TREASURY
WINE ESTATES

1 September 2015

ASX Market Announcements Office
Via: Online Lodgement

2015 Annual Report

In accordance with ASX Listing Rules 4.7.1 and 4.7.3, Treasury Wine Estates Limited attaches its 2015 Annual Report, together with a completed Appendix 4G.

Yours faithfully

Paul Conroy
Chief Legal Officer & Company Secretary

TREASURY WINE ESTATES LIMITED
ABN 24 004 373 862
58 QUEENSBRIDGE STREET
SOUTHBANK VIC 3006 AUSTRALIA
WWW.TWEGLOBAL.COM

TREASURY
WINE ESTATES

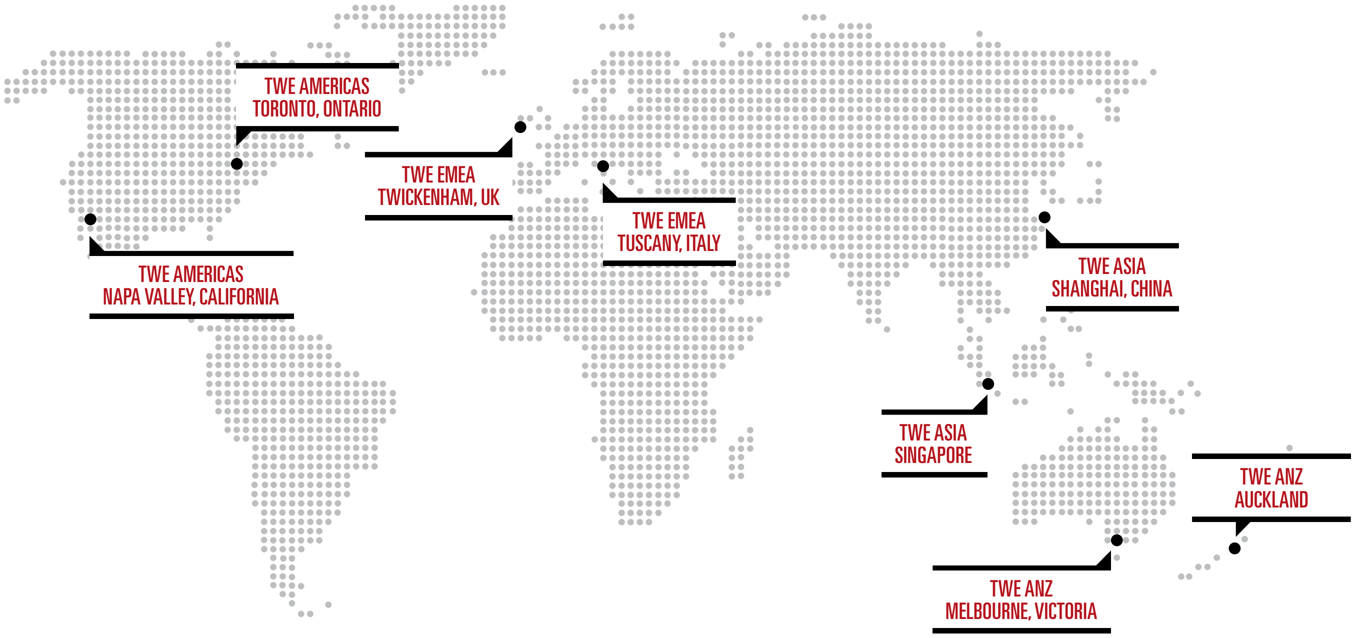
ANNUAL REPORT 2015

TREASURY WINE ESTATES (TWE) IS ONE OF THE WORLD'S LARGEST WINE COMPANIES, LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX). THE COMPANY HAS A RICH HERITAGE AND A PORTFOLIO OF SOME OF THE MOST RECOGNISED AND AWARDED WINE BRANDS IN THE WORLD.

TWE IS FOCUSED ON PORTFOLIO PREMIUMISATION AND BRAND-LED MARKETING, WITH WORLD-CLASS PRODUCTION FACILITIES IN INTERNATIONALLY RECOGNISED WINE REGIONS.

THE COMPANY SOURCES GRAPES FROM A MIX OF OWNED, LEASED AND THIRD-PARTY VINEYARDS. EMPLOYING APPROXIMATELY 3,000 WINEMAKERS, VITICULTURALISTS, SALES, MARKETING, DISTRIBUTION AND SUPPORT STAFF ACROSS THE GLOBE, TWE'S WINE IS SOLD IN MORE THAN 70 COUNTRIES AROUND THE WORLD.

OUR LOCATIONS



AUSTRALIA & NEW ZEALAND

AUSTRALIA

Corporate head office:
Melbourne, Victoria

6	regional sales offices
84	vineyards
9,149	planted hectares
9	wineries

NEW ZEALAND

Country sales head office:
Auckland

8	vineyards
339	planted hectares
2	wineries

Data current as at 30 June 2015.
All currency referred to in this Annual Report is in Australian dollars, unless otherwise stated.

AMERICAS

USA

Regional head office:
Napa Valley, California

3	regional sales offices
24	vineyards
2,484	planted hectares
7	wineries

CANADA

Country head office:
Toronto, Ontario

4	regional sales offices

ASIA

SOUTH EAST ASIA

Regional head office:
Singapore

4	regional sales offices

GREATER CHINA

Regional head office:
Shanghai

4	regional sales offices

EUROPE, MIDDLE EAST & AFRICA

UK

Regional head office:
Twickenham, Middlesex

NORDICS & WESTERN EUROPE

3	regional sales offices

ITALY

Country head office:
Gabbiano, Tuscany

145	planted hectares
1	winery

CHAIRMAN'S REPORT

> "I AM CONFIDENT THAT TWE IS SET FOR STRONG, SUSTAINABLE SUCCESS IN FY16. THE CORE BUSINESS HAS BEEN RESET IN FY15, AND THE POSITIVE TRANSFORMATION OF THE COMPANY WILL CONTINUE."

Dear Shareholders,

INTRODUCTION

Welcome to the 2015 Annual Report for Treasury Wine Estates Limited (TWE).

Fiscal Year 2015 (FY15) was a year of genuine progress and positive transformation for TWE. The year commenced with an intense period of activity related to two takeover proposals received from private equity firms, and I am pleased the Company was able to put the distraction of these proposals behind us to focus on building stronger brands and driving improvements in our financial performance.

At the time it became apparent that the takeover proposals were not on terms or at a price acceptable to the Board. Given the performance of TWE since, and the support of our shareholders, it is evident that those proposals undervalued our Company.

TWE's full year financial results for FY15 demonstrate a solid return for our shareholders, and I want to thank our owners for their patience and ongoing confidence in the Company. I am also confident that the Company will continue to build on the improvements in performance delivered over FY15 in the coming financial year.

OVERVIEW OF RESULTS AND FY15

FY15 was a year in which the Company's new Chief Executive Officer, Michael Clarke, was able to make his mark on TWE. Together with executive management, tough decisions were taken to help fix the core business and right-size the Company's cost base.

The Board was fully supportive of this transformation, and also strongly backed management's plans for major investment, and the reinvestment of overhead savings in the consumer marketing of the Company's priority brands.

It is increasingly evident that the decisions to reset the business in FY15 are starting to deliver the results our shareholders expect.

I do, however, want to recognise the demands placed upon the Company's people in taking on such a large amount of change over such a short period of time. It is no exaggeration to state that many companies would have taken two to three years to deliver the transformation agenda TWE has enacted in 12 months.

I know the Company's employees are proud of what has been delivered over FY15, and their positive and resilient approach throughout this process must be acknowledged.

I believe the Company's FY15 results speak for themselves. TWE is now a leaner, more efficient business with a clear strategic plan, and a focused approach to investing behind its brands.

The Company is now building stronger relationships with its key customers; successfully engaging and exciting consumers around the globe; beating the competition at the world's leading wine shows; and delivering improved profitability and greater efficiency in a sustainable way.

I am optimistic about the Company's performance and growth potential, and I believe our shareholders should be too.

REGIONAL SUMMARY

TWE is a global business, and our FY15 results demonstrate that strong progress is being made across our key regions of Australia and New Zealand (ANZ); the Americas; Europe, Middle East and Africa (EMEA); and Asia. A more detailed commentary on each of our key regions is provided in the Chief Executive Officer's Report.

STRATEGY

Over the course of FY15, the Board has worked closely with executive management to drive delivery against the Company's Five Year Plan and immediate Strategic Roadmap.

Whilst considerable progress has been made over the last year, it is important to stress that the turnaround of the Company is not yet complete, and that TWE must continue to build on the momentum established in FY15.

The Board remains committed to working collaboratively with management to deliver the next phase of the Company's transformation, and resultant improvements in TWE's financial performance.

BALANCE SHEET STRENGTH AND DIVIDEND

FY15 showed that TWE continues to act with financial discipline and maintain comparatively low levels of debt. As such, our shareholders can have confidence in the Company's financial foundations.

In April 2015, TWE successfully refinanced a $300 million syndicated debt facility due to mature in April 2016, successfully increasing the average duration of debt, improving the spread of committed facility maturities and delivering a lower margin over base interest rates. The Company's balance sheet continues to be robust and highly flexible.

Given the Company's FY15 results and the exciting marketing campaigns planned for TWE's priority brands in FY16, the Board is pleased to report a final dividend of 8 cents per share unfranked, to give a full year dividend of 14 cents per share, up 1 cent per share on prior year.

GOVERNANCE

Good corporate governance is a fundamental part of the culture and business practices of TWE. Accordingly, the Board carefully considered the two private equity proposals to buy the Company in the first quarter of FY15.

In August 2014, the Board concluded it was in the best interests of shareholders to grant the opportunity for relevant parties to conduct non-exclusive due diligence. During this process, the Board and executive management also held discussions with TWE's large shareholders. This provided clear feedback that major shareholders believed the proposals undervalued TWE and subsequently all discussions with the bidding parties ceased.

As already indicated, it was particularly pleasing that the Company was able to move past this distraction to successfully deliver its plans over the remainder of the financial year.

In addition, the Company continues to maintain a robust defence of its handling of excess US inventory in FY14. TWE strongly denies all allegations made against it through class action litigation and will continue to vigorously defend itself in relevant legal proceedings.

CORPORATE RESPONSIBILITY

FY15 saw a step change in the Company's approach to Corporate Responsibility (CR), with greater focus and impact delivered through the adoption of three strategic priorities – Responsible Consumption, Sustainable Sourcing and Corporate Volunteering.

The responsible consumption of alcohol remains a crucially important area for TWE's CR efforts, and provides an opportunity for the Company to demonstrate real leadership in an area of direct relevance to both our business and the communities in which we operate.

Throughout FY15, work was undertaken to embed education materials on responsible consumption throughout the Company – an essential first step before TWE can legitimately demonstrate its responsibility credentials externally. An updated Alcohol Policy was embedded with all staff. A Responsible Consumption Handbook was also circulated across the business, with the global marketing teams adopting a new Responsible Sales and Marketing Handbook as a key education tool for in-house brand teams and external agencies.

On sustainable sourcing, the Company's Responsible Procurement Code was incorporated into all new supplier request processes; and an assessment of environmental outcomes will now be included in the Company's product development 'gate' process.

Corporate volunteering was a particular highlight of the Company's responsibility agenda in FY15, with TWE's inaugural Global Volunteering Week taking employee volunteering rates to 58.6% of the Company's eligible workforce; up from 15.2% in FY14. As someone who had first-hand experience of partaking in this initiative, I am in no doubt of the benefit to both our charitable partners, our company culture and the communities in which we operate.

THANKS AND CONCLUSION

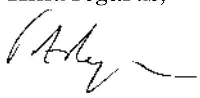
Looking ahead, I am confident that TWE is set for strong, sustainable success in FY16. The core business has been reset in FY15, and the positive transformation of the Company will continue.

Our shareholders can expect to see an exciting range of brand campaigns over the coming year as the Company unveils the results of the hard work and significant investment committed during the second half of FY15.

In conclusion, I would like to thank members of the Board for their contributions over the financial year. I would also like to thank Michael Clarke, his leadership team and all the hard working employees at TWE for their contribution, resilience and ability to deliver meaningful change over FY15.

Finally, I want to express my appreciation to you, our shareholders, for your ongoing support and continued investment in TWE.

Kind regards,



Paul Rayner
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

> "I AM PLEASED WITH OUR FY15 RESULTS…THE STRATEGIC, FINANCIAL AND CULTURAL TRANSFORMATION THAT HAS COMMENCED DURING THE YEAR WILL SET THE COMPANY UP FOR CONTINUED, SUSTAINABLE SUCCESS."

Dear Shareholders,

INTRODUCTION

It gives me great pleasure to write to you after my first full financial year as your Company's Chief Executive Officer.

As foreshadowed, FY15 was a critical year for TWE. During the year, we embedded substantial strategic, operational and cultural change within our organisation in order to enhance the quality and sustainability of the Company's base business.

Our ambition is to become the world's most celebrated wine company; one that enriches people's lives with quality wine brands. We will achieve this by transforming our business from an order-taking, agricultural company to a brand-led, marketing organisation. I am pleased that our FY15 financial results demonstrate we are progressing on that journey.

