for the business in which the CGU operates and is consistent with the assumption a market participant would make.

Exchange rates

The applicable regional discount rates have been applied to the local currency cash flows in determining the fair values of each brand. Most foreign currency cash flows are denominated in USD and GBP. The present value of each region’s cash flows have been converted to the currency in which the brand is held at the spot rate at the date of the impairment test where any brand is sold in more than one region.

Royalty rates

As part of the determination of an individual brand’s fair value less costs of disposal, appropriate royalty rates have been determined by considering the brand’s history and future expected performance. Factors such as the profitability of the brand, market share, brand recognition and general conditions in the industry have also been considered in determining an appropriate royalty rate for each brand. Consideration is also given to the industry norms relating to royalty rates by analysing market derived data for comparable brands and by determining the notional royalty payments as a percentage of the divisional earnings before interest and taxation generated by the region in which the brand names are used. Net royalty rates applied range between 0% and 12%.

NOTE 16 – INTANGIBLE ASSETS / CONTINUED

Impact of possible changes in key assumptions

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount. If the variation in assumption had a negative impact on the recoverable amount, it could indicate a requirement for additional impairment to non-current assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the recoverable amount of the Americas CGU:

CHANGE TO RECOVERABLE AMOUNT	AMERICAS $M
Reasonably possible change in assumption	
0.5% increase in discount rate	**(13.0)**
5% decrease in net sales revenue	**(8.8)**
0.5% decrease in long-term growth rate	**(10.7)**
1.0% decrease in relief from royalty rate	**(34.7)**

None of the sensitivities in the table above, applied either in isolation or in aggregate to the ANZ CGU and EMEA CGU, would cause the CGUs carrying value of net assets to exceed their respective recoverable amounts.

The sensitivities above assume that the specific assumption moves in isolation, while all other assumptions are held constant.

There have been no reversals of impairment losses recognised during the year.

NOTE 17 – PAYABLES

	2014 $M	2013 $M
Current		
Trade payables	**157.2**	188.6
Other payables and accruals	**292.6**	291.4
Total current payables	**449.8**	480.0
Non-current		
Other payables and accruals	**1.4**	–
Total non-current payables	**1.4**	–

Trade payables are normally settled within 65 days (2013: 60 days) from the date of invoice unless alternative terms have been agreed by the supplier and do not incur interest expense. Other payables and accruals are settled when they become due and payable.

Foreign exchange transaction disclosures

Trade payables and other payables and accruals at the reporting date were denominated in the following currencies.

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2014					
Trade payables	**83.2**	**42.8**	**10.5**	**20.7**	**157.2**
Other payables and accruals	**131.0**	**121.5**	**22.4**	**19.1**	**294.0**
Total payables	**214.2**	**164.3**	**32.9**	**39.8**	**451.2**
2013					
Trade payables	105.6	56.3	12.2	14.5	188.6
Other payables and accruals	137.3	115.9	21.4	16.8	291.4
Total payables	242.9	172.2	33.6	31.3	480.0

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital structure and financial risk management framework

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

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

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

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

	NOTE	LIQUIDITY	INTEREST RATE	FOREIGN EXCHANGE	CREDIT
Borrowings	20	×	×	×	×
Receivables	10		×	×	×
Other financial assets				×	×
Payables	17	×		×	
Derivative financial assets and liabilities	19		×	×	×

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

(a) Liquidity risk

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

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

	2014 $M	2013 $M
Committed arrangements/facilities available to TWE Group:		
Arrangements to provide standby funds and/or support facilities	**830.9**	500.0
Amounts utilised	**(265.4)**	(225.1)
Amount of credit unused	**565.5**	274.9

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES / CONTINUED

(a) Liquidity risk / continued

The Group is in compliance with all undertakings under its various financing arrangements. Unutilised facilities total $565.5 million (2013: $274.9 million), which mature beyond 12 months of balance date. Details of the Group's borrowings are included in note 20.

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

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

	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
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 and accruals	**292.6**	**–**	**–**	**–**	**–**	**292.6**	**292.6**
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**	**11.8**	**28.5**	**310.8**	**820.2**	**721.9**

	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
2013							
Non-derivative financial liabilities							
Bank loans*	5.1	4.8	8.3	232.0	–	250.2	223.8
Other loans	–	1.0	0.2	–	–	1.2	1.2
Trade payables	188.6	–	–	–	–	188.6	188.6
Other payables and accruals	291.4	–	–	–	–	291.4	291.4
Derivative financial liabilities							
Foreign exchange contracts	2.9	1.4	4.2	0.5	–	9.0	9.0
Total financial liabilities	488.0	7.2	12.7	232.5	–	740.4	714.0

* Loans are stated net of capitalised facility borrowing costs in these tables. At reporting date, the balance of the bank loans is nil and the carrying amount of ($2.2 million) reflects capitalised facility borrowing costs which are amortised over the facility period. The contractual terms of the facilities include an annual unutilised facility fee for any unutilised portion.

** Contractual amounts for the interest rate swaps are the net amounts for pay floating and receive fixed interest. The carrying value at FY14 is less than $50,000.

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

(b) Capital management

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

The key objectives include:

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

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

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

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

(c) Interest rate risk

The Group is exposed to interest rate risk principally from borrowings under its debt facilities, including bank borrowings and US Private Placement Notes. Other sources of interest rate risk for the Group may include receivable purchasing agreements, interest-bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered.

The Group's approach to interest rate risk management is predicated on ensuring that forecast future sensitivity of earnings from interest rate volatility is within tolerable limits. Under this framework, the Group's interest rate exposure may be managed using derivative financial instruments, which includes interest rate swaps, interest rate options and forward rate agreements. As the basis of interest rate risk is the same for the hedged items as it is for the hedge instrument, a 1:1 hedge ratio is implemented. Counterparty credit risk and USD LIBOR volatility have been identified as potential sources of hedge ineffectiveness.

Details of interest rate swaps at reporting date are outlined in note 19.

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

	2014 $M	2013 $M
Financial assets		
Cash and cash equivalents	**52.0**	10.8
Other loans	**3.2**	3.3
Total assets	**55.2**	14.1
Financial liabilities		
Bank loans	–	225.1
US Private Placement Notes*	**159.2**	–
Total liabilities	**159.2**	225.1

* The Group has entered into interest rate swap contracts to swap $106.2 million (US$100.0 million) US Private Placement Notes from fixed rate to floating rate. Included within this balance is $106.2 million in relation to debt, which has been swapped from fixed to floating (refer note 20).

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES / CONTINUED

(c) Interest rate risk / continued

The following sensitivity analysis shows the impact by currency denomination if the consolidated Group's weighted average floating interest rates had changed from the year-end rates of 1.73% (2013: 3.34%) with all other variables held constant.

	SENSITIVITY ASSUMPTION		PRE-TAX IMPACT ON PROFIT			
	2014	2013	2014		2013	
CURRENCY			– $M	+ $M	– $M	+ $M
United States Dollar	**+ /–25bp**	+ /–25bp	**(0.5)**	**0.5**	0.3	(0.3)
Australian Dollar	**+ /–25bp**	+ /–25bp	**(0.1)**	**0.1**	0.2	(0.2)
Great Britain Pound	**+ /–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.