Underpinning our transformation are six strategic initiatives. We are working hard to:

- Fix the core business;
- Realign the Company's portfolio;
- Invest in our brands and our people;
- Enhance relationships with key stakeholders;
- Optimise our capital base; and
- Drive improved financial performance.

We also took steps to further strengthen your Company's Executive Leadership Team (ELT) with the appointment of Robert Foye in August 2014, as President and Managing Director for Asia, Europe, Middle East, Africa and Latin America, and with the appointment of Bob Spooner, as our new Chief Supply Officer in February 2015.

Our strong financial performance was delivered despite the distraction caused by the acquisition proposals received from two private equity firms in the first quarter of FY15. I am pleased that this distraction is behind us and we are now firmly focused on executing our strategy and delivering value growth for our shareholders.

RESET YEAR AND PERFORMANCE TURNAROUND

FY15 was a reset year for our Company where necessary steps were taken to reposition TWE for sustainable financial success. These steps included:

- Seamlessly transitioning the Penfolds release date to October, ensuring the brand is now available to be marketed and sold throughout the year;
- Deliberately focusing on sustainable and profitable volume; ensuring depletions exceeded shipments in all regions;
- Commencing optimisation of our supply chain with initial cost of goods sold (COGS) savings expected to be $50 million by FY20;
- Accelerating a separate marketing and supply focus on TWE's Luxury and Masstige portfolio versus our Commercial portfolio;
- Reducing overhead costs by more than $40 million;
- Embedding a more focused brand portfolio architecture, with 15 priority brands identified;
- Increasing consumer marketing investment by more than 50%; principally focused on priority brands and funded by overhead savings;
- Optimising TWE's route-to-market in Asia; notably in Greater China, Korea and Singapore;
- Investing in new markets and channels with untapped growth potential including Global Travel Retail and Latin America;
- Commencing global stock keeping unit (SKU) rationalisation with a target of 30% reduction; and
- Driving a high performance culture within the organisation.

RESULTS OVERVIEW

Ultimately it is not about what we say, it is about what we deliver as a Company.

In this context, I am delighted to report Net Sales Revenue growth of 3.8%[1] and EBITS of $225.1 million, up 16.2% on the prior year.

1. All percentage movements are on a constant currency basis, unless otherwise stated.

TWE's FY15 result reflects a combination of portfolio premiumisation together with actions to realign the portfolio, improve sales and marketing execution and the removal of excess overheads and supply chain costs.

AUSTRALIA AND NEW ZEALAND (ANZ)

Our ANZ business reported solid EBITS growth, up 14.8% to $84.4 million, driven by portfolio premiumisation, focused investment on priority brands, improved customer partnerships and lower overheads, partially offset by increased consumer marketing and continued heightened levels of competition in the concentrated, retail landscape.

EUROPE, MIDDLE EAST AND AFRICA (EMEA)

Earnings generated by our EMEA business were lower in FY15 at $14.4 million, driven by an increasingly competitive retail landscape in the UK, holding price through tax increases in the Nordics and a substantial uplift in consumer marketing, partially offset by lower overheads and favourable portfolio mix. Importantly, there were signs of recovery in the second half of the year as consumer marketing investment in the UK and the Nordics gained traction.

Reported EBITS were impacted unfavourably by $18.6 million, reflecting a $6.1 million hedge loss and a $12.5 million adverse impact from depreciation of the Euro and Swedish Krona relative to the Great British Pound (before translating the Great British Pound into the Australian Dollar).

AMERICAS

In the Americas, EBITS were at $93.2 million, in line with the prior year. Strong US depletions growth in the Luxury, Masstige and priority Commercial brand portfolios reflected successful execution to premiumise and grow the priority brand portfolio. Canada showed positive momentum underpinned by growth in Luxury and Masstige shipments and depletions.

EBITS were adversely affected by the impact of the Napa earthquake on direct-to-consumer sales as well as higher COGS due to carrying excess capacity, increased production overhead costs per case in FY14 and FY15 from short shipments, and favourable portfolio mix.

Reported EBITS were impacted unfavourably by $14.1 million, reflecting a $3.5 million hedge loss and a $10.6 million adverse impact from the depreciation of the Canadian Dollar relative to the US Dollar (before translating the US Dollar into the Australian Dollar).

I am pleased to report that the excess distributor inventory realignment program is now complete.

ASIA

Asia delivered 54.5% EBITS growth to $73.1 million in FY15 underpinned by portfolio premiumisation and increased distribution breadth from enhanced routes-to-market, together with strong sales and marketing execution. TWE is continuing to invest in consumer marketing as well as our sales and marketing capability to support both established and enhanced routes-to-market in Asia.

In summary, I am pleased with our FY15 results and am confident that the strategic, financial and cultural transformation that has commenced during the year will set the Company up for continued, sustainable success.

OUTLOOK

The outlook for our Company is bright.

Premiumisation remains a key component of TWE's strategy, and we are determined that our Luxury, Masstige and Commercial brands will be increasingly competitive.

Our FY15 performance has clearly demonstrated the benefits of investing in, rather than trading, our brands. We enter FY16 with the strongest pipeline of consumer marketing programs in place in the Company's history, underpinned by new brand innovations and campaigns.

Delivering revenue growth and margin accretion over time remains our priority. So too is delivering a more efficient capital base, a key strategic focus that supports TWE's transition from being an agricultural company to a brand-led, marketing organisation. As we execute our strategic roadmap, we are confident that TWE will generate high-teens EBITS margins by FY20.

THANKS AND CONCLUSION

In conclusion, I want to thank the TWE team for their efforts in delivering a strong financial result, especially against a backdrop of profound organisational change, in FY15.

I also want to thank the Board, and my colleagues on the ELT, for their ongoing focus, belief, trust and collaboration.

I am very confident that TWE's turnaround is on course, and that we will continue to drive the positive transformation of our Company into FY16 and beyond.

Finally, I wish to thank you, our shareholders, for your ongoing investment, support and belief in this great Company.

Kind regards,

Mike

Michael Clarke
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

OPERATIONS

The following Operating and Financial Review contains details of the significant changes in TWE's state of affairs that occurred during the year ended 30 June 2015.

About TWE

TWE is an Australian listed wine company with a heritage dating back to the establishment of Gabbiano in Italy in 1124. TWE's rich history with its regional, brand and wine segment diversity has evolved over time through organic growth, mergers and acquisitions (M&A) and notably, the demerger from Foster's Group on 9 May 2011.

TWE's business activities

TWE is a vertically integrated wine business focused on portfolio premiumisation and brand-led marketing. The Company has a portfolio of more than 80 brands together with world-class production facilities in internationally recognised wine regions. TWE sources grapes from a mix of Company-owned, leased and third party vineyards. The Company employs approximately 3,000 winemakers, viticulturists, sales, distribution and support staff across the globe and TWE's wine is sold in more than 70 countries around the world.

TWE's organisational structure and significant changes in the state of affairs

In order to best achieve TWE's strategic imperatives, the Group undertook a realignment of its major geographical regions during FY15. The organisation continues to be focused on four principal regions:

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

During the year, management of TWE's small but growing Latin American operations were transitioned to the EMEA region, having previously been under the management of the Americas business unit. While EMEA continues to be an important region for TWE, the transition of the management of Latin America to EMEA has resulted in increased focus on TWE's presence in the region. From 1 July 2015, Latin America is being reported as part of EMEA.

Also during the year, a number of changes to the Executive Leadership Team (ELT) were implemented. During the year the Group split the Asia Pacific and EMEA role to form two strategically aligned executive roles: a Managing Director located in Australia to oversee the operations of Australia and New Zealand, and a President and Managing Director located in Asia to oversee the operations of Asia and EMEA. Separately, TWE appointed a new Chief Supply Officer during the year.

Other than the above matters and those matters referred to in both the 'TWE Strategy' section of the Operating and Financial Review and the Financial Statements of this Annual Report, there have been no other significant changes in the state of affairs of the Group during the financial year.

TWE's business model

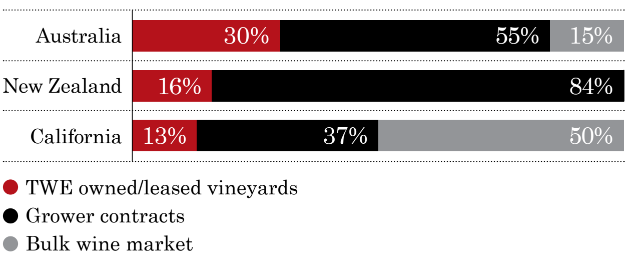
TWE is a vertically integrated wine business with three principal activities:

Grape growing and sourcing

TWE owns and leases 9,488 planted hectares of vineyards in Australia and New Zealand, and is the custodian of some of the most sought after viticultural assets in the Barossa Valley and the Coonawarra in Australia, and Marlborough in New Zealand. Furthermore, TWE owns and operates 2,484 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, Gabbiano in Tuscany, Italy.

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

Figure 1: TWE's regional sourcing 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 shortages and surpluses. It also enables flexibility to adapt to consumer and customer preferences. TWE also sources bulk wine from other wine producing nations such as Chile and Argentina to supplement annual intakes or manage input costs.

All figures and calculations are subject to rounding.
Unless otherwise stated all percentage or dollar movements from prior periods are pre any material items and on a constant currency basis.

Wine production

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

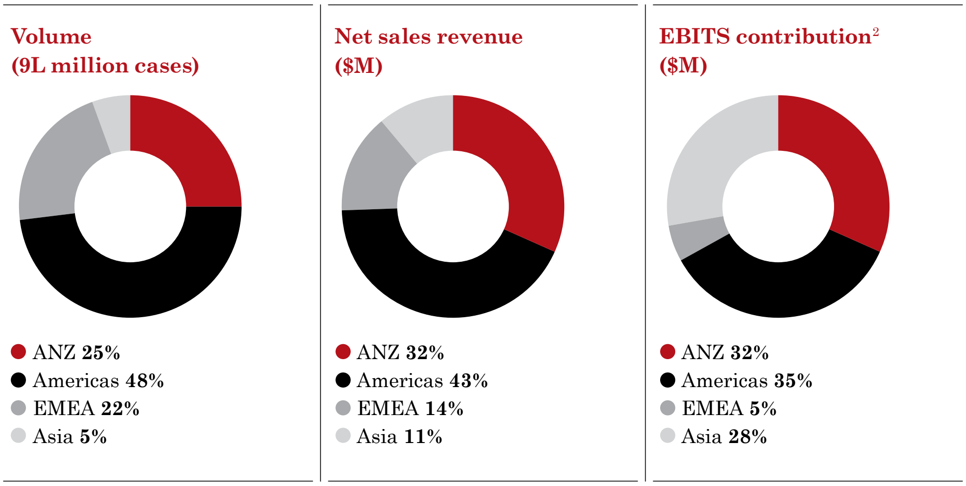
- In Australia, TWE owns nine wineries and three packaging facilities. TWE's wines are primarily produced in South Australia, New South Wales and Victoria;
- In New Zealand, TWE owns two winery and packaging facilities, located in Auckland and Marlborough;
- In the US, TWE has seven[1] production facilities located in the North and Central Coast regions of California.

Marketing and selling of TWE wine

TWE markets and distributes branded 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; Europe, Middle East and Africa (EMEA); and Asia.

TWE generates its revenues and profits from the production, marketing and sale of its branded wines. The charts below show the volume, sales revenue and EBITS[2] contribution by region in FY15. The Americas is the largest contributor to volume, net sales revenue and EBITS. TWE's earnings are generally determined by product mix, price and route-to-market in each region.

Figure 2: TWE's business performance by region in FY15



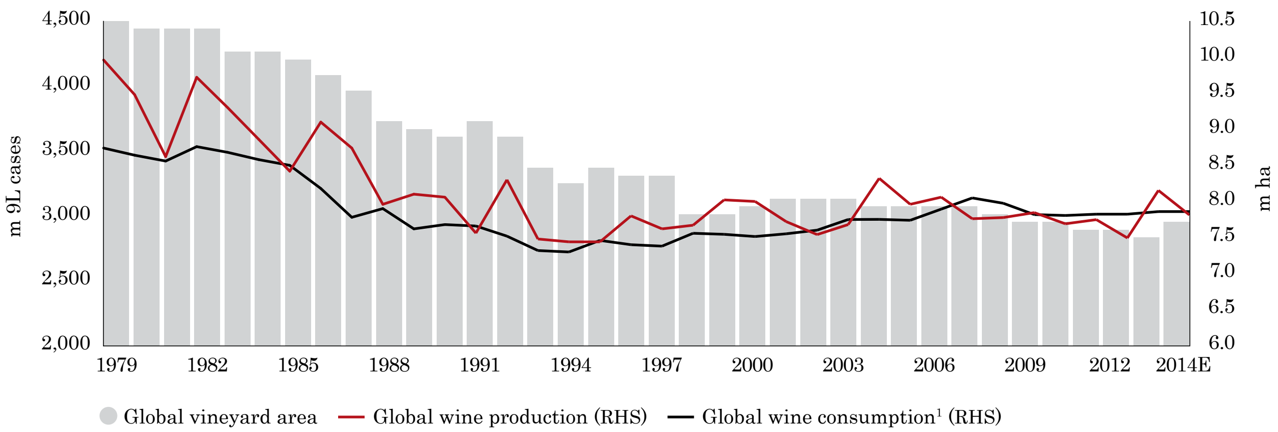
1. Data current as at 30 June 2015. On 31 July 2015 the Company sold the Asti Winery, Souverain brand and inventory, and co-located vineyard assets in Sonoma County, California.
2. Earnings before interest, tax, SGARA and material items.

Global industry overview

Global wine production and consumption

Consistent with trends observed in FY14, the fundamentals of the global wine industry continue to improve for premium wine producers of scale and significance, such as TWE. Across the world, demand for Luxury and Masstige wine is increasing – underpinning TWE's strategy to premiumise its portfolio – and the long-term global supply and demand cycle is moving into balance (shown in Figure 3 below). In 2013, global wine production reached its highest point since the early 2000s, supported by large vintages in two of the world's largest wine producing nations; Italy and Spain.

Figure 3: Global wine production and consumption



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

Global demand

Global wine consumption is increasing with per capita growth in the emerging wine consuming regions such as China, Canada and the US currently outpacing the reduction in per capita consumption in Italy and France. Figure 4 below demonstrates that this trend is forecast to continue. While overall consumption of wine is increasing, globally, growth in consumer demand continues to be strongest at the premium price points (as shown in Figure 5).

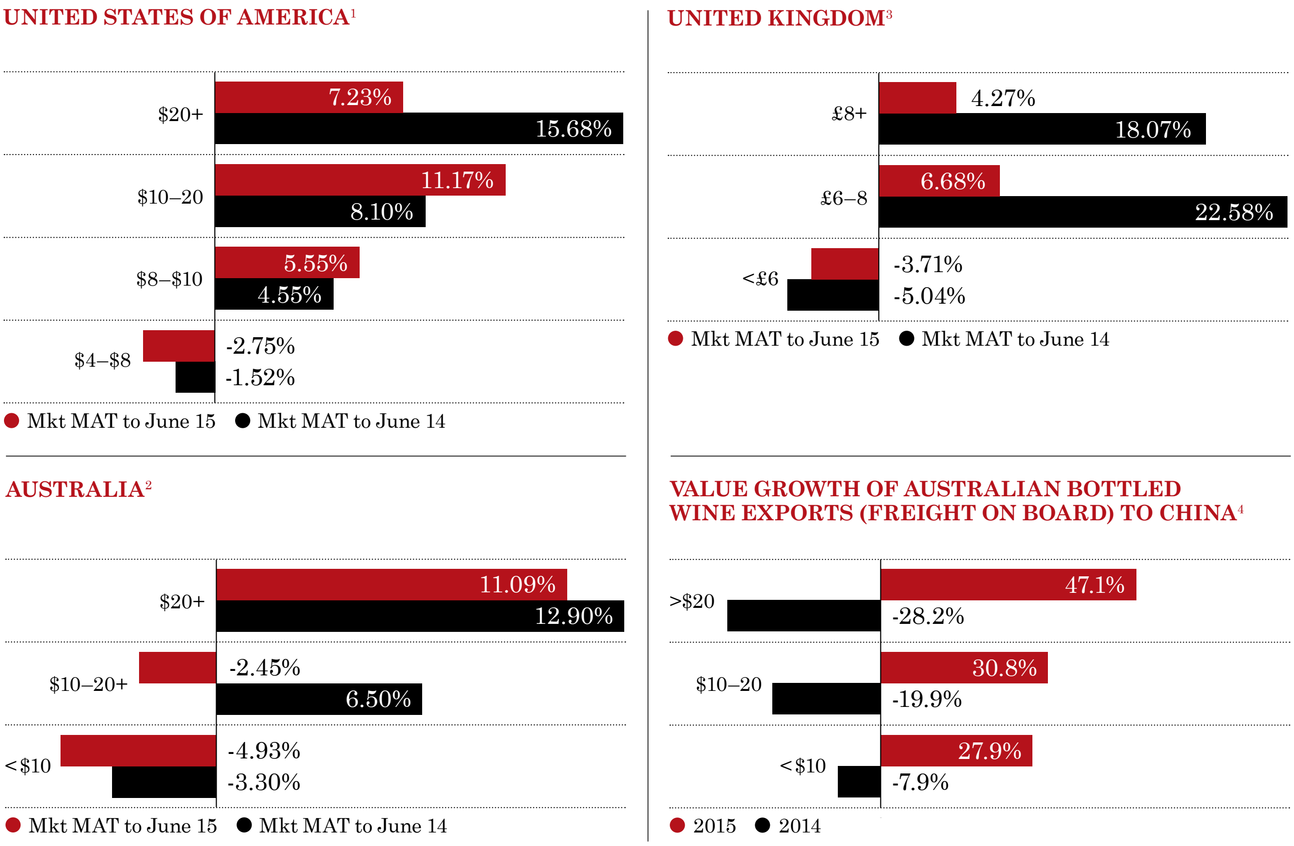
Figure 4: Forecast five-year compound annual growth rate (CAGR) in wine consumption in key growth regions and markets

COUNTRY	CAGR (2013–2018F)
China	4.5%
Canada	1.6%
Spain	0.7%
USA	0.6%
New Zealand	0.2%
Russia	0.7%
France	(0.7)%
Germany	(0.8)%
Australia	(0.8)%
United Kingdom	(1.4)%
Italy	(2.6)%

Source: Euromonitor International

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 11.1% value growth in the >$20 category in Australia, 11.2% and 7.2% value growth in the $10–$20 and >$20 category in the US respectively and 4.3% value growth in the >£8 category in the UK. This compares with declining value growth in the more Commercial price points in all regions in FY15. The strong value declines in Australian bottled wine sold in China in 2014 was driven by Government-imposed austerity measures.

Figure 5: Value growth by price point



1. Nielsen FDL Scan MAT to June 2015.
2. Aztec Sales Data | Off-premise Channel Only | Bottled Wine Only | Weighted for size of Dan Murphy's MAT to June 2015.
3. Nielsen (750mL bottled still wine only) MAT to June 2015.
4. Wine Australia MAT to June 2015.

TWE VISION

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

TWE STRATEGY

In order for TWE to realise its vision, the Company is currently executing its strategic roadmap, the essence of which is to transition TWE from a capital-intensive, 'order-taking' company that is highly leveraged to agricultural fluctuations, to a brand-led, marketing organisation.

Set out below is an overview of the six **Strategic Initiatives** that underpin TWE's strategic roadmap, together with the significant progress made against these in FY15.

STRATEGIC INITIATIVE	DESCRIPTION	PROGRESS AGAINST INITIATIVE IN FY15
1 **Fix the core business**	TWE is focused on strengthening the foundations of its core business through: • Increasing consumer marketing investment in priority brand/market combinations, funded by a business-wide cost reduction drive; • Improving the quality of earnings across key markets through improved pricing discipline and a focus on premiumisation; • A commitment to simplification – of processes, routes-to-market, portfolio and organisational structure; • Investing to increase on-the-ground sales and marketing capabilities; • Strengthening relationships with key customers and distributors; • Improving the efficiency of TWE's production networks to drive cost competitiveness; and • Developing a diverse and high performance culture.	In FY15, TWE achieved the following: • Reset TWE's level of consumer marketing investment with a 50%+ uplift in spend; • Executed $40+ million overhead reduction program in FY15 and identified a further $15 million of overheads savings to be recognised in FY16; • Deliberately focused on sustainable and profitable volume; ensuring depletions exceeded shipments in all regions; • Successfully transitioned Penfolds' annual release date to October; Penfolds is now receiving consistent year-round sales and marketing support; • Launched a significant business process simplification project which will dramatically reduce unnecessary complexity within the Company; • Commenced program to address/divest non-core brands and assets; • Commenced supply chain optimisation initiatives with the simplification and rationalisation of production facilities in Australia and the US; expected to generate cost of goods sold (COGS) benefits of $50 million by FY20; • Embedded the behaviours of *Focus, Belief, Trust* and *Collaboration* into TWE's everyday ways of working; and • Commenced major systems upgrade projects to increase efficiency and improve decision-making.
2 **Realign the portfolio**	TWE will focus on optimising its portfolio mix in key markets to capture growing demand for Luxury and Masstige wine. This will include: • Implementation of a revised brand portfolio architecture focused on fewer, stronger brands with international reach; • Improving portfolio composition to ensure greater alignment with emerging consumer trends and the continued growth in demand for Luxury and Masstige wines; • Ensuring products are 'fit-for-purpose' from a pricing, taste/style and packaging standpoint, and where appropriate, tailored to the target market; and • Rationalisation of tail brands and stock keeping units (SKUs) to remove complexity and drive focus on core products.	In FY15, TWE achieved the following: • Embedded an updated portfolio architecture that clearly defines the role of every TWE brand, and identifies the priority brands that will be the focus of investment and expansion initiatives; • Focused investment on TWE's 15 priority brands to increase contribution from outside of Penfolds – TWE delivered 13% net sales revenue growth on a constant currency basis from priority brands; • Commenced a global SKU rationalisation initiative targeting a 30% reduction to reduce complexity and cost in TWE's supply chain and increase focus behind TWE's priority brands; • Commenced process to address TWE's non-priority/tail brands, with the divestment of non-priority brands underway; and • Further premiumised the mix of TWE's non-current inventory, with Luxury and Masstige comprising 93% of non-current inventory in FY15 (91% in FY14).

STRATEGIC INITIATIVE	DESCRIPTION	PROGRESS AGAINST INITIATIVE IN FY15
3 **Invest in our brands and people**	Sustainable top line growth will be driven by strategic investment in the health of TWE's brands and in the competencies of its people. Key areas of focus will include: • Increasing investment in consumer marketing and improving return on investment (ROI); • Further development of TWE's sales and marketing capabilities, with an accelerating focus on North Asia and emerging markets; • Improved brand and product innovation and commercialisation capabilities; and • Uplift in fine wine/travel retail selling and digital/online marketing capabilities.	In FY15, TWE achieved the following: • Step-changed and realigned TWE's marketing investment towards priority brands and regions; • Enhanced TWE's confidence and marketing and sales capabilities through the successful execution of several large-scale consumer marketing programs; • Consolidated more than 100 agency agreements; now exclusively partnering with global marketing services provider J Walter Thompson on all priority brands, excluding Penfolds; • Executed a new approach to innovation with a focus on leveraging existing priority brands to address unmet and fast-growing consumer 'need states' globally; and • Launched TWE's People Strategy, supporting TWE's vision and strategic roadmap through focus on three core pillars: 1) Culture; 2) Capability; and 3) Efficiency. Efficiencies and cost savings from Initiative no. 1 ('Fix the core business') helped to fund the above investments.
4 **Invest in key relationships**	To improve the effectiveness of the increase in brand investment, TWE will focus on deepening existing relationships with consumers, customers, distributors and other external stakeholders. Externally, TWE will: • 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.	In FY15, TWE achieved the following: • Optimised TWE's route-to-market in Asia, notably in Greater China, Korea and Singapore; • Increased focus and investment in new markets and channels with untapped growth potential, including Global Travel Retail and Latin America; and • Fostered more collaborative, sustainable relationships with key customers and distributor partners in all regions by investing in TWE's brands to drive category growth.
5 **Optimise our operating model and capital base**	Optimising TWE's operating model and capital base will be critical to improving through-the-cycle performance. This objective 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 inventory; and • Explore alternative operating and ownership options for non-core and fixed assets.	In FY15, TWE achieved the following: • Accelerated the 'separate focus' on TWE's Luxury and Masstige versus Commercial portfolio to drive efficiencies, improve focus and lower costs; • As part of the separate focus initiative, TWE commenced the simplification and rationalisation of production assets according to mix in Australia and the US; • Commenced sale process for non-core production assets in Australia and the US; • Commenced an initiative to optimise the Company's capital employed by redeploying capital invested in fixed supply assets into higher yielding, brand-focused investments; and • Refinanced a $300 million syndicated debt facility due to mature in April 2016. TWE successfully increased the average duration of debt, improved the spread of committed facility maturities and delivered a lower margin over base interest rates.
6 **Drive financial outperformance**	TWE is confident that the successful delivery of the Strategic Initiatives outlined above will be rewarded with sustained financial outperformance and improved shareholder returns.	In FY15, TWE achieved the following: • Delivered net sales revenue growth of 4% on a constant current basis; • Delivered EBITS growth of 16% on a constant currency basis; • Delivered 1.3 percentage point improvement in EBITS margin on a constant currency basis; and • Ensured depletions exceeded shipments in all regions.