(d) Foreign exchange risk

The Group is exposed to foreign exchange risk through:

- Transaction exposures including sales of wine into export markets and the purchase of production inputs, denominated in currencies other than the respective functional currencies of the controlled entities; 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), Canadian Dollar (CAD), Great British Pound (GBP), Euro (EUR), New Zealand Dollar (NZD), Singapore Dollar (SGD), Swedish Krona (SEK) and Norwegian Krone (NOK).

The receivable and payable balances, as denominated in their respective currencies, are presented in notes 10 and 17 respectively.

The focus of the Group's foreign exchange risk management activities is on its transactional foreign exchange exposures relating to the export of Australian produced wine into key overseas markets. Under the Board approved framework the most price sensitive exports for the upcoming vintage, based on highly probable forecast exposures, are hedged for a period of up to three years using primarily foreign exchange options (including collar transactions). In implementing the framework, Group Treasury will have regard to the underlying currency net cash flows of the Group, comprising operating, investing and financing cash flows. As the basis of foreign currency risk is the same for the hedged items as it is for the hedge instrument, a 1:1 hedge ratio is implemented. Counterparty credit risk has been identified as a potential source of hedge ineffectiveness.

Details of foreign exchange options and forward exchange contracts at reporting date are outlined in note 19.

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

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2014					
Cash and cash equivalents/(overdraft)	**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)**
2013					
Cash and cash equivalents	3.9	0.6	(2.9)	9.2	10.8
Loan receivable	3.3	–	–	–	3.3
Bank loans	(85.0)	(138.8)	–	–	(223.8)
Other loan payable	(1.0)	–	(0.2)	–	(1.2)
Net debt	(78.8)	(138.2)	(3.1)	9.2	(210.9)

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			
	2014	2013	2014		2013		2014		2013	
CURRENCY			+	–	+	–	+	–	+	–
United States Dollar	**7.9%**	12.1%	**(0.5)**	**0.6**	6.3	(8.9)	**(62.5)**	**74.0**	(105.4)	134.5
Great Britain Pound	**7.5%**	10.8%	**(0.3)**	**0.3**	9.5	(8.7)	**(7.4)**	**8.3**	(9.3)	11.6
Euro	**7.5%**	11.1%	**(2.0)**	**2.4**	(2.8)	3.5	**(1.7)**	**2.0**	(2.5)	3.1
Canadian Dollar	**6.8%**	9.4%	**(1.3)**	**1.5**	(2.1)	2.5	**0.0**	**0.0**	0.0	0.0
New Zealand Dollar	**5.7%**	7.0%	**0.0**	**0.0**	0.0	0.0	**(6.2)**	**7.0**	(7.6)	8.7

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

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and derivative instruments (including financial guarantees). Credit risk for financial assets that have been recognised in the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts. The maximum counterparty credit risk exposure at 30 June in respect of derivative financial instruments was $1.1 million (2013: $1.2 million) and in respect to cash and other investments was nil (2013: nil).

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

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

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES / CONTINUED

(f) Fair values

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

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

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

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

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

	2014 CARRYING AMOUNT $M	2013 CARRYING AMOUNT $M	2014 FAIR VALUE $M	2013 FAIR VALUE $M
Cash and deposits	**52.0**	10.8	**52.0**	10.8
Loans and receivables				
Trade receivables	**362.7**	419.6	**362.7**	419.6
Other receivables	**27.2**	18.2	**27.2**	18.2
Interest rate swaps	*	–	*	–
Loan receivable	**4.2**	3.3	**4.2**	3.3
Financial assets designated as hedged items				
Foreign exchange contracts	**4.4**	1.2	**4.4**	1.2
Total financial assets	**450.5**	453.1	**450.5**	453.1
Financial liabilities at amortised cost				
Payables	**449.8**	480.0	**449.8**	480.0
Bank loans	–	223.8	–	223.8
US Private Placement Notes	**265.4**	–	**268.3**	–
Interest rate swaps	*	–	*	–
Other loans	**2.4**	1.2	**2.4**	1.2
Financial liabilities designated as hedged items				
Foreign exchange contracts	**6.5**	9.0	**6.5**	9.0
Total financial liabilities	**724.1**	714.0	**727.0**	714.0

* Less than $50,000.

Bank loans represent loans denominated in USD and AUD.

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

NOTE 19 – DERIVATIVE FINANCIAL INSTRUMENTS

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	2014 $M	2013 $M
Financial assets		
Current foreign exchange contracts		
FX swap contracts	*	1.0
FX option contracts	**3.1**	–
Non-current foreign exchange contracts		
FX option contracts	**1.3**	0.2
Interest rate swaps	*	–
Financial liabilities		
Current foreign exchange contracts		
FX swap contracts	*	2.2
FX option contracts	**6.0**	2.1
Non-current foreign exchange contracts		
FX option contracts	**0.5**	4.7
Interest rate swaps	*	–

* Less than $50,000.

The fair value of the interest rate swap is negligible.

The fair values of forward exchange contracts, options, and interest rate swaps are determined using the applicable market rates and curves at the end of the reporting period.

The US Private Placement Notes are denominated in USD. At reporting date there were $671.7 million (Australian Dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (2013: $509.4 million) and interest rate swaps of $106.2 million (2013: nil).

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

NOTE 19 – DERIVATIVE FINANCIAL INSTRUMENTS / CONTINUED

Hedging of foreign exchange risk and interest rate risk

The Group utilises hedging instruments in relation to interest rate and foreign exchange risk. Profile of timing over the next five years, nominal amount and average price of the hedge instruments is disclosed in the following table:

	2015 $M	2016 $M	2017 $M	2018 $M	2019 $M
2014					
Cash flow hedges					
Foreign exchange risk					
Options – AUD/USD					
Notional amount	**71.8**	**36.6**	**3.6**	–	–
Strike rate – call (purchased)	**0.98**	**0.95**	**0.91**	–	–
Strike rate – put (sold)	**0.86**	**0.77**	**0.70**	–	–
Options – AUD/GBP					
Notional amount	**74.7**	**57.6**	**15.4**		
Strike price – call (purchased)	**0.62**	**0.61**	**0.56**	–	–
Strike price – put (sold)	**0.56**	**0.49**	**0.46**	–	–
2013					
Cash flow hedges					
Foreign exchange risk					
Options – AUD/USD					
Notional amount	70.5	4.1	–	–	–
Strike rate – call (purchased)	1.05	1.06	–	–	–
Strike rate – put (sold)	0.87	0.84	–	–	–
Options – AUD/GBP					
Notional amount	83.8	13.4	–	–	–
Strike price – call (purchased)	0.66	0.67	–	–	–
Strike price – put (sold)	0.55	0.52	–	–	–
2014					
Fair value hedges					
Interest rate risk					
Interest rate swaps					
Notional amount	**106.2**	**106.2**	**106.2**	**106.2**	**106.2**

The interest rate swap is a pay floating receive fixed throughout the term of the US Private Placement Notes which mature in December 2023. The Group did not have fair value hedges in FY13.