FUTURE PROSPECTS

FY15 was a 'reset year' for TWE, with a number of significant changes being implemented to deliver improved and sustainable financial performance. In FY16 and beyond, TWE will be focused on leveraging these operational, strategic and cultural changes to drive value for its shareholders. Areas of current and ongoing business focus that will likely impact TWE's future operational and financial prospects include:

- Ongoing focus on premiumising TWE's portfolio, supported by TWE's non-current inventory of Luxury and Masstige wine;
- Continuing to transition the business from an order-taking, agricultural company to a brand-led, marketing organisation;
- Reinvigorating TWE's brand portfolio beyond Penfolds, by investing behind fewer, bigger, better brands, globally;
- Building scale and flexibility of TWE's priority brand portfolio; enabling the brands to have truly global reach;
- SKU rationalisation initiatives to reduce complexity and cost and to better enable TWE to focus investment and human resources on priority brands; TWE expects to remove up to 30% of its SKUs;
- Embedding a cost conscious culture; reducing overhead costs by a further $15 million in FY16;
- Investing in sales and marketing capability in TWE's key growth regions; North Asia and the US, while expanding and investing in new markets and channels, including Global Travel Retail and Latin America;
- Continuing to deliver optimised, more direct routes-to-market in key growth regions in FY16;
- Supply chain optimisation initiatives, expected to reduce COGS by $50 million by FY20. These COGS savings are expected to offset short-term higher COGS in FY16 and FY17;
- Progress with separate focus on Luxury and Masstige versus Commercial portfolios, globally aimed at lowering TWE's production costs by making TWE's supply assets more streamlined and 'fit-for-purpose';
- Continued focus on optimising TWE's capital structure and balance sheet, involving divestment of non-core assets and evaluating potential, alternate operating and ownership structures for fixed supply assets;
- Maintenance and replacement capital expenditure (CapEx) expected to be less than $100 million in FY16, with CapEx required to deliver supply chain optimisation initiatives expected to be $26 million in FY16; and
- EBITS margins expected to reach high-teens by FY20.

MATERIAL BUSINESS RISKS

There are various risks that could have a material impact on the achievement of TWE's strategies and future prospects.

The following table sets out the various risks and mitigation against these risks.

RISK	DESCRIPTION	MITIGATION
Market concentration	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 and the UK, where a small number of retailers account for a significant proportion of the total liquor retail market; • The concentration of the US liquor market, which is dominated by a small number of large distributors; and • Customers vertically integrating and selling wines (particularly lower priced private label wines) which directly compete on-shelf with TWE's branded Commercial portfolio. Consequently, TWE's financial performance, revenues and market share may be adversely affected due to price discounting or increased marketing initiatives by customers and TWE's response to such actions.	• Investing in brands to drive consumer purchasing behaviours and category growth. • Investing in strong and sustainable customer relationships. • Pricing and product portfolio strategies to target key consumer segments and price points.
Economic and consumer trends	Domestic and/or international economic trends (consumer sentiment, economic growth, employment levels, inflation) play an important factor in overall wine market growth. In addition the development of consumer preferences over time drives industry trends for different varietals and country of origin wines. Leading, participating in or managing these trends is of increased importance to TWE, particularly where products can often have a long production lead time and require upfront investment. Failure to do so can result in missed sales opportunities, as well as increased risk of margin losses and stock write downs. Wine production asset utilisation may also be adversely impacted.	• Annual brand strategy and product portfolio planning processes. • Long-term strategic planning. • Market research and analysis of consumer trends. • Integrated sales, operations and financial planning processes. • Supply chain flexibility.
Brand reliance and reputation	TWE's success in generating profits and increasing market share is based on the success of its key brands. As a marketing focused organisation TWE must manage the risk of overreliance on key brands, maintaining brand strength and mitigating the potential for events which might cause brand damage (negative publicity, product tampering/recalls and/or unauthorised use of brands). Failure to do so could impact TWE's market share, financial performance and increases the risk of stock and asset write downs.	• Investment in brand strength through targeted customer and consumer marketing. • Market research and analysis of consumer trends. • Brand and product portfolio planning processes. • Product incident management processes. • Intellectual property protection and management.

RISK	DESCRIPTION	MITIGATION
Attracting, retaining and protecting our people	TWE's ability to grow, make, distribute and sell wine is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales and marketing. Also, in light of TWE's large number of staff and significant manufacturing operations, TWE has a reasonably high exposure to health and safety management incidents. Weaknesses in attracting and retaining key talent may result in high turnover of staff, placing stress on the ability of the business to execute its strategy, and increases the risk of burnout of existing talent. Failure to comply with legislation, regulations and other best practices in employee health and safety may result in death or injury, leading to financial, operational and reputational impacts.	*Talent management* • Providing strong and effective leadership, particularly as the business executes significant change. • Employee development planning processes. • Incentive and reward programs that attract or retain high performing individuals. • Succession planning and management. *Health and Safety* • Specialist Occupational Health and Safety staff and management. • Training and educating employees. • Supplier qualification and selection processes. • Risk management and business continuity programs.
Compliance with laws and regulations	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 operations, including taxation, 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. Changes to alcohol taxation laws in particular may result in higher excise taxes or other taxes on alcohol which may have an adverse effect on consumer buying patterns and may adversely impact the Company's financial performance. Failure to comply with local laws and regulations could result in legal sanctions, business disruption and reputational impacts.	• Company-wide policies, standards and procedures. • TWE Risk, Compliance and Governance Council. • Strong relationships with key government and regulatory bodies.
Agricultural factors	Winemaking and grape growing are subject to a variety of agricultural factors, such as disease, pests and extreme weather conditions. Additionally, the long lead times involved in crafting the wine sometimes several years before the actual sale of the wine places importance on long-term forecasting. 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, both in the year of harvest and in future periods.	• Long-term vintage planning processes. • Supply chain flexibility, including: – Balancing long-term and flexible grape and bulk wine purchase commitments. – Balancing grape intake between TWE owned/leased vineyards and external suppliers. – Multi regional and global sourcing of grapes.
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.	• Foreign exchange hedging strategy. • Partial natural hedges (purchases and sales within same currency) where possible. • Interest rate swaps in place to manage US dollar denominated exposures.
Damage to infrastructure or inventory in storage	TWE has significant production, warehouse and inventory assets, some with substantial strategic and/or book value. This includes assets located in areas prone to fire, flood and earthquakes. Loss or damage to these assets can impact on the quality and quantity of vintages, and/or the ability of the Group to make, bottle and ship wine.	• Hazard management systems. • Insurance programs. • Business continuity plans. • Preventative repair and maintenance systems.

FINANCIAL REVIEW

TWE profit and loss

$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE	2014	CHANGE
Volume (m 9L cases)	**30.1**	30.0	0.4%	30.0	0.4%
Net sales revenue[1]	**1,848.3**	1,705.6	8.4%	1,781.4	3.8%
Net sales revenue/case ($)	**61.36**	56.85	7.9%	59.38	3.3%
Other revenue	**113.8**	109.7	3.7%	113.8	–
Total revenue	**1,962.1**	1,815.3	8.1%	1,895.2	3.5%
Cost of goods sold[1]	**(1,320.2)**	(1,239.4)	(6.5)%	(1,293.8)	(2.0)%
Cost of goods sold/case ($)	**43.83**	41.31	(6.1)%	43.13	(1.6)%
Gross profit	**641.9**	575.9	11.5%	601.4	6.7%
Gross profit margin	**34.7%**	33.8%	0.9ppts	33.8%	0.9ppts
Cost of doing business[1,2]	**(416.8)**	(391.3)	(6.5)%	(407.6)	(2.3)%
Cost of doing business margin	**22.6%**	22.9%	0.3ppts	22.9%	0.3ppts
EBITS	**225.1**	**184.6**	**21.9%**	**193.8**	**16.2%**
EBITS margin (% of NSR)	**12.2%**	**10.8%**	**1.4ppts**	**10.9%**	**1.3ppts**
SGARA	**(18.9)**	(19.5)	3.1%	(20.0)	5.5%
EBIT	**206.2**	**165.1**	**24.9%**	**173.8**	**18.6%**
Net finance costs	**(21.6)**	(21.6)	–	(22.4)	3.6%
Profit before tax	**184.6**	**143.5**	**28.6%**	**151.4**	**21.9%**
Tax refund/(expense)	**(57.4)**	34.7	NM[3]	31.3	NM
Net profit after tax (before material items)	**127.2**	**178.2**	**(28.6)%**	**182.7**	**(30.4)%**
Material items (before tax)	**(73.7)**	(384.5)		(446.0)	
Tax on material items	**24.1**	103.9		120.5	
Material items (after tax)	**(49.6)**	(280.6)	82.3%	(325.5)	84.8%
Minority interests	–	1.5	(100.0)%	1.5	(100.0)%
Net profit after tax	**77.6**	**(100.9)**	**NM**	**(141.3)**	**NM**
Reported EPS (cents)	**11.9**	(15.6)	NM	(21.8)	NM
SGARA (after tax)	**(15.3)**	(13.6)		(14.1)	
Net profit after tax (before material items, SGARA and tax benefit)[4]	**142.5**	112.8	26.3%	117.8	21.0%
EPS (before material items, SGARA and tax benefit) (cents)	**21.9**	17.4	25.9%	18.2	
Average no. of shares (millions)	**650.0**	647.9		647.9	

1. NSR, costs of goods sold and cost of doing business stated pre-material items outlined in Note 5 of the Financial Statements.
2. Cost of doing business calculated as gross profit less EBITS.
3. Not Meaningful.
4. $80.5 million tax benefit recognised in FY14.

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 FY15 results are: $A1 = $US 0.8368 (FY14: $A1 = $US 0.9183), $A1 = GBP 0.5304 (FY14 $A1 = GBP 0.5651). Period end exchange rates used for balance sheet items in FY15 results are: $A1 = $US 0.7673 (FY14: $A1 = $US 0.9418), $A1 = GBP 0.4878 (FY14: $A1 = GBP 0.5529).

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: Australian Accounting standard AASB141 'Agriculture'.

GROUP PERFORMANCE[3, 4]

Volume

Total volume was 30.1 million cases, up 0.12 million cases driven by volume growth in Asia and the Americas, partially offset by lower volume in ANZ and EMEA. In addition to the 3.5 million cases of excess distributor inventory actioned under the distributor realignment program in the US, TWE continued to improve the quality of its base business by reducing inventory levels at select retail and distributor partners in all four regions during the period.

Net sales revenue

Net sales revenue (NSR) increased 8.4% on a reported currency basis to $1.85 billion or 3.8% on a constant currency basis. Growth in NSR was driven by more focused sales and marketing execution and favourable portfolio mix, with 11 priority brands delivering NSR growth (versus six brands in FY14).

ANZ and Asia reported solid NSR growth. Heightened levels of competition in EMEA and the Americas, together with the short-shipment and decline in the non-priority Commercial brands in the USA, offset improved portfolio mix.

NSR per case on a constant currency basis increased $1.98 per case to $61.36, up 3.3%, largely reflecting favourable portfolio mix and improved sales and marketing execution.

Cost of goods sold

Cost of goods sold (COGS) increased $0.70 per case on a constant currency basis and $2.52 per case on a reported currency basis, largely driven by improved portfolio mix across all regions and lower production overhead recoveries as a result of lower volume in ANZ and EMEA.

Cost of doing business margin

Cost of doing business margin was favourable to the prior period at 22.6%, reflecting the $40+ million reduction in overhead expenses and NSR growth, partially offset by the 50%+ increase in consumer marketing investment relative to the prior period.

Foreign exchange

Overall foreign exchange benefit in FY15 was $19.3 million lower than the prior period at $9.2 million (versus $28.5 million in FY14). $40.4 million benefit recognised in FY15 from the depreciation of the Australian Dollar relative to main currency pairs, the US Dollar and the Great British Pound (versus a $42.6 million benefit in FY14). This was partially offset by losses incurred on TWE's hedge portfolio of $9.6 million (versus $1.9 million hedge loss in FY14), and adverse impact from the movement in TWE's other currencies, totalling $21.6 million (versus an adverse impact of $12.2 million in FY14).

EBITS[5]

EBITS of $225.1 million was up 21.9% on a reported currency basis and up 16.2% on a constant currency basis, delivered on a more sustainable base business underpinned by the successful transition of the Penfolds release date, reinvestment of overhead savings into consumer marketing and significantly improved sales and marketing execution.

SGARA

The SGARA loss of $18.9 million principally relates to Australia and Americas where yields were lower in the 2014 and 2015 vintages.

Material items

A material item expense of $73.7 million (pre-tax) was recognised in the period, principally relating to costs incurred in relation to supply chain optimisation initiatives announced in March 2015, restructuring and redundancy costs, defence against two Private Equity proposals to acquire the Company and the costs arising from the earthquake in Napa in August 2014.

Net profit after tax

Net profit after tax for the 12 months ended 30 June 2015 was $77.6 million up $178.5 million on the prior period. Relative to the prior period, net profit after tax and reported EPS were lower, reflecting the $80.5 million tax benefit recognised in the prior period.

Dividend

The Directors have declared a final dividend of 8 cents per share, unfranked, 1 cent per share higher than the prior period. The dividend is payable on 2 October 2015 to registered shareholders as at 4 September 2015.

As a result of the demerger from Foster's Group, 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. As a result, and as previously outlined to the market, this resulted in tax refunds during FY14 which resulted in TWE's franking account being in 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. As a result, TWE has not franked the interim nor final 2015 dividends.

TWE will pay tax in FY15 and therefore may be in a position to partially frank the FY17 interim dividend.

3. All movements are in respect to the previous corresponding period.
4. 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, make decisions on the allocation of resources and assess operational performance.
5. Earnings before interest, tax, SGARA and material items.

REGIONAL PERFORMANCE
AUSTRALIA AND NEW ZEALAND (ANZ)

$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE	2014	CHANGE
Volume (m 9L cases)	7.6	7.8	(2.2)%	7.8	(2.2)%
NSR	586.3	562.2	4.3%	563.7	4.0%
NSR per case (A$)	77.28	72.49	6.6%	72.68	6.3%
EBITS	84.4	75.1	12.4%	73.5	14.8%
EBITS margin	14.4%	13.4%	1.0ppts	13.0%	1.4ppts

Steps taken by TWE to focus on sustainable and profitable volume, largely in the first half of FY15, as well as the continued decline in the Australian bottled wine market underpinned lower volume in FY15.

TWE-branded shipments in Australia improved 1.6% on the prior year. This volume growth represents a 2.6 percentage point outperformance relative to the total market and a 3.6 percentage point outperformance of the branded wine market[6]. Furthermore, TWE continued to focus on embedding a more sustainable base business in the region while reducing inventory in the retail channel.

Solid NSR per case growth, up 6.3% in FY15, was underpinned by premiumisation and improved sales and marketing execution.

Value growth continues to be constrained by the concentrated retail environment in Australia, continued oversupply of wine in a declining wine market and intense competition. TWE accelerated its response to these market challenges, particularly in the second half of FY15, with the commencement of supply chain optimisation initiatives that progress TWE's separate focus on the Commercial versus Luxury and Masstige portfolios in Australia.

Outstanding consumer marketing initiatives and brand support, funded by lower overheads, together with improved customer partnerships underpinned a strong uplift in brand performance, with the majority of TWE's priority brands reporting NSR growth. Penfolds, Pepperjack and Wynns delivered double digit NSR growth.

An improved New Zealand performance, also characterised by premiumisation, lower overheads and increased consumer marketing investment, contributed to the region's earnings growth in FY15.

EBITS were up 14.8% to $84.4 million, principally driven by portfolio premiumisation, focused investment in priority brands and a reduction in overheads, partially offset by the substantial step-up in consumer marketing.

6. Aztec, Australia, 52 weeks to 28 June 2015.

REGIONAL PERFORMANCE
EUROPE, MIDDLE EAST AND AFRICA (EMEA)

$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE	2014	CHANGE
Volume (m 9L cases)	6.5	6.6	(2.2)%	6.6	(2.2)%
NSR	267.1	273.9	(2.5)%	274.7	(2.8)%
NSR per case (A$)	41.30	41.41	(0.3)%	41.53	(0.6)%
EBITS	14.4	29.1	(50.5)%	22.1	(34.8)%
EBITS margin	5.4%	10.6%	(5.2)ppts	8.0%	(2.6)ppts

Lower volume continued to reflect the exit from unprofitable and unsustainable volume in the UK, principally in the first half of FY15, partially offset by volume growth in Western Europe, the Middle East and Africa and Global Travel Retail.

The UK continues to be a challenging market characterised by heightened levels of competitor activity and increased pricing pressure, particularly in the Commercial segment. However, volume in the second half of FY15 was higher relative to the prior period as TWE benefited from increased consumer marketing invested in the first half, notably in the grocery channel. Increased listings and distribution gains of Lindeman's and Wolf Blass were key highlights during the period.

Nordic markets showed positive momentum in the second half of FY15, supported by TWE's investment in advertising for Lindeman's and leadership position in the fast-growing, lighter/non-alcohol wine category.

Continental Europe reported solid volume and NSR growth in FY15 underpinned by enhanced partnerships with distributor and retail partners, notably in Belgium and the Netherlands.

Lower NSR per case principally reflected the absorption of tax increases in several markets, notably in the Nordics to improve volume growth and adverse channel mix in the UK.

Increased consumer marketing was principally focused on priority brands, notably Penfolds, Wolf Blass, Lindeman's and Matua.

Reduction in EBITS to $14.4 million was largely driven by increasingly competitive retail landscape in the UK, holding price through tax increases and a substantial uplift in consumer marketing, partially offset by lower overheads and favourable portfolio mix.

Reported EBITS was unfavourably impacted by $18.6 million; representing a $6.1 million hedge loss and $12.5 million adverse impact from depreciation of the Euro and Swedish Krona relative to the Great British Pound.[7]

7. Represents both translation and transaction impact in FY15.

REGIONAL PERFORMANCE AMERICAS

$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE	2014	CHANGE
Shipments (m 9L cases)	14.5	14.3	1.0%	14.3	1.0%
Depletions (m 9L cases)	15.0	15.0	0.7%	15.0	0.7%
NSR	794.5	731.9	8.6%	804.3	(1.2)%
NSR per case (A$)	54.83	51.01	7.5%	56.05	(2.2)%
EBITS	93.2	74.9	24.4%	93.3	(0.1)%
EBITS margin	11.7%	10.2%	1.5ppts	11.6%	0.1ppts

Shipments up 1% in FY15, reflected growth in both US and Canada shipments.

Marginal growth in headline depletions in the US reflected a robust depletions performance by TWE's Luxury, Masstige and priority Commercial brands, largely offset by the impact of the 315k case decline of TWE's non-priority Commercial brands.

Building on a strong first half performance, Luxury depletions improved further in the second half of FY15, up 16% for the year. Supported by outstanding customer and consumer marketing campaigns, depletions growth was led by Beringer Knights Valley, Stags' Leap and Penfolds as well as successful innovation, including Beringer 'Waymaker' and Stags' Leap 'The Investor'. On-premise increasingly represents an important and meaningful growth channel for TWE's Luxury portfolio.

Masstige depletions continued to outperform the category, up 20% in FY15 driven by brand health, increased and more targeted promotional campaigns and strong portfolio representation in this segment. Chateau St Jean, 19 Crimes and Matua collectively reported NSR growth of 18% in FY15.

While TWE's priority Commercial brands reported positive depletions growth, up 1%, in FY15, total non-priority Commercial depletions declined by 13% (315k cases). Consistent with broader market trends, the Commercial category in the US continues to be challenging; declining in both volume and value[8]. In addition to the Special Depletions Allowance, competing in this segment required further investment in trade promotions, particularly in the second half of the year.

As a result of the increased cost to compete in the Commercial segment, notably for TWE's non-priority Commercial brands, TWE commenced plans to address this segment of its portfolio. The sale of the Asti winery during July 2015 represented a critical first step to removing cost and excess capacity.

TWE delivered on its commitment in July 2013 to reduce excess Commercial distributor inventory in the US by 30 June 2015; the program is now complete. In total, 3.5 million cases of distributor inventory were actioned under the distributor inventory realignment program.

8. Nielsen, 52 weeks ending 20 June 2015.

REGIONAL PERFORMANCE AMERICAS (CONTINUED)

Depletions of Commercial wine in the USA exceeded shipments by 719k cases during the period. In total, Commercial wine depletions exceeded shipments by 1.5 million cases over FY14 and FY15.

The short-shipment in FY14 was weighted to the first half of the year. In FY15, the short-shipment was strongly biased to the second half of FY15, thereby adversely affecting EBITS in the second half of FY15 relative to the previous corresponding period.

Unfavourable NSR per case was driven by the increased cost of competing[9] in the Commercial segment in the USA, a step-up in on-premise investment and the impact of the Napa earthquake on direct-to-consumer sales.

Higher COGS per case in FY15 was largely driven by carrying excess capacity, higher production overhead costs per case in FY14 and FY15 as a result of the short-shipments – particularly in the second half of FY15 – as well as favourable portfolio mix. COGS per case increased 8% in the second half of FY15.

TWE deliberately held price in FY15 – and hence absorbed the higher COGS – as the Company completed the distributor inventory realignment and ramped-up consumer marketing behind priority brands, ahead of price increases expected to be taken in FY16. Higher COGS per case in FY16 are expected to be offset by increased supply chain optimisation savings.

Canada showed positive momentum in FY15, underpinned by growth in Luxury and Masstige shipments and depletions.

EBITS, in line with the prior year at $93.2 million, reflected ongoing execution of brand strategy to premiumise the portfolio and lower overheads, offset by the increased cost of competing in the Commercial segment while completing the distributor inventory deload, higher COGS and increased consumer marketing investment.

Reported EBITS were unfavourably impacted by $14.1 million, reflecting a $3.5 million hedge loss and a $10.6 million adverse impact from depreciation of the Canadian Dollar relative to the US Dollar[10].

9. TWE's Special Depletions Allowance to reduce excess distributor inventory led competitors to increase their brand support. As a result, TWE stepped-up its Discount & Rebate spend to ensure the Company delivered on its commitment to action distributor inventory by circa 3 million cases between 30 June 2013 and 30 June 2015.
10. Represents both translation and transaction impact in FY15.

REGIONAL PERFORMANCE ASIA

$M		REPORTED CURRENCY		CONSTANT CURRENCY	
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE	2014	CHANGE
Volume (m 9L cases)	1.6	1.3	23.0%	1.3	23.0%
NSR	200.4	137.6	45.6%	138.7	44.5%
NSR per case (A$)	127.07	107.34	18.4%	108.20	17.4%
EBITS	73.1	47.7	53.2%	47.3	54.5%
EBITS margin	36.5%	34.7%	1.8ppts	34.1%	2.4ppts

Strong NSR growth reflected positive customer and consumer responses to brand-led marketing initiatives in the majority of countries as well as outstanding execution of TWE's more focused routes-to-market in North Asia.

Enhanced routes-to-market in Greater China, Korea and Singapore largely executed in the second half of FY15, reflect TWE's commitment to invest in customer relationships in key growth regions. In these countries, TWE also partnered with key retail and wholesale customers to facilitate greater breadth of brand distribution.

In addition, TWE is increasingly well positioned to capitalise on recently announced Free Trade Agreements in many Asian countries.

South East Asia reported double digit volume and NSR growth in FY15, underpinned by increased brand distribution and enhanced partnerships with customers.

Strong overall NSR per case growth in Asia, up 17.4% to $127.1, was driven by portfolio premiumisation and highly focused brand building activity.

The region benefited from increased consumer marketing investment in FY15, with key highlights including the Penfolds *Numbers Can Be Extraordinary* campaign supporting the successful transition of the Penfolds release date, increased in-store activation programs, especially during Chinese New Year, and a record number of winemaker visits and brand-led events hosted in the region.

Double digit NSR growth was delivered by Wolf Blass, Penfolds, Rawson's Retreat, Pepperjack, Matua, Chateau St Jean, Stags' Leap and Gabbiano in FY15.

TWE continued to invest in the region during the period, broadening its sales and marketing capability, at the same time, stepping up investment in consumer marketing.

EBITS were up strongly to $73.1 million during the period underpinned by portfolio premiumisation, enhanced and more focused routes-to-market in key growth countries in Asia and outstanding sales and marketing execution, partially offset by the cost of the ongoing brand and capability investment programs which continues to ramp up in the region.

CORPORATE

Corporate costs for FY15 were $40.0 million versus $42.4 million in the prior period.

BALANCE SHEET [11]

$M AS AT	30 JUN 2015	30 JUN 2014	CHANGE
Cash and cash equivalents	**122.1**	52.0	70.1
Current receivables	**504.9**	407.9	97.0
Non-current receivables	**1.7**	7.0	(5.3)
Current inventories	**704.2**	707.1	(2.9)
Non-current inventories	**533.8**	525.2	8.6
Property, plant and equipment	**928.8**	958.3	(29.5)
Agricultural assets	**255.1**	229.9	25.2
Intangible assets	**791.1**	747.1	44.0
Tax assets	**211.5**	217.1	(5.6)
Assets held for sale	**91.2**	2.5	88.7
Other assets	**5.4**	6.4	(1.0)
Total assets	**4,149.8**	**3,860.5**	**289.3**
Bank overdraft	**13.0**	–	13.0
Current payables	**455.2**	449.8	5.4
Non-current payables	**5.4**	1.4	4.0
Borrowings	**324.6**	265.6	59.0
Tax liabilities	**199.3**	198.6	0.7
Provisions	**93.4**	89.8	3.6
Other liabilities	**8.2**	6.5	1.7
Total liabilities	**1,099.1**	**1,011.7**	**87.4**
Net assets	**3,050.7**	**2,848.8**	**201.9**

Net assets

Net assets increased by $201.9 million for the year ended 30 June 2015. Adjusting for movement in foreign exchange rates, principally the movement of the Australian Dollar relative to the US Dollar, net assets were down $36.8 million.

The increase in net assets principally reflected improved cash position and higher receivables due to lower utilisation of receivables financing arrangements in FY15 relative to the prior year, partially offset by increased payables.

Overall, total inventory increased $5.7 million relative to the prior year, of which $85.4 million related to movements in foreign currency.

Current inventory decreased $2.9 million, of which $57.6 million related to the impact of foreign exchange rate movements in the period. While holdings of Commercial wine significantly reduced in the period, the volume of Luxury and Masstige, as a percentage of total current inventory volume[12], increased in FY15 relative to prior period.