The impact of hedging instruments and hedged items designated in hedging relationships as of 30 June 2014 on the statement of financial position is shown in the following tables:

Hedge instruments:

	NOTIONAL AMOUNT $M	CARRYING AMOUNT ASSET $M	CARRYING AMOUNT LIABILITY $M	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS $M	AMOUNT RECLASSIFIED FROM HEDGE RESERVE TO PROFIT OR LOSS $M	LINE ITEM IN PROFIT OR LOSS	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE HEDGING INSTRUMENT IS LOCATED
Cash flow hedges							
Foreign exchange risk on foreign currency option							
2014	**259.7**	**4.4**	**6.5**	–	**(1.9)**	**Cost of sales**	**Derivative financial asset/liability**
2013	171.8	0.2	6.8	–	0.1	Cost of sales	Derivative financial asset/liability
Fair value hedge – interest rate swaps							
Interest rate risk							
2014	**106.2**	–	–	–	–	–	**Borrowings**

There was no ineffectiveness on the above hedges during the period.

Hedged items:

		CARRYING AMOUNT ASSET $M	CARRYING AMOUNT LIABILITY $M	ACCUMULATED FAIR VALUE ADJUSTMENTS ASSET $M	ACCUMULATED FAIR VALUE ADJUSTMENTS LIABILITY $M	CASH FLOW HEDGE RESERVE $M	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE HEDGED ITEM IS INCLUDED	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD
Cash flow hedges								
Foreign exchange risk on forecast wine export								
2014		*	*	*	*	**(3.1)**	*	–
2013		*	*	*	*	(7.0)	*	–
Fair value hedge								
Interest rate risk								
US Private Placement Notes	**2014**	–	**106.2**	–	–	**N/A**	**Borrowings**	–

* Hedges of forecast transactions therefore not yet recognised by the Group.

The Group did not have interest rate swaps during FY13.

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

	2014 $M	2013 $M
Cash flow hedge reserve – opening	**(4.9)**	0.5
Amount recognised in equity during the year (change in fair value)[1]	**4.9**	(5.4)
Amount released to profit or loss during the year	**(2.5)**	–
Cash flow hedge reserve – closing	**(2.5)**	(4.9)

1. Including the effect of the change in accounting policy – refer note 1.

Master netting agreement

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have a current legally enforceable right to offset recognised amounts because the right to offset is enforceable only on the occurrence of future events such as default on the bank loans or other credit events.

NOTE 19 – DERIVATIVE FINANCIAL INSTRUMENTS / CONTINUED

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	GROSS AND NET AMOUNTS OF FINANCIAL INSTRUMENT	RELATED FINANCIAL INSTRUMENT THAT IS NOT OFFSET	NET AMOUNT
2014			
Financial assets			
Foreign currency option contracts used for hedging	**4.4**	**(4.4)**	–
Other forward foreign currency contracts	*	*	*
Interest rate swaps used for hedging	*	*	*
Financial liability			
Foreign currency option contracts used for hedging	**(6.5)**	**4.2**	**(2.3)**
2013			
Financial assets			
Foreign currency option contracts used for hedging	0.2	(0.2)	–
Other forward foreign currency contracts	*	*	*
Financial liability			
Foreign currency option contracts used for hedging	(6.8)	0.2	(6.6)
Other forward foreign currency contracts	(1.1)	*	1.1

* Less than $50,000.

NOTE 20 – BORROWINGS

	2014 $M	2013 $M
Current		
Other	**0.8**	0.7
Total current borrowings	**0.8**	0.7
Non-current		
Unsecured	**264.6**	224.1
Other	**0.2**	0.2
Total non current borrowings	**264.8**	224.3
Total net borrowings consist of:		
Current	**0.8**	0.7
Non-current	**264.8**	224.3
Total gross borrowings	**265.6**	225.0

Details of major arrangements

US Private Placement Notes

On 16 December 2013, the Group issued US Private Placement Notes of US$250.0 million, with maturity in seven-year (US$75.0 million), 10-year (US$125.0 million) and 12-year (US$50.0 million) tranches. The carrying value at 30 June 2014 is $265.4 million. The Group has entered into an interest rate swap with a notional value of $106.2 million. The interest rate swap is a pay floating receive fixed. Refer note 19.

Receivable purchasing agreement

The Group has entered into uncommitted, non-recourse receivable purchasing agreements to sell certain domestic and international receivables, from time-to-time, to unrelated entities in exchange for cash. As at 30 June 2014, the Group had sold receivable balances equivalent to $107.9 million (2013: $122.6 million) in exchange for cash.

Syndicated revolving term debt facility

On 8 August 2013, the Group entered a new committed syndicated revolving term debt facility, totalling US$250.0 million, with US$170.0 million maturing in August 2016 and US$80.0 million maturing in August 2018. At 30 June 2014, the Group had not drawn-down on the facility.

Financial guarantees

The Company has financial guarantees to banks and other financiers of $266.0 million (2013: $225.5 million) and to other persons of $26.1 million (2013: $30.5 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. The Company does not expect any payments will eventuate under these financial guarantees as the Company and the Group are expected to meet their respective obligations to the beneficiaries of these guarantees.

NOTE 21 – PROVISIONS

	2014 $M	2013 $M
Current		
Employee entitlements	**37.4**	37.3
Other	**49.1**	50.9
Total current provisions	**86.5**	88.2
Non-current		
Employee entitlements	**3.3**	3.7
Total non-current provisions	**3.3**	3.7

Other provisions

	ONEROUS CONTRACTS $M	RESTRUCTURING $M	DISTRIBUTOR INVENTORY AND OTHER $M	TOTAL $M
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**
2013				
Carrying amount at start of year	12.6	0.1	1.6	14.3
Charged/(credited) to profit or loss	4.1	–	42.9	47.0
Payments	(10.1)	(0.1)	(1.1)	(11.3)
Foreign currency translation	0.1	–	0.8	0.9
Carrying amount at end of year	6.7	–	44.2	50.9

Onerous contract provisions are held for non-cancellable leases, IT infrastructure service contracts and wine grape supply contracts that have been identified as being surplus to the Group's needs.

Restructuring provision balance comprises costs associated with the Group rationalisation and restructure program as detailed in note 4.

The distributor inventory and other provision includes estimated costs to be incurred in destroying excess inventory holdings as detailed in note 4. During the year, $25.1 million of the provision was released as the Group modified its approach to dealing with certain excess inventory by depleting it under the special depletion allowance program. Costs accrued for under this program are included in Other payables and accruals (note 17).

NOTE 22 – CONTRIBUTED EQUITY

	2014 $M	2013 $M
Issued and paid-up capital		
649,427,560 (2013: 647,227,144) ordinary shares, fully paid	**3,055.6**	3,047.5
Treasury shares held	**(4.2)**	(4.9)
	3,051.4	3,042.6
Ordinary share capital at the beginning of the period	**3,047.5**	3,047.5
Shares issued:		
1,710,804 (2013: nil) shares in accordance with the Dividend Reinvestment Plan	**6.3**	–
489,612 (2013: nil) shares in accordance with the Long-Term Incentive Plan	**1.8**	–
Total movements in ordinary share capital	**8.1**	–
Ordinary share capital at the end of the period	**3,055.6**	3,047.5

The shares have no par value.

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

(b) Treasury shares
Included within ordinary fully paid shares are 1.0 million (2013: 1.2 million) shares which are available to satisfy any entitlements that vest under the Group's Employee Equity Plans. Details in respect to the Group's Employee Equity Plans are set out in note 24.