Non-current inventory increased $8.6 million driven by a $27.8 million foreign exchange rate impact and reduced holdings of Commercial and Masstige bulk wine, partially offset by TWE's deliberate decision to withhold selected Luxury wines for sale in future years.

11. Balance sheet and Cash flow commentary on a reported currency basis.
12. Volume = 9 litre equivalents.

Working capital [13]

Working capital increased $89.2 million, of which $94.4 million related to adverse movements in foreign currency during the period. Increased receivables balances reflected lower utilisation of receivables financing arrangements and were largely offset by higher payables driven by TWE's continued focus on improving payment terms with key suppliers and lower inventory.

Net debt

Reported net debt as at 30 June 2015 was $213.9 million and consisted of $109.1 million in cash, $1.6 million of loans and borrowings of $324.6 million. Net debt increased $4.5 million from 30 June 2014 on a reported currency basis.

Given the robust cash position as at 30 June 2015, TWE did not utilise uncommitted receivables purchasing arrangements in the second half of FY15. Adjusting for the arrangements entered into in the prior year, reported net debt would have been $103.4 million lower as at 30 June 2015.

Funding structure

At 30 June 2015, TWE had $625.8 million of committed undrawn facilities under various committed revolving facilities, with the earliest maturing in August 2016 (USD170 million), followed by April 2018 (AUD150 million), August 2018 (USD80 million) and April 2020 (AUD150 million). The $32.5 million increase in committed undrawn facilities in the second half of FY15 reflected movements in foreign exchange rates.

TWE targets financial metrics consistent with an investment grade credit profile with net debt/EBITDAS and interest cover of 0.8x and 10.8x, respectively.[14, 15]

13. Working capital excluding cash and bank overdrafts.
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 – RECONCILIATION OF NET DEBT

$M	REPORTED CURRENCY		
FOR THE 12 MONTHS ENDED 30 JUNE	2015	2014	CHANGE
EBITS	**225.1**	**184.6**	**21.9%**
Depreciation and Amortisation	84.5	85.7	
EBITDAS	**309.6**	**270.3**	**14.5%**
Change in working capital	12.0	(73.2)	
Other items	(4.4)	0.3	
Net operating cash flows before financing costs, tax and material items	**317.2**	**197.4**	**60.7%**
Cash conversion[1]	**102.5%**	**73.0%**	**29.5ppts**
Capital expenditure	(90.8)	(98.4)	
Net investment expenditure/other	(1.3)	(14.0)	
Asset sale proceeds	6.8	8.1	
Cash flows after net capital expenditure, before financing costs, tax and material items	**231.9**	**93.1**	
Net interest paid	(22.1)	(20.7)	
Tax refunded/(paid)	(34.2)	36.7	
Cash flows before dividends and material items	**175.6**	**109.1**	
Dividends paid/distributions to minority interests	(84.7)	(77.8)	
Cash flows after dividends before material items	**90.9**	**31.3**	
Material item cash flows			
– operating	(85.1)	(22.7)	
– investing	–	–	
Total material item cash flows	(85.1)	(22.7)	
Loans to other parties (including investment sale proceeds)	–	(0.8)	
Share re-purchase (employee share plan)	(0.1)	(1.1)	
Finance leases	–	(1.2)	
Total cash flows from activities	**5.7**	**5.5**	
Opening net debt	**(209.4)**	**(210.9)**	
Total cash flows from activities (above)	5.7	5.5	
Proceeds from settlement of derivatives	47.0	(10.3)	
Debt revaluation and foreign exchange movements	(57.2)	6.3	
Increase in net debt[2]	**(4.5)**	**1.5**	
Closing net debt	**(213.9)**	**(209.4)**	

1. Cash conversion (NOCF before financing costs, tax and material items divided by EBITDAS).
2. Reconciliation to total cashflows from activities per Statutory Statement of Cashflows of $54.1m: increase in net debt of $(4.5) million adjusted for FX movements of $(57.2) million, adjusted for net proceeds and repayments of debt of $(1.4) million.

Movement in net debt

Net debt increased $4.5 million for the 12 months ended 30 June 2015 to $213.9 million, of which $57.2 million related to lower period-end exchange rates used to revalue foreign currency borrowings at balance sheet date.

Other drivers of the movement in net debt relative to the prior period included:

- Higher EBITDAS, largely underpinned by portfolio premiumisation, lower overheads and improved sales and marketing execution.
- Favourable movement in working capital.
- Reduction in capital and investment expenditure.
- Increased outflows due to the utilisation of the Special Depletions Allowance and restructuring costs.
- Payment of franking deficits tax in July to bring TWE's franking account balance to nil.

Movement in EBITDAS

EBITDAS increased $39.3 million on a reported currency basis during the period, principally underpinned by portfolio premiumisation, lower overheads and improved sales and marketing execution.

Movement in working capital

The favourable movement in working capital of $12.0 million principally reflected lower inventory driven by the lower yielding 2015 vintages in Australia and New Zealand, together with increased payables as TWE optimised payment terms with key suppliers. This was partially offset by increased receivables due to decrease in utilisation of the receivables purchasing agreements relative to the prior year.

Adjusting for the decrease in utilisation of the receivables purchasing agreements (from $107.9 million as at 30 June 2014 to nil as at 30 June 2015), net debt decreased by $103.4 million for the period.

Movement in capital expenditure

Total capital expenditure was $90.8 million, $9.2 million favourable to guidance in FY15. Capital expenditure in the period principally reflected premiumisation activities, including investment in vineyard redevelopments, oak purchases and upgrades to Luxury wine making equipment and the Penfolds Cellar Door and office at Magill in South Australia during the period.

Maintenance and replacement capital expenditure is expected to be less than $100 million in FY16 while capital expenditure required to deliver Phase 1[16] of TWE's supply chain optimisation initiatives is expected to be $26 million in FY16.

Tax refunded/paid

The increase in tax paid in the period principally relates to payment of franking deficits tax in July to bring TWE's franking account balance to nil in the first half of FY15. This was a prepayment of tax and can be used to offset against future tax liabilities.

Movement in material items

Material items operating cash flow reflects expenditure on TWE's overhead reduction programmes, further utilisation of the Special Depletions Allowance and costs associated with the Private Equity defence.

Exchange rate impact

The lower period-end exchange rates used to revalue foreign currency borrowings as at 30 June 2015 increased net debt by $57.2 million.

The 'Proceeds from settlement of foreign exchange swaps' represents cash flows from the close-out of foreign currency exchange swap contracts on inter-company loans, which have a nil impact on the Profit and Loss Statement.

Cash conversion

Cash conversion[17] was 102.5% for the period, up significantly on the prior year.

VINTAGE UPDATE

The 2015 Australian vintage was characterised by a warm spring accelerating the beginning of harvest. As a result, yield in 2015 was below previous years. Overall, quality was in line with historical averages with Coonawarra Cabernet a particular highlight as well as warmer climate Shiraz and Chardonnay. TWE's intake was commensurate with its demand forecasts.

Early frost events through spring, followed by a warm and dry summer in New Zealand meant the 2015 vintage was lower yielding than the record breaking 2014 harvest. However, quality across all regions and varietals was outstanding, notably Pinot Noir from Central Otago and Sauvignon Blanc from the Marlborough region. The shorter 2015 vintage is expected to bring supply and demand towards balance and result in upward pressure in grape pricing in the medium term.

Growing conditions for the 2015 Californian vintage have been characterised by the warmest winter on record, with low rainfalls and minimal frost impact. Warm growing conditions are supporting an early start to the harvest, with the season approximately three weeks ahead of long-term averages. Growing conditions have been particularly favourable for pinot noir and white varietals. TWE expects its 2015 intake to be in line current demand requirements.

16. Phase I of supply chain optimisation initiative – announced on 31 March 2015 – related to the simplification and rationalisation of TWE's production facilities; resulting in expected COGS benefits of $50 million by FY20.
17. Cash conversion calculated as net operating cash flow (before financing costs, tax and material items) divided by EBITDAS.

CORPORATE RESPONSIBILITY

In FY15, TWE made progress on its commitment to be a positive force in the communities in which it operates.

TWE's Corporate Responsibility (CR) program helps to ensure that the Company fulfils this commitment, managing environmental and social risks across its operations, and identifying new initiatives that can positively improve its performance and engagement with communities.

In FY15, TWE's CR program focused on three strategic priorities: Responsible Consumption, Sustainable Sourcing, and Corporate Volunteering.

TWE's CR agenda continues to be driven by the Company's Global CR Council (the Council), chaired by the Chief Executive Officer (CEO), with representatives from the Executive Leadership Team (ELT) and key functions and regions. The Council provides oversight and assessment of the delivery of the Company's CR program against agreed strategy and targets.

The three priority areas identified for FY15 will continue to be the focus of TWE's CR activities in FY16, ensuring resources are targeted at the delivery of these agreed strategically important themes.

RESPONSIBLE CONSUMPTION

As one of the world's largest winemakers, TWE is committed to promoting the responsible consumption of wine.

In keeping with previously communicated commitments, CR activity in FY15 advanced work that supported TWE employees acting as champions for responsible consumption. Over the course of the financial year, TWE embedded across its business a range of materials designed to support this internal education program, including:

- A revised and updated Alcohol Policy and Alcohol Policy Guidelines;
- Responsible Marketing Guidelines; and
- A Responsible Sales and Marketing Handbook.

Embedding foundation education materials on responsible consumption throughout the Company was an essential first step before more external facing activity is taken forward by the Company itself and in partnership with other key stakeholders.

The Alcohol Policy, Alcohol Policy Guidelines, Responsible Marketing Guidelines and Responsible Sales and Marketing Handbook were distributed to all employees during the year, supported by internal communications. Employees also undertook Responsible Alcohol Consumption training in October 2014, with annual training on the Responsible Alcohol Marketing Guidelines also provided to the global marketing team.

In addition, TWE continued its engagement with several key groups that work on alcohol education and responsibility initiatives. In FY15, TWE participated in DrinkWise (Australia) and Drinkaware (UK), and supported the UK Government's Responsibility Deal and the Alcohol Beverages Advertising Code (ABAC) in Australia. Building on these efforts, TWE also joined the UK industry's leading body promoting the responsible consumption of alcohol beverages, the Portman Group.

In Australia, TWE worked with the Winemakers Federation of Australia (WFA) on the promotion and uptake of consumer education materials designed to support Australian Government guidelines that the safest option when pregnant is to not drink alcohol. As a result of this commitment, the 'pregnant lady pictogram' or a message on drinking alcohol during pregnancy have been placed on 100% of TWE's bottles labelled from vintage 2014 onwards.

In FY16, the Company will continue to work in partnership with organisations that promote responsible consumption, and to develop relationships with government stakeholders in key markets in order to identify partnership opportunities to promote responsible consumption activities.

SUSTAINABLE SOURCING

TWE is committed to driving sustainable supply and sourcing initiatives throughout its supply chain.

In FY15, TWE maintained certification of its owned and operated wineries and vineyards in Australia, New Zealand and the United States. The Company's established vineyards in Tuscany, Italy, also received certification for sustainable environmental practices. New vineyard purchases in Tasmania, Australia, are actively working to achieve third party certification.

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

In FY15, TWE continued to play a leadership role in Entwine, the Australian wine industry's national environmental assurance program. Entwine membership requires TWE to be certified against an approved, independently audited environmental management system and report annually against a set of defined resource use indicators. Wineries also must report their greenhouse gas emissions.

Over the financial year, TWE partnered on a number of research and development projects aimed at improving environmental sustainability and efficiency. These include projects on biochar and waste management with the University of Adelaide (Australia), and the use of digital imagery for crop prediction with the University of New South Wales (Australia).

A number of improvements were also made to other parts of the Company's supply chain. In FY15, TWE embedded sustainable packaging considerations into new product development processes for the first time, and updated the Company's Environment Policy. During FY15, TWE's Responsible Procurement Code, which includes many aspects of the Company's commitment to the United Nations Global Compact (UNGC), was incorporated into all tenders and the partner engagement process.

In FY16, TWE will continue to work with research institutes and industry partners on sustainability and efficiency projects by providing in-kind support and pilot programs at sites, where appropriate.

During FY16, the Company will further embed the new processes and policies listed above, with a view to driving positive results on energy and waste reductions. The Company will re-evaluate its baseline resource usage and use this data to develop a longer-term strategic plan, including specific sustainability targets.

As TWE embeds its optimised supply chain footprint, it is expected that the Company will realise water, energy and emissions improvements across the winery and packaging footprint as production is moved to more efficient sites.

CORPORATE VOLUNTEERING AND COMMUNITY ENGAGEMENT

In FY15, TWE saw significant improvement in employee volunteering through the execution of the Company's first annual Global Volunteering Week.

Global Volunteering Week took place over the week commencing 18 May with employees from across the business linking up with charitable partners to deliver a range of valuable volunteering activities in the communities where TWE's operations are based. The final participation rate for Global Volunteering Week was 58.6%, up from a figure of 15.2% in FY14. In total, TWE employees volunteered at more than 20 charitable/community organisations across 10 countries.