NOTE 23 – RESERVES

	NOTE	2014 $M	2013 $M
Cash flow hedge reserve	(a)	**(2.5)**	(4.9)
Share-based payments reserve	(b)	**14.3**	9.8
Foreign currency translation reserve	(c)	**(234.2)**	(246.0)
Total reserves		**(222.4)**	(241.1)

Nature and purpose of reserves
(a) Cash flow hedge reserve
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be effective.

(b) Share-based payment reserve
This reserve records the value of shares under the Group's Long-Term Incentive Plan and Restricted Equity Plan offered to employees as part of their remuneration. Refer to note 24 for further details of this plan.

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

NOTE 24 – EMPLOYEE EQUITY PLANS

As at 30 June 2014, the Group has the share-based payment arrangements outlined in this note. Further details of the equity arrangements are included in the Directors' Report.

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

The Group operates the following equity plans:

- Short-Term Incentive Plan (STIP) Deferred Share Plan;
- Long-Term Incentive Plan (LTIP); and
- Restricted Equity Plan (REP).

STIP Deferred Share Plan

Under the STIP Deferred Share Plan, one-third of a participant's STIP award that vests is delivered in the form of Deferred Equity (Restricted Shares or Deferred Share Rights). The Deferred Equity is subject to a mandatory two-year disposal restriction period and continued employment with the Group. Participants are entitled to dividends and to exercise their voting rights attached to the Restricted Shares during the restriction period. Holders of Deferred Share Rights are not entitled to dividends or voting rights.

If the executive is dismissed for cause, tenders his/her resignation, is terminated for performance reasons (as determined by the Board) or commits an act that the Board deems to result in forfeiture, then any Restricted Equity will generally be forfeited.

LTIP

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

For the 2014 and 2013 awards, Performance Rights are subject to dual performance measures with equal weighting over a performance period of three years. The performance measures are relative Total Shareholder Return (TSR) and earnings per share (EPS) compound annual growth rate (CAGR). These measures also applied to the 2012 awards.

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

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

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

REP

Under the REP, eligible participants receive a grant of Restricted Shares or Deferred Share Rights (Restricted Equity awards) at no cost to them that are subject to a restriction period. Restricted Equity awards are subject to forfeiture if the participant resigns from the Group prior to the conclusion of the restriction period applicable to the offer. Participants are entitled to dividends and to exercise their voting rights attached to the Restricted Shares during the restriction period (to the extent they hold Restricted Shares only; not applicable to Deferred Share Rights).

Awards under the REP are in the form of the following:

- Demerger Restricted Shares: in 2011 two offers of one-off Demerger Restricted Shares were granted to eligible participants to create immediate alignment with shareholder interest, drive performance during the period post-demerger and for the purposes of retention.
- Restricted Equity awards: these awards (in the form of Restricted Shares or Deferred Share Rights) are made to compensate employees for foregoing equity compensation in their previous organisation, as a sign-on award and/or as a retention incentive.

Fair value of awards

The grant date fair value of the LTIP Performance Rights granted during the year ended 30 June 2014 is detailed below. The TSR component is valued using a Monte-Carlo simulation. The valuation model uses standard option pricing inputs, including the term of the award, share price at grant date, exercise price, expected annual dividend yield, expected risk-free interest rate for the performance period and expected share price volatility.

For the EPS component of the LTIP awards, a likely vesting outcome taking into account the performance hurdle is considered when determining the fair value. The fair value is derived from the current share price less the present value of dividends. The likely vesting outcome reflects the performance to date against targets.

NOTE 24 – EMPLOYEE EQUITY PLANS / CONTINUED

PLAN	GRANT DATE	EXPIRY DATE	BALANCE START OF YEAR NO.	GRANTED DURING YEAR NO.	FORFEITED DURING YEAR NO.	EXERCISED DURING YEAR NO.
FY14						
STIP Deferred Shares						
FY11 STIP	15-Sep-11	14-Sep-13	517,915	–	6,083	511,832
FY12 STIP	14-Sep-12	13-Sep-14	338,974	–	42,706	–
LTIP						
FY11 LTIP Offer 2 – TSR	06-Jun-11	30-Sep-13	354,152	–	122,514	231,638
FY11 LTIP Offer 2 – ROCE	06-Jun-11	30-Sep-13	358,215	–	358,215	–
FY12 LTIP (CEO) – TSR	25-Nov-11	30-Jun-14	393,586	–	393,586	–
FY12 LTIP (CEO) – EPS	25-Nov-11	30-Jun-14	393,586	–	393,586	–
FY12 LTIP – TSR	13-Apr-12	30-Jun-14	2,593,735	–	933,741	1,659,994
FY12 LTIP – EPS	13-Apr-12	30-Jun-14	2,574,759	–	2,574,759	–
FY13 LTIP – TSR	22-Nov-12	30-Jun-15	1,569,073	–	436,703	–
FY13 LTIP – EPS	22-Nov-12	30-Jun-15	1,569,073	–	436,702	–
FY12 LTIP – TSR	28-Jun-13	30-Jun-14	54,813	–	16,444	38,369
FY12 LTIP – EPS	28-Jun-13	30-Jun-14	54,813	–	–	54,813
FY14 LTIP – TSR	16-Dec-13	30-Jun-16	–	588,809	45,506	–
FY14 LTIP – EPS	16-Dec-13	30-Jun-16	–	588,792	45,505	–
FY14 LTIP – TSR	28-Feb-14	30-Jun-16	–	364,494	12,139	–
FY14 LTIP – EPS	28-Feb-14	30-Jun-16	–	364,490	12,139	–
REP						
Demerger	03-Jun-11	05-May-14	297,442	–	33,974	263,468
Targeted	29-Aug-11	30-Jun-14	18,493	–	–	18,493
Targeted	03-Feb-12	03-Feb-14	46,089	–	–	46,089
Targeted	23-Nov-12	23-Nov-15	11,942	–	–	5,971
Targeted	08-Mar-13	08-Mar-16	4,469	–	–	–
Targeted	26-Aug-13	26-Aug-15	–	7,433	–	–
Targeted	26-Aug-13	26-Aug-16	–	4,248	–	–
Targeted	26-Aug-13	26-Aug-17	–	7,433	–	–
Targeted	18-Dec-13	18-Dec-15	–	266,058	–	–
Targeted	18-Dec-13	18-Dec-16	–	20,741	–	–
Targeted	18-Dec-13	18-Dec-17	–	20,742	–	–
Targeted	28-Feb-14	28-Feb-15	–	1,855	–	–
Targeted	28-Feb-14	28-Feb-16	–	14,722	–	–
Targeted	28-Feb-14	28-Feb-17	–	293,620	–	–
Targeted	28-Feb-14	28-Feb-18	–	2,106	–	–
Targeted	30-Apr-14	01-Jul-17	–	1,595,187	–	–
Targeted	16-May-14	01-Jul-17	–	65,553	–	–
			11,151,129	4,206,283	5,864,302	2,830,667