In addition to volunteering, TWE employees who organise a specific charitable fundraising activity can apply for an additional 'matched' payment to increase their fundraising total. Under the program, called the 1124 Gift, TWE will match the monies raised up to a limit of $1,124. During FY15, TWE provided over $18,000 in matched funds under the program.

TWE's commitment to local communities is also evidenced by TWE's membership of the UNGC. TWE has been a signatory of the UNGC since 2011, and has embedded its commitment to the Compact's principles on human rights, labour, the environment and anti-corruption in its business through various internal policies, and through its suppliers via implementation of the Responsible Procurement Code.

As part of TWE's ongoing commitment to community engagement and corporate volunteering, TWE will consider how it can best expand the reach and impact of Global Volunteering Week in 2016, with the aim of increasing total employee participation.

In FY16, TWE will continue to conduct the 1124 Gift program. Finally, the TWE Local Procurement Code, which is aimed at creating shared value for local communities will be formally rolled out in FY16. TWE acknowledges that the long-term sustainability of the Company is dependent upon sound management practices guiding interactions with its environment and communities, and the Code helps ensure TWE is a positive force, continuing to support and drive economic growth in urban and regional communities.

KEY PERFORMANCE INDICATORS FOR CORPORATE RESPONSIBILITY

METRIC	UNIT OF MEASURE	FY15[1]	FY14[2]	FY13	FY12
Environment					
Total energy consumed[3]	GJ	553,410	500,809	508,796	511,096
Energy efficiency	MJ/9LE[4]	14.12	13.24	11.19	13.66
Total water consumed[5]	ML	26,470	24,258	27,413	17,474
Water efficiency	L/9LE	35.59	43.34	36.28	38.78
Total CO_2-e emissions[6]	Tonnes CO_2-e	66,199	63,662	65,628	64,250
Total solid waste generated[7]	Tonnes	72,621	71,031	72,217	62,819
% solid waste to recycling[7]	%	96.68	96.16	95.28	95.28
Social					
LTIFR[8]	Lost time injuries per million hours worked	4.2	5.0[9]	Metric change in FY14	
Volunteering participation rate	%	58.6%	15.25	14.75	No data – program commenced in FY13

1. Due to timing requirements of reporting, the majority of the June 2015 environmental performance data for energy, water, waste and carbon emissions has been estimated. Similarly, as a portion of the June 2014 data was estimated to align with business reporting timelines last year, numbers previously presented in the FY14 Annual Report have been updated here with actual data.
2. FY14 and FY13 data has been updated with revised estimates due to refinements in reporting and actual data where available.
3. Includes all wineries, packaging centres and company-owned vineyards. Does not include energy consumed from offices, cellar doors or tool of trade fleet.
4. Energy and water efficiency is expressed on a 9 litre equivalent per unit case produced basis and includes the energy and water consumed in TWE's wineries and packaging centres. It also includes Australian volumes packaged under contract.
5. Includes all wineries, packaging centres and company-owned vineyards. Does not include water consumed from offices or cellar doors.
6. 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, Scope 3 emissions.
7. Includes all wineries, packaging centres and company-owned vineyards. Does not include waste generated from offices or cellar doors.
8. Lost Time Injury Frequency Rate (LTIFR).
9. The Company's FY14 Annual Report noted a LTIFR of 4.2 for FY14. However, in line with TWE reporting procedures, a number of first aid and medical treatment injuries that had occurred but were not lost time injuries at the date of the FY14 Annual Report were subsequently reclassified to lost time injuries as a result of ongoing medical treatment and rehabilitation programs. These injuries have now been backdated to be included in the FY14 LTIFR which has had the effect of restating the FY14 LTIFR of 4.2 to 5.0.

The Company's environmental metrics continue to show improvements in a number of areas. Water efficiency has improved from the previous year and waste to recycling has improved for the third year in a row.

However a number of environmental metrics are difficult for the Company to control given the nature of grape growing and influence of climatic conditions. Changes in production volumes and highly variable growing conditions year to year impact the Company's overall efficiency.

It is expected that as the Company embeds an optimised supply chain footprint in FY16, water, energy and emissions improvements across the winery and packaging footprint will be realised as production is moved to more efficient sites.

HEALTH, SAFETY AND ENVIRONMENT

TWE's Health, Safety and Environment (HSE) program continued to deliver strong results in FY15.

The Company developed its Health, Safety and Environment Guiding Principles of:

- Target zero harm or injury;
- Use of common tools, resources, training and systems across the business;
- Development of a renewed culture of working safely;
- Use of relevant lead and lag measures to drive progress; and
- Instill the mantra 'without exception, we are all responsible for our safety and quality'.

To deliver the Company's HSE Guiding Principles, a new strategic three-year HSE plan establishing key programs and focus areas was signed off by the Board and ELT. The key areas of focus under this plan in FY15 were:

i. **Expansion of HSE Framework –** the Company's existing HSE processes and resources that have traditionally focused on risks in the supply part of the business (such as vineyards, wineries and packaging and distribution centres) were increasingly integrated into the Company's 'Demand' functions (such as sales, marketing and administration).

ii. **Leadership Development –** as part of further embedding HSE priorities into day-to-day management, a two-day HSE leadership development program for managers and supervisors was delivered. Over 150 front line leaders from New Zealand, the US and Australia attended the small group workshops, and the program will continue through FY16.

iii. **Increased Audit Capability –** the Company's HSE audit program was reviewed as part of continuous improvement with the objective of evolving from a compliance to a risk based approach – focusing on both fatality and serious injury risks and their controls. To increase the Company's capacity to constantly monitor and review its own processes and behaviours, thirteen TWE internal HSE professionals attended a five-day university-recognised auditors course as part of the program, and these individuals are now being deployed to add further capacity to audit the Company's HSE practices across the business. This program will be extended further in FY16.

In addition to the above, TWE's global Workplace Health and Safety Policy was reviewed to include a reference to both physical and mental health and wellbeing. Initiatives to promote mental health awareness and accessing resources to promote positive workplace mental health will be key focus areas for management for FY16.

TWE's primary lag indicator – lost time injury frequency rate (LTIFR) – continued to demonstrate systematic and prolonged improvement. A target of achieving five or less was set for FY15 and this was achieved with a LTIFR of 4.2. This is down on the 7.2 recorded in FY13 and 5.0 in FY14.

DIVERSITY AND INCLUSION

FY15 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 fulfil 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 FY15, together with its FY16 measurable objectives.

The Company's Diversity and Inclusion policy can be found at the Company's website: www.tweglobal.com.

FY15 objectives and initiatives

The following diversity objectives were set by the Board for FY15. Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations (ASX Recommendations) states that a company's board or board committee is to set the measurable objectives for achieving gender diversity.

Increase Gender Diversity in Leadership

- Achieve a 2% increase in the 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, with a target of 100%; and
- Incorporate the training into new leaders on-boarding programs by the end of FY15, with a target of 100%.

The Chief Executive Officer (CEO) and all Executive Leadership Team (ELT) members had a diversity Key Performance Objective (KPO) to deliver the above objectives in FY15.

In an effort to achieve the above objectives, various actions were undertaken throughout FY15:

- Continuation of targeted mentoring programs for women;
- Increased activity in the Company's Women in Wine networks with the aim of supporting, educating and inspiring men and women;
- Delivery of flexible work practices training for senior leaders;
- The introduction of the '*Mary Penfold Award*' for outstanding female leadership;
- Certification of compliance with the *Australian Workplace Gender Equality Act 2012*, provided by Workplace Gender Equality Agency on 29 June 2015 which can be found at the Company's website: www.tweglobal.com.

FY15 progress

The following outcomes (during a reset year, where a number of organisational changes occurred) were recorded against the above objectives for the reporting period:

- Increased female representation at ELT level (including CEO) by 2.3%, to 27.3%;
- Increased female representation in leadership roles, up 0.8% to 33.8%;
- Increased female representation overall by 1% to 39%;
- In leadership roles, 63% included a suitably qualified female candidate at shortlist;
- Implemented a flexible work practices training program, delivered to 100% of senior leaders.

The ELT continued to operate as the Diversity Council in FY15 to focus their efforts on setting appropriate goals and targets, monitoring progress and driving action.

Progress with the Company's diversity and inclusion agenda has improved in some areas and has been maintained in others. This reinforces the need for an ongoing level of focus by the ELT Diversity Council in FY16. The following initiatives have been identified to help drive female representation at this level:

- Continuation of the female mentoring program;
- Extending the Women In Wine networks to the Americas and EMEA;
- Profiling high potential female talent at each Diversity Council meeting;
- Completing a gender pay equity review and implementing recommendations;
- Reorienting internal recruitment processes to maximise and encourage female participation;
- Continued rollout of flexible work practices training to the next layer of leaders and integrated with a new leader on-boarding program;
- Developing and implementing the next module of education for senior leaders through an 'Inclusive Leadership' training program;
- Continuing to recognise outstanding female leadership through the annual *'Mary Penfold Award'*;
- Completing a review and refresh of the global Parental Leave policy.

FY16 objectives

As is the case in nurturing TWE's premium wines, investment and time yield great results. FY15 has delivered some solid foundations and in FY16 the Company will continue to invest in core areas to deliver sustainable improvement.

The Company's progress towards the FY16 objectives will continue from momentum gained through FY14 and FY15 with a focus on three core areas – gender diversity, flexibility and inclusive leadership.

Given the organisation changes implemented through FY15, the Company does not anticipate that there will be significant variation amongst the senior leadership population over the coming financial year. In this context, it has adjusted targets to provide stretching yet achievable objectives in FY16.

Increase Gender Diversity in Leadership

- An increase in females in leadership roles to 35%.
- At least one qualified women on shortlist for 80% of leadership roles.
- Launch a Women in Wine hub in the Americas and EMEA.
- Twenty women to be enrolled in the female mentoring program 'My Mentor'.
- Complete a gender pay equity review and implement the recommendations.

Embrace Our Commitment to Sustainable Flexible Work Practices

- Roll-out flexible work practice training to 50% of all mid-level people leaders (including all newly promoted/hired senior and mid-level people leaders) and undertake a review to ensure that flexible work practices are being consistently implemented/applied, are not seen as an entitlement and are effective.
- 75% of employees agree that flexibility is genuinely supported at TWE (determined through survey at end of FY16).

Develop Inclusive Leaders

- Delivery of inclusive leadership training workshop to 100% of senior leaders.

Executive Leadership Team Diversity Objectives

The CEO and all ELT members have a diversity Key Performance Objective (KPO) to deliver the above objectives in FY16.

Organisational gender profile

The Company makes the following diversity disclosures in relation to Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations:

RECOMMENDATION 1.5 REQUIREMENT	DISCLOSURE
Proportion of women in the whole organisation	As at 30 June 2015, 39% of the Group's employees were women.
Proportion of women in senior executive[1] positions within the Group	As at 30 June 2015, 27.3% of the senior executive positions within the Group were held by women.
Proportion of women on the Board of the Company	As at 30 June 2015, 12.5% of the Company's Board of Directors (including executive directors) were women. The Board is committed to ensuring that it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic aims. Further details are set out in the *Corporate Governance* section of the Annual Report.

1. For the purposes of this disclosure, the Company has defined 'senior executive' as the Chief Executive Officer and his/her direct reports. To note, using the TWE definition of leader, 33.8% of roles were held by women as at 30 June 2015.

BOARD OF DIRECTORS

Paul Rayner

Warwick Every-Burns

Lyndsey Cattermole

Peter Hearl

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), Boral Limited (since September 2008 and where he also serves as Chairman of the Audit Committee) and a director of Murdoch Childrens Research Institute, (since December 2014).

Mr Rayner was a director of Centrica Plc, a UK listed company, from September 2004 until December 2014.

Warwick Every-Burns AMP, Harvard University
Non-Executive Director

Member of the Board since May 2011.

Mr Every-Burns is an independent Director 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$15 billion. He was based at The Clorox Company's headquarters in the US 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 was formerly on the Advisory Council of the Frontier Strategy Group.

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 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 (from December 2010 to September 2012). 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 (since May 2005, where she is also a member of the Remuneration, Human Resources, Governance and Nominations Committees), Pact Group Holdings Limited (since November 2013) and Hexigo Pty Ltd.

Mrs Cattermole was a director of the Foster's Group Limited Board from October 1999 until May 2011.

Peter Hearl B Com, 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 for the period 23 September 2013 to 30 June 2015).

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

Mr Hearl is currently a director of Telstra Corporation Limited (since August 2014) and is a member of the UNSW's Australian School of Business Alumni Leaders Group.

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 previously held the position of honorary Chairman of the US based UNSW Study Abroad-Friends and US Alumni Inc.

Mr Hearl was a director of Goodman Fielder Limited from 2010 until March 2015.


Ed Chan


Michael Cheek


Garry Hounsell


Michael Clarke

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 B.BA (Hons)
Non-Executive Director

Member of the Board since September 2012 and a member of the Human Resources Committee.

Mr Cheek is an independent Director and an American resident.