BALANCE END OF YEAR NO.	GRANT DATE SHARE PRICE $	FAIR VALUE ESTIMATE AT GRANT DATE $	EXPECTED DIVIDEND YIELD %	EXPECTED SHARE PRICE VOLATILITY %	RISK-FREE INTEREST RATE %
–	3.36	N/A	N/A	N/A	N/A
296,268	4.78	N/A	N/A	N/A	N/A
–	3.46	0.86	3.5	20.0	4.9
–	3.46	3.22	3.5	20.0	4.9
–	3.76	2.61	3.5	33.0	3.0
–	3.76	3.43	3.5	33.0	3.0
–	4.35	3.21	3.1	30.0	3.3
–	4.35	4.06	3.1	30.0	3.3
1,132,370	5.16	3.35	3.2	28.0	2.7
1,132,371	5.16	4.75	3.2	28.0	2.7
–	5.82	5.33	2.8	25.0	2.8
–	5.82	5.66	2.8	25.0	2.8
543,303	4.61	1.54	2.5	29.0	2.8
543,287	4.61	4.33	2.5	29.0	2.8
352,355	3.87	0.71	2.6	31.0	2.7
352,351	3.87	3.64	2.6	31.0	2.7
–	3.42	N/A	N/A	N/A	N/A
–	3.24	N/A	N/A	N/A	N/A
–	3.48	N/A	N/A	N/A	N/A
5,971	5.02	N/A	N/A	N/A	N/A
4,469	5.59	N/A	N/A	N/A	N/A
7,433	4.69	N/A	N/A	N/A	N/A
4,248	4.69	N/A	N/A	N/A	N/A
7,433	4.69	N/A	N/A	N/A	N/A
266,058	4.57	N/A	N/A	N/A	N/A
20,741	4.57	N/A	N/A	N/A	N/A
20,742	4.57	N/A	N/A	N/A	N/A
1,855	3.87	N/A	N/A	N/A	N/A
14,722	3.87	N/A	N/A	N/A	N/A
293,620	3.87	N/A	N/A	N/A	N/A
2,106	3.87	N/A	N/A	N/A	N/A
1,595,187	3.81	N/A	N/A	N/A	N/A
65,553	4.08	N/A	N/A	N/A	N/A
6,662,443					

NOTE 24 – EMPLOYEE EQUITY PLANS / CONTINUED

PLAN	GRANT DATE	EXPIRY DATE	BALANCE START OF YEAR NO.	GRANTED DURING YEAR NO.	FORFEITED DURING YEAR NO.	EXERCISED DURING YEAR NO.
FY13						
STIP Deferred Shares						
FY11 STIP	15-Sep-11	14-Sep-13	591,558	–	25,808	47,835
FY12 STIP	14-Sep-12	14-Sep-14	–	396,191	–	57,217
LTIP						
FY11 LTIP Offer 1 – TSR	06-Jun-11	30-Sep-12	418,844	–	8,117	410,727
FY11 LTIP Offer 1 – ROCE	06-Jun-11	30-Sep-12	418,844	–	418,844	–
FY11 LTIP Offer 2 – TSR	06-Jun-11	30-Sep-13	403,446	–	49,294	–
FY11 LTIP Offer 2 – ROCE	06-Jun-11	30-Sep-13	403,446	–	45,231	–
FY12 LTIP (CEO) – TSR	25-Nov-11	30-Jun-14	393,586	–	–	–
FY12 LTIP (CEO) – EPS	25-Nov-11	30-Jun-14	393,586	–	–	–
FY12 LTIP – TSR	13-Apr-12	30-Jun-14	3,250,734	–	656,999	–
FY12 LTIP – EPS	13-Apr-12	30-Jun-14	3,250,734	–	675,975	–
FY13 LTIP – TSR	22-Nov-12	30-Jun-15	–	1,752,675	183,602	–
FY13 LTIP – EPS	22-Nov-12	30-Jun-15	–	1,752,675	183,602	–
FY12 LTIP – TSR	28-Jun-13	30-Jun-14	–	54,813	–	–
FY12 LTIP – EPS	28-Jun-13	30-Jun-14	–	54,813	–	–
REP						
Demerger	03-Jun-11	05-May-14	702,828	–	–	405,386
Targeted	29-Aug-11	30-Jun-14	18,493	–	–	–
Targeted	03-Feb-12	03-Feb-14	92,178	–	–	46,089
Targeted	01-Jun-12	01-Jun-15	4,512	–	4,512	–
Targeted	23-Nov-12	23-Nov-15	–	11,942	–	–
Targeted	08-Mar-13	08-Mar-16	–	4,469	–	–
			10,342,789	4,027,578	2,251,984	967,254

BALANCE END OF YEAR NO.	GRANT DATE SHARE PRICE $	FAIR VALUE ESTIMATE AT GRANT DATE $	EXPECTED DIVIDEND YIELD %	EXPECTED SHARE PRICE VOLATILITY %	RISK-FREE INTEREST RATE %
517,915	3.36	N/A	N/A	N/A	N/A
338,974	4.78	N/A	N/A	N/A	N/A
–	3.46	1.09	3.5	20.0	4.8
–	3.46	3.33	3.5	20.0	4.8
354,152	3.46	0.86	3.5	20.0	4.9
358,215	3.46	3.22	3.5	20.0	4.9
393,586	3.76	2.61	3.5	33.0	3.0
393,586	3.76	3.43	3.5	33.0	3.0
2,593,735	4.35	3.21	3.1	30.0	3.3
2,574,759	4.35	4.06	3.1	30.0	3.3
1,569,073	5.16	3.35	3.2	28.0	2.7
1,569,073	5.16	4.75	3.2	28.0	2.7
54,813	5.82	5.33	2.8	25.0	2.8
54,813	5.82	5.66	2.8	25.0	2.8
297,442	3.42	N/A	N/A	N/A	N/A
18,493	3.24	N/A	N/A	N/A	N/A
46,089	3.48	N/A	N/A	N/A	N/A
–	4.43	N/A	N/A	N/A	N/A
11,942	5.02	N/A	N/A	N/A	N/A
4,469	5.59	N/A	N/A	N/A	N/A
11,151,129					

NOTE 25 – EMPLOYEE BENEFITS

	2014 $M	2013 $M
The aggregate amount of employee benefits is comprised of:		
Accrued wages, salaries and on-costs	**18.9**	12.8
Provisions (current)	**37.4**	37.3
Provisions (non-current)	**3.3**	3.7
Total employee benefits	**59.6**	53.8

The aggregate of the employee entitlement provision is $40.7 million (2013: $41.0 million). Employee benefits incurred during the year were $308.4 million (2013: $283.3 million).

NOTE 26 – REMUNERATION OF AUDITORS

	2014 $	2013 $
During the year, the following fees were paid or payable for services provided by the auditor of the Company, and its related practices:		
Audit and review of financial statements and other audit work under the Corporations Act 2001 (KPMG Australia):	**680,000**	–
Overseas KPMG firms	**646,324**	–
Audit and review services	**1,326,324**	–
Other non-audit services	**353,020**	–
	1,679,344	–
Audit and review of financial statements and other audit work under the Corporations Act 2001 (PwC Australia):	–	1,298,000
Associated PwC firms	–	814,000
Audit and review services	–	2,112,000
Other non-audit services	–	100,000
	–	2,212,000

The Group employs its statutory auditor KPMG (2013: PricewaterhouseCoopers) to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service and as long as stringent independence requirements are satisfied. In the year ended 30 June 2014, KPMG earned fees in respect to the provision of advisory and taxation services which were provided prior to their appointment as the Group's statutory auditor. (2013: PricewaterhouseCoopers earned fees in respect to the provision of taxation and advisory services).

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

NOTE 27 – COMMITMENTS

	2014 $M	2013 $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	**44.1**	41.8
between 1 year and 5 years	**121.2**	90.1
over 5 years	**108.4**	69.0
Total lease commitments	**273.7**	200.9
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**13.0**	7.2

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

NOTE 28 – NOTES TO THE CASH FLOW STATEMENT

	2014 $M	2013[1] $M
Cash at bank and on hand (note 9)	**52.0**	10.8
Reconciliation of net cash flows from operating activities to profit/(loss) after income tax		
Profit/(loss) for the year	**(102.4)**	47.6
Depreciation and amortisation	**85.7**	76.8
Contributions from associates	**–**	(1.0)
Profit on disposal of non-current assets	**(2.1)**	(0.5)
Valuation (increment)/decrement on agricultural assets	**19.5**	(3.8)
Revaluation assets held for sale and investments	**–**	(7.9)
Asset impairment charges	**345.2**	–
Share-based payments expense	**8.0**	7.9
Unrealised net foreign exchange differences	**0.1**	(0.5)
Net cash provided by operating activities before change in assets and liabilities	**354.0**	118.6
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities*		
Receivables	**54.4**	2.6
Inventories	**(76.9)**	(41.4)
Derivative financial assets/liabilities	**(1.8)**	9.1
Payables	**(40.3)**	12.0
Net tax balances	**(101.9)**	(19.9)
Provisions	**(2.0)**	32.1
Net cash flows from operating activities	**185.5**	113.1

1. Restated due to change in accounting policy as a result of the adoption of the revised AASB 9 *Financial Instruments,* which requires a retrospective application. Refer note 1.

* Comparative information has been adjusted to align with the presentation of the current period. The effect of foreign exchange is now attributed to each line item within working capital.

NOTE 29 – RELATED PARTY DISCLOSURES

Ownership interests in related parties

All material ownership interests in related parties are disclosed in note 30 to the financial statements.

Parent entity

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

Transactions with entities in the wholly-owned Group

Transactions between companies within the Group during the current and prior year included:

- purchases and sales of goods and services; and
- provision of accounting and administrative assistance.

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

Transactions with other related parties

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

	2014 $'000	2013 $'000
Loans to related parties:		
Opening balance	**2,229**	–
Loans advanced	**800**	2,000
Interest charged	**151**	229
	3,180	2,229

Key management personnel compensation:

The following table shows the compensation paid or payable to key management personnel of the Company and Group.

	2014 $	2013 $
Short-term employee benefits	**4,321,635**	4,963,192
Post-employment benefits	**166,025**	151,806
Share-based payments	**722,930**	2,434,527
Termination benefits	**1,329,287**	660,389
Total	**6,539,877**	8,209,914

NOTE 30 – CONTROLLED ENTITIES

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

ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDING 2014 %	EQUITY HOLDING 2013 %
Aldershot Nominees Pty. Ltd.*		Australia	**100**	100
B Seppelt & Sons Limited*		Australia	**100**	100
Beringer Blass Distribution S.R.L.		Italy	**100**	100
Beringer Blass Italia S.R.L.		Italy	**100**	100
Beringer Blass Wine Estates Chile Limitada		Chile	**100**	100
Beringer Blass Wine Estates Limited		UK	**100**	100
Beringer Blass Wines Pty. Ltd.*		Australia	**100**	100
Bilyara Vineyards Pty. Ltd.*		Australia	**100**	100
Cellarmaster Wines (UK) Limited		UK	**100**	100
Cellarmaster Wines Holdings (UK) Limited		UK	**100**	100
Coldstream Australasia Limited*		Australia	**100**	100
Cuppa Cup Vineyards Pty. Ltd.		Australia	**100**	100
Devil's Lair Pty. Ltd.		Australia	**100**	100
Ewines Pty. Ltd.		Australia	**100**	100
FBL Holdings Limited		UK	**100**	100
Graymoor Estate Joint Venture		Australia	**48.8**	48.8

ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDING 2014 %	EQUITY HOLDING 2013 %
Graymoor Estate Pty. Ltd.		Australia	**48.8**	48.8
Graymoor Estate Unit Trust		Australia	**48.8**	48.8
Greg Norman Estates Joint Venture		Australia	**70**	70
Il Cavaliere del Castello di Gabbiano S.r.l.		Italy	**100**	100
Interbev Pty. Ltd.*		Australia	**100**	100
Invin Wines Pty. Ltd.		Australia	**100**	100
Island Cooler Pty. Ltd.		Australia	**100**	100
James Herrick Wines Limited		UK	**100**	100
Leo Buring Pty. Ltd.		Australia	**100**	100
Lindeman (Holdings) Limited*		Australia	**100**	100
Lindemans Wines Pty. Ltd.		Australia	**100**	100
Mag Wines Pty. Ltd.		Australia	**100**	100
Majorca Pty. Ltd.*		Australia	**100**	100
MBL Packaging Pty. Ltd.		Australia	**100**	100
Mildara Holdings Pty. Ltd.*		Australia	**100**	100
North America Packaging (Pacific Rim) Corporation		USA	**100**	100
North Para Environment Control Pty. Ltd.		Australia	**69.9**	69.9
Penfolds Wines Pty. Ltd.		Australia	**100**	100
Premium Land, Inc.		USA	**100**	100
Rapaura Vintners Limited	(a)	New Zealand	**–**	100
Raust International Investments BV		Netherlands	**100**	100
RH Wines Pty. Ltd.		Australia	**100**	100
Robertsons Well Pty. Ltd.		Australia	**100**	100
Robertsons Well Unit Trust		Australia	**100**	100
Rosemount Estates Pty. Ltd.		Australia	**100**	100
Rothbury Wines Pty. Ltd.*		Australia	**100**	100
Roxburgh Vineyards Pty. Ltd.		Australia	**100**	100
SCA 605 Pty. Ltd.		Australia	**100**	100
SCW 905 Limited*		Australia	**100**	100
Seaview Wynn Pty. Ltd.*		Australia	**100**	100
Selion Pty. Ltd.		Australia	**100**	100
Southcorp Australia Pty. Ltd.*		Australia	**100**	100
Southcorp Brands Pty. Ltd.*		Australia	**100**	100
Southcorp International Investments Pty. Ltd.*		Australia	**100**	100
Southcorp Limited*		Australia	**100**	100
Southcorp NZ Pty. Ltd.*		Australia	**100**	100
Southcorp Whitegoods Pty. Ltd.		Australia	**100**	100
Southcorp Wines Asia Pty. Ltd.		Australia	**100**	100
Southcorp Wines Europe Limited		UK	**100**	100
Southcorp Wines NZ Limited		New Zealand	**100**	100
Southcorp Wines Pty. Ltd.*		Australia	**100**	100
Southcorp XUK Limited		UK	**100**	100
T'Gallant Winemakers Pty. Ltd.		Australia	**100**	100
The New Zealand Wine Club Limited		UK	**100**	100
The Rothbury Estate Pty. Ltd.*		Australia	**100**	100
Tolley Scott & Tolley Limited*		Australia	**100**	100
Treasury Americas Inc		USA	**100**	100
Treasury Wine Brands Pty Limited		Australia	**100**	100
Treasury Wine Estates (China) Holding Co Pty Ltd*		Australia	**100**	100
Treasury Wine Estates Shanghai Co Ltd.		China	**100**	100
Treasury Wine Estates (Matua) Limited	(a)	New Zealand	**100**	100
Treasury Wine Estates (NZ) Holding Co. Pty. Ltd.*		Australia	**100**	100
Treasury Wine Estates (NZ) Limited		New Zealand	**100**	100

NOTE 30 – CONTROLLED ENTITIES / CONTINUED

ENTITY	NOTES	COUNTRY OF INCORPORATION	EQUITY HOLDING 2014 %	EQUITY HOLDING 2013 %
Treasury Wine Estates Asia (SEA) Pte Limited		Singapore	**100**	100
Treasury Wine Estates (UK) Holding Co. Pty. Ltd.*		Australia	**100**	100
Treasury Wine Estates Americas Company		USA	**100**	100
Treasury Wine Estates Asia Pty. Ltd.		Australia	**100**	100
Treasury Wine Estates Australia Limited*		Australia	**100**	100
Treasury Wine Estates Barossa Vineyards Pty. Ltd.		Australia	**100**	100
Treasury Wine Estates Canada, Inc.		Canada	**100**	100
Treasury Wine Estates Denmark ApS		Denmark	**100**	100
Treasury Wine Estates EMEA Limited		UK	**100**	100
Treasury Wine Estates Finland Oy		Finland	**100**	100
Treasury Wine Estates Group Pty Limited		Australia	**100**	100
Treasury Wine Estates HK Limited		China	**100**	100
Treasury Wine Estates Holdings Inc.		USA	**100**	100
Treasury Wine Estates Japan KK	(b)	Japan	**100**	–
Treasury Wine Estates Limited*		Australia	**100**	100
Treasury Wine Estates Netherlands B.V		Netherlands	**100**	100
Treasury Wine Estates Norway AS		Norway	**100**	100
Treasury Wine Estates (Shanghai) Co Trading Limited	(c)	China	**100**	–
Treasury Wine Estates Sweden AB		Sweden	**100**	100
Treasury Wine Estates UK Brands Limited		UK	**100**	100
Treasury Wine Estates Vintners Limited*		Australia	**100**	100
TWE Finance (Aust) Limited*		Australia	**100**	100
TWE Finance (UK) Limited		UK	**100**	100
TWE Insurance Company Pte. Ltd.		Singapore	**100**	100
TWE Share Plans Pty. Ltd.		Australia	**100**	100
TWE US Finance Co.		USA	**100**	100
VEA Pty. Ltd.		Australia	**100**	100
Wolf Blass Wines Pty. Ltd.*		Australia	**100**	100
Woodley Wines Pty. Ltd.		Australia	**100**	100
Wynn Winegrowers Pty. Ltd.		Australia	**100**	100
Wynns Coonawarra Estate Pty. Ltd.		Australia	**100**	100

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 31) and relieved from the requirement to prepare audited financial statements by ASIC Class Order (98/1418).

Notes

(a) On 1 July 2013, Rapaura Vintners Limited was amalgamated into Treasury Wine Estates (Matua) Limited under the name Treasury Wine Estates (Matua) Limited.

(b) Incorporated on 26 February 2014.

(c) Incorporated on 25 March 2014.

NOTE 31 – 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 30.

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 2014 are set out on the following page.

	2014 $M	2013 $M
Extract of the statement of profit or loss and other comprehensive income		
Profit/(loss) before tax	**(129.3)**	97.3
Income tax expense	**75.7**	(32.6)
Net profit after tax	**(53.6)**	64.7
Retained earnings at beginning of the year	**152.7**	172.1
External dividends	**(84.1)**	(84.1)
Retained earnings at end of the year	**15.0**	152.7
Statement of financial position		
Current assets		
Cash and cash equivalents	**10.4**	1.5
Receivables	**1,344.4**	1,336.4
Inventories	**315.5**	375.6
Current tax assets	–	3.8
Assets held for sale	**2.5**	2.5
Derivative financial assets	**9.1**	3.1
Total current assets	**1,681.9**	1,722.9
Non-current assets		
Receivables	**6.8**	3.9
Inventories	**403.4**	305.8
Other financial assets	**2,737.0**	2,852.1
Derivative financial assets	**1.8**	4.9
Property, plant and equipment	**485.1**	492.9
Agricultural assets	**90.2**	83.6
Intangible assets	**386.2**	437.2
Retirement benefit assets	–	0.5
Deferred tax assets	**55.0**	43.0
Total non-current assets	**4,165.5**	4,223.9
Total assets	**5,847.4**	5,946.8
Current liabilities		
Payables	**213.1**	234.2
Borrowings	**2,465.9**	2,333.5
Current tax liabilities	**5.6**	–
Provisions	**55.5**	38.8
Derivative financial liabilities	**9.1**	4.3
Total current liabilities	**2,749.2**	2,610.8
Non-current liabilities		
Borrowings	–	85.0
Deferred tax liabilities	**8.1**	32.4
Provisions	**3.3**	3.7
Derivative financial liabilities	**1.8**	4.9
Total non-current liabilities	**13.2**	126.0
Total liabilities	**2,762.4**	2,736.8
Net assets	**3,085.0**	3,210.0
Equity		
Contributed equity	**3,055.7**	3,047.5
Reserves	**14.3**	9.8
Retained earnings	**15.0**	152.7
Total equity	**3,085.0**	3,210.0

NOTE 32 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2014 $M	2013 $M
Balance sheet		
Current assets	**5,714.9**	5,633.6
Total assets	**7,582.9**	7,501.5
Current liabilities	**4,466.9**	4,391.0
Total liabilities	**4,466.9**	4,391.0
Net assets	**3,116.0**	3,110.5
Shareholders' equity		
Issued capital	**3,055.7**	3,047.5
Share-based payments reserve	**14.3**	9.8
Retained earnings	**46.0**	53.2
Total equity	**3,116.0**	3,110.5
Profit for the year	**77.0**	71.0
Total comprehensive income	**77.0**	71.0

(b) Class Action

Refer to note 33.

(c) Financial guarantees

The Company has financial guarantees to banks and other financiers of $266.0 million (2013: $225.5 million) and to other persons of $26.1 million (2013: $30.5 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. The Company does not expect any payments will eventuate under these financial guarantees as the Company and Group are expected to meet their respective obligations to the beneficiaries of these guarantees.

NOTE 33 – CLASS ACTION

In November 2013, Melbourne City Investments Pty Ltd commenced an action in the Victorian Supreme Court for unspecified damages on behalf of shareholders who held shares on 15 July 2013 and 22 August 2013. The class action alleges that the Company misled the market and breached its obligations of continuous disclosure in respect of its US operations.

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

The Company strongly denies any and all allegations made against it through class action litigation and intends to vigorously defend itself in the relevant legal proceedings.

The Company does not presently know the size of the claims, nor can it based on the information currently available quantify any potential financial exposure arising from those ligation proceedings. No provision has been recognised at 30 June 2014 in respect of this matter.

NOTE 34 – SUBSEQUENT EVENTS

Offer to purchase

On 4 August 2014, the Board of Treasury Wine Estates Limited announced that it has received a revised indicative, non-binding and conditional proposal to acquire all of the shares of TWE at a price of $5.20 cash per share on behalf of funds managed by Kohlberg Kravis Roberts and Co. L.P. ('KKR') and Rhône Capital L.L.C. ('Rhône') by way of a scheme of arrangement. The Board of TWE, together with its advisors, has concluded, based on the revised proposal, that it is in the interests of its shareholders to engage further with KKR and Rhône. Therefore, subject to the negotiation of an appropriate confidentiality agreement, KKR and Rhône have been granted the opportunity to conduct non-exclusive due diligence.

On 12 August 2014, the Board announced that it had received a competing offer under similar terms to that of the KKR and Rhône offer from another global private equity investor and had granted the opportunity for due diligence.

Other than the above offers and the potential class action referred to in note 33 there are no matters or circumstances which have arisen since 30 June 2014 which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in subsequent financial periods.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

In the Directors' opinion:

(a) The financial statements and notes 1 to 34, are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

(b) there are reasonable grounds to believe that Treasury Wine Estates Limited will be able to pay its debts as and when they become due and payable; and

(c) there are reasonable grounds to believe that members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee described in note 31.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.

Paul Rayner *Chairman*	**Michael Clarke** *Chief Executive Officer*

21 August 2014

KPMG

Independent auditor's report to the members of Treasury Wine Estates Limited

Report on the financial report

We have audited the accompanying financial report of Treasury Wine Estates Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Treasury Wine Estates Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner

Melbourne

21 August 2014

DETAILS OF SHAREHOLDERS, SHAREHOLDINGS AND TOP 20 SHAREHOLDERS

Details of shareholders and shareholdings

Holding of securities

LISTED SECURITIES 21 AUGUST 2014	NO. OF HOLDERS	NO. OF SHARES	% HELD BY TOP 20
Fully paid ordinary shares	66,883	649,427,560	86.16

SIZE OF HOLDING	NUMBER
1 – 1,000	46,573
1,001 – 5,000	17,909
5,001 – 10,000	1,610
10,001 – 100,000	726
100,001 and over	65
Total	**66,883**

Of these, 1,792 shareholders held less than a marketable parcel of $500 worth of shares (97 shares). In accordance with ASX Business Rules, the last sale price of the Company's shares on the ASX on 21 August 2014 was used to determine the number of shares in a marketable parcel.

Twenty largest shareholders – 21 August 2014

RANK	SHAREHOLDER	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
1.	HSBC Custody Nominees	226,757,877	34.92
2.	JP Morgan Nominees Australia	148,925,920	22.93
3.	National Nominees Limited	84,790,137	13.06
4.	Citicorp Nominees Pty Limited	68,150,974	10.49
5.	BNP Paribas Nominees Pty Ltd	6,826,508	1.05
6.	RBC Global Services Australia	4,530,239	0.70
7.	Australian Foundation Investment Company Limited	3,257,544	0.50
8.	QIC Limited	2,659,949	0.41
9.	RBC Investor Services Australia Nominees Pty Limited <GSAM A/C>	2,597,804	0.40
10.	AMP Life Limited	1,843,291	0.28
11.	Avanteos Investments Limited <2477966 DNR A/C>	1,665,125	0.26
12.	ECapital Nominees Pty Limited <Settlement A/C>	1,517,976	0.23
13.	Share Direct Nominees Pty Ltd <10026 A/C>	1,483,655	0.23
14.	Milton Corporation Limited	1,053,604	0.16
15.	Mirrabooka Investments Limited	812,988	0.13
16.	Amcil Limited	670,715	0.10
17.	Bond Street Custodians Limited <Pure Indexed Equities A/C>	635,005	0.10
18.	Djerriwarrh Investments Limited	527,088	0.08
19.	Questor Financial Services Limited <TPS RF A/C>	410,291	0.06
20.	Helena Matt Pty Ltd	408,500	0.06
Total		**559,525,190**	**86.16**

Substantial shareholders – 21 August 2014

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving the notice under Part 6C.1 of the Corporations Act.

INSTITUTION	INTEREST (% OF ISC)
Commonwealth Bank	9.49
Wellington Management Company	7.89
The Capital Group Companies	6.72
Baillie Gifford & Co	6.17

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The date, time and location of the Annual General Meeting of the Company will be contained in the Notice of Meeting to be sent to all shareholders.

VOTING RIGHTS

Shareholders are encouraged to attend the Annual General Meeting; however, when this is not possible, they can use the proxy form by which they can express their views.

Shareholders may also lodge a proxy electronically either via www.investorvote.com.au using the details printed on their personalised proxy form or www.tweglobal.com and clicking on 'AGM Proxy' or www.intermediaryonline.com for custodian voting (subscribers only).

Every shareholder, proxy or shareholder's representative has one vote on a show of hands, except where a shareholder appoints two proxies, in which case neither proxy is entitled to vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to one vote for each fully paid share.

SECURITIES EXCHANGE LISTING

Treasury Wine Estates Limited shares are listed on the Australian Securities Exchange under the code 'TWE'.

American Depositary Shares, sponsored by The Bank of New York Mellon, can be purchased through brokers in the US.

SHARE REGISTER AND OTHER ENQUIRIES

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone: 1800 158 360
International: +61 3 9415 4208
Facsimile: +61 3 9473 2500
(For faxing Proxy Forms only: +61 3 9473 2555 (outside Australia) or 1800 783 447 (within Australia))
Email: web.queries@computershare.com.au
Website: www.investorcentre.com/contact

Please include your securityholder reference number (SRN) or holder identification number (HIN) in all correspondence to the share registry. For enquiries relating to the operations of the Company, please contact the Investor Relations team on:

Telephone: +61 3 8533 3000
Facsimile: +61 3 9685 8001
Email: investors@tweglobal.com
Website: www.tweglobal.com

58–82 Queensbridge Street,
Southbank Victoria 3006
Australia

ELECTRONIC COMMUNICATIONS

The Company has an online share registry facility where shareholders can:

- check their current and previous holding balances;
- update their address details;
- update their bank details;
- review their dividend history;
- confirm whether they have lodged a TFN/ABN exemption;
- change their Annual Report election;
- download commonly used forms; and
- elect to receive email notification when dividend statements and issuer sponsored holding statements are available to view online.

To access the online share registry, log on to www.tweglobal.com, go to the shareholder information section located under the investors menu and click the 'online share registry' icon. For security and privacy reasons, shareholders will be required to verify their identity before they can view their records.

TAX FILE NUMBERS, AUSTRALIAN BUSINESS NUMBERS OR EXEMPTIONS

Australian taxpayers who do not provide details of their tax file number will have dividends subjected to the top marginal personal tax rate plus Medicare levy (if applicable). It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Shareholders may request a form from the share registry or submit their details via the online share registry.

CHANGE OF ADDRESS

It is important for shareholders to notify the share registry of any change of address. As a security measure, the old address should also be quoted as well as your securityholder reference number (SRN). Shareholders may access the online share registry to submit their details or download a personalised change of address form.

SHAREHOLDER WINE CLUB

Our shareholders have the opportunity to purchase a wide range of premium wines representing exceptional value from the TWE Vintrepreneur's Club.

Information about the TWE Vintrepreneur's Club will be sent to shareholders with the welcome letter. Shareholders can also register to receive information by visiting www.vintrepreneur.com or calling 1300 846 863.

TREASURY WINE ESTATES LIMITED

ABN 24 004 373 862

COMPANY SECRETARY

Paul Conroy

REGISTERED OFFICE

58–82 Queensbridge Street
Southbank Victoria 3006
Australia

Telephone: +61 3 8533 3000