Mr Cheek has more than 25 years of experience in the alcohol beverages industry in senior executive positions, including 14 years of leadership in the US wine industry. He 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 privately owned Jose Cuervo Co and Nelson's Green Brier Distillery.

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 a director of Dulux Group Limited (since July 2010) and Spotless Group Holdings Limited (since March 2014). He is a former Chairman of PanAust Limited (from July 2008 to August 2015) and a former director of Qantas Airways Limited (from January 2005 to February 2015), Orica Limited (from September 2004 to February 2013), Nufarm Limited (from October 2004 to October 2012), Ingeus Limited, Freehills and has held senior positions at Ernst & Young and Arthur Andersen.

Michael Clarke CA, B.Com
Managing Director and Chief Executive Officer

Member of the Board since 31 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. (since April 2013).

Mr Clarke was a director of Wolseley plc from March 2011 until March 2014.

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 US, 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 ended 30 June 2015.

Good corporate governance and transparency in reporting is a fundamental part of the culture and business practices of the Group. During the financial year the Company has complied with the third edition of the ASX Corporate Governance Principles and Recommendations (ASX Recommendations).

The charters, codes and policies in respect of the Company's corporate governance practices referred to in this statement are reviewed annually to ensure they remain appropriate and meet governance standards and regulatory requirements. They are available at the Company's website: www.tweglobal.com.

This corporate governance statement was approved by the Board and is current as at 31 August 2015.

SECTION 1: THE BOARD OF DIRECTORS

1.1 Composition

Details of the current members of the Board and their tenure in office are set out in the Directors' Report of this Annual Report, together with each director's qualifications and experience.

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 Board utilises a skills matrix to assist in assessing the mix of skills, experience and diversity that the Board currently has, and to identify areas of focus as part of Board succession planning.

The Board considers that its current members collectively possess the appropriate skills, experience and attributes that enable the Board to discharge its responsibilities effectively, contribute to the Company's strategic growth plans and oversee the delivery of its corporate objectives.

Areas of competence and skills of the Board of directors are set out in Table 1.

Table 1 – Areas of competence and skills of the Board of Directors

AREA	COMPETENCE
Industry	Wine, alcohol beverages, consumer and brand marketing, supply chain, distribution, route to market.
Leadership and Strategy	Public company experience, business strategy development, business and executive leadership, CEO experience, mergers and acquisitions.
Finance and Business	Financial acumen, financial accounting, audit, corporate finance, capital management.
International	International business experience, international industry experience.
Governance and Regulatory	Corporate governance, legal and regulatory, risk management, health, safety and environment, government relations, remuneration governance, human resources.

1.2 Chairman

The Chairman of the Board, Mr Paul Rayner, is an independent non-executive director and has been Chairman of the Company since 2012 and a non-executive director since 2011.

Details of Mr Rayner's skills and experience are set out in the Board of Directors section of this Annual Report.

The Chairman is responsible for the leadership of the Board and ensuring that it is operating to the appropriate governance standards.

The responsibilities of the Chairman of the Board are set out in more detail in the Board Charter which is available at the Company's website: www.tweglobal.com.

1.3 Director independence

As required under the Board Charter and ASX Recommendations, 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 Recommendations 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 Annual Report and considers that, save for the Chief Executive Officer (CEO) who is an executive director, all directors are independent.

As reported in the Company's 2014 Annual Report, Mr Every-Burns held the position of CEO from 23 September 2013 to 30 March 2014. Following the appointment of Michael Clarke as Managing Director and CEO in March 2014, 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 CEO 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 determined that Mr Every-Burns was an independent director as at the date of the 2014 Annual 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. Mr Every-Burns resumed his position as Chair of the Human Resources Committee on 1 July 2015.

1.4 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 CEO) holds office until the conclusion of the next Annual General Meeting (AGM) 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 AGM.

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

1.5 Remuneration arrangements

The remuneration policy for the Board and the remuneration of each director is set out in the Remuneration Report, which forms part of the Directors' Report.

SECTION 2: ROLES AND RESPONSIBILITIES 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 CEO and approval of the terms of engagement and termination benefits. • Remuneration of the CEO, 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 CEO 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.

In accordance with the provisions of the Company's Constitution, the Board has delegated responsibility for the day-to-day management of the Company to the CEO and management pursuant to a formal delegation structure. The respective roles and responsibilities of the Board are outlined further in the Board Charter.

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, including membership for FY15, 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 for FY15 until 30 June 2015) 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 and at least one member should have relevant risk management expertise or experience (Mr Hounsell satisfies these requirements).	• 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. Review: • The performance of the Board, Board Committees and individual 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.

* Warwick Every-Burns rejoined the Human Resources Committee and resumed the role of Chair of the Committee on 1 July 2015.

	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.	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 CEO. • 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 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 CEO, 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 selected executives who report directly to the CEO 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 that 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 is conducted against the terms of the Board Charter or relevant Committee Charter (as the case may be), and includes surveys of each director and relevant members of the ELT. During 2015, the Board engaged an independent external consultant who undertook a Board performance review in accordance with the process disclosed in this Annual Report.

The performance of the CEO is measured against agreed annual key performance objectives.

A formal process for the evaluation of the performance of senior executives is conducted by the CEO 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

Directors are expected to avoid any position or interest that conflicts or could be perceived to conflict with the interests of the Group. This is a matter for ongoing consideration by all directors.

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. Directors are required to disclose to the Company any interests or directorships which they hold with other organisations and to identify any conflicts of interest they may have or appear to have, in dealing with the Company's affairs.

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* (Cth).

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 alcohol 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 Board.

4.4 Share Trading Policy

In accordance with the prohibition in the *Corporations Act 2001* (Cth) 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 ELT; 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 engaging in dealings for short-term gain, including buying and selling Company shares in a three-month period.

The Policy specifically prohibits directors and employees from protecting the value of unvested Company securities with derivative instruments consistent with the *Corporations Act 2001* (Cth) requirements on hedging. No director or member of the ELT may enter into a margin loan or similar funding arrangement to acquire any shares in the Company.

The Share Trading Policy is available at the Company's website: www.tweglobal.com.

4.5 Diversity

The Company is committed to creating and maintaining 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 fulfil their potential.

The Company has a Diversity & Inclusion Policy (the Policy), which has been approved by the Board, and is available at the Company's website: www.tweglobal.com.

In accordance with the Policy, the Company has established measurable objectives to enhance gender diversity. Further details of the Company's progress towards achieving the measurable objectives are set out in the Diversity and Inclusion section of this Annual Report.

4.6 Risk Management

The Board has approved a Risk Management Policy (the Policy) and a Risk Management 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, acknowledges that all employees have a role in managing risk, and in particular, they are encouraged to identify, report and assess operating risks in the business. The management of risk is not treated as a separate discrete function, but is integral to the way employees work.

During the financial year, the Audit and Risk Committee reviewed the Policy and Framework to satisfy itself that it continues to be sound.

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 CEO, Chief Financial Officer (CFO), Group Financial Controller, Internal Audit and External Auditor are invited to attend meetings, as required. Other executives and advisers are also invited to attend meetings, as appropriate.

The CEO and CFO have provided a written declaration to the Board, in accordance with the *Corporations Act 2001* (Cth), confirming that, in their opinion:

- 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 of the financial position and performance of the Group and comply with the relevant accounting standards;
- the Company's financial statements are formed on the basis of a sound system of risk management and internal control, which is operating effectively.

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: www.tweglobal.com.

Internal audit

The Company's internal audit function monitors the Group-wide internal control framework, providing assurance that the design and operation of the Group's risk management and internal control system is effective.

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 Group's operations. The head of internal audit is jointly accountable to the Audit and Risk Committee and the Chief Financial Officer.

Internal audit operates under a Charter approved by the Board, and is independent of the external audit function. 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 Continuous 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. The Company has a two-way investor relations program which facilitates effective two-way communication with investors.

The Company's Disclosure Policy (the Policy) confirms the Company's commitment to meeting its stakeholders expectations for timely, balanced and meaningful disclosure. The Policy sets out both the procedures in place to ensure compliance with its regulatory obligations, including obligations under the continuous disclosure regime pursuant to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, and the expectations on all employees of the Company, including directors and senior executives.

The Company has also established written guidelines and procedures to supplement the Disclosure Policy, which are designed to manage the Company's compliance with its continuous disclosure obligations. A Continuous Disclosure Committee, comprised of senior executives, is responsible for overseeing and coordinating the disclosure of information by the Company to the ASX and for administering the Policy.

The Company holds periodic briefing sessions for directors and relevant employees (who may be likely to come in possession of confidential information) on how the continuous disclosure obligations apply to the Company, including consideration of materiality guidelines relevant to the Company and the Company's internal processes for escalation and assessment of information prior to release to the ASX. As a matter of practice, the Board considers the Company's obligations under the Disclosure Policy at its meetings.

The Company's Disclosure Policy is available at the Company's website: www.tweglobal.com.

4.9 Communication with shareholders

The Company's website forms a key part of the Company's communications with shareholders and the wider investment community. The Company's website contains ASX announcements, annual reports, 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 the Annual General Meeting in order to promote discussion about the Company and its strategy and goals. The Board supports and encourages shareholders to ask questions during the Annual General Meeting. For shareholders who are unable to attend in person, the Annual General Meeting is webcast live and is archived for viewing on the Company's website. The Company periodically reviews how best to take advantage of technology to enhance shareholder communications.

Shareholders can elect to receive email notifications when the Annual Report and certain other information is posted to the Company's website. Shareholders can communicate with the Company or its share registrar, Computershare Investor Services Limited (Computershare) by mail, telephone, email or online via the Computershare Investor Centre portal. Shareholders may choose to receive communications from and send communications to the Company and Computershare electronically.

The Company's Communications Policy is available at the Company's website: www.tweglobal.com.

4.10 External directorships

Key executives including the CEO, 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.

4.11 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 three CR strategic priorities. The priorities 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 in the Corporate Responsibility section of this Annual Report.

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 2015 and the auditor's report.

The sections referred to below form part of, and are to be read in conjunction with, this Directors' Report:

- Operating and Financial Review (OFR)
- Board of Directors
- Remuneration Report

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 2015 and appear on pages 76 to 118.

DIRECTORS

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

	DATE OF APPOINTMENT
Lyndsey Cattermole AM	10 February 2011
Warwick Every-Burns	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

Particulars of the current directors' qualifications, experience and Board Committee responsibilities are detailed in the Board of Directors' section of this Annual Report.

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 2015 financial year

	BOARD MEETINGS[1]		AUDIT AND RISK COMMITTEE[1]		HUMAN RESOURCES COMMITTEE[1]		NOMINATIONS COMMITTEE[1]		ADDITIONAL MEETINGS[2]
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	ATTENDED
Paul Rayner	18	18	–	–	–	–	2	2	10
Lyndsey Cattermole	18	16[3]	4	4	5	5	2	2	
Warwick Every-Burns	18	18	–	–	–	–	–	–	
Peter Hearl	18	18	4	4	5	5	–	–	2
Garry Hounsell	18	18	4	4	–	–	2	2	10
Ed Chan	18	18	–	–	–	–	–	–	
Michael Cheek	18	18	–	–	5	4	–	–	
Michael Clarke	18	18	–	–	–	–	–	–	10

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. All directors have an open invitation to attend Board Committee meetings. Directors who are not members of Board Committees do attend Committee meetings from time to time. The above table reflects the meeting attendance of directors who are members of the relevant Committee(s).
2. Reflects the number of additional formal meetings attended during the financial year by each Director, including Committee meetings (other than Audit and Risk Committee, Human Resources or Nomination Committee) where any two Directors are required to form a quorum.
3. Mrs Cattermole attended all scheduled Board meetings of the Company. This number reflects two unscheduled Board meetings for which Mrs Cattermole had conflicting external meetings.

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 the Remuneration Report.

DIVIDENDS

Interim dividend: The Company paid an interim dividend of 6 cents per ordinary share on 17 April 2015. The dividend was unfranked.

Final dividend: Since the end of the financial year, the directors have declared a final dividend of 8 cents per share unfranked and payable on 2 October 2015. The record date for entitlement to this dividend is 4 September 2015.

In summary:

	DIVIDEND PER SHARE	$'000
Interim dividend paid on 17 April 2015	6 cents per share	$39,075
Final dividend payable on 2 October 2015	8 cents per share	$52,101
Total	14 cents per share	$91,176

The Company paid shareholders a final dividend in respect of the 2014 financial year of $45,594,903.

EVENTS SUBSEQUENT TO BALANCE DATE

On 31 July 2015 the Company sold the Asti winery, Souverain brand and inventory, and co-located vineyard assets in Sonoma County, California (announced on 21 July 2015). A pre-tax loss of $9.7 million (US$7.5 million) arose on disposal.

Other than as disclosed in the financial statements, the directors are not aware of any other matters or circumstances that 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 Global CR Council, chaired by the Chief Executive Officer, and comprising representatives from regional and functional areas of the business.

Further detail on the Group's CR program, strategy, initiatives and achievements to date are detailed in the Corporate Responsibility section of this Annual Report.

ENVIRONMENTAL REGULATION

Management of environmental issues is a core element of the CR program detailed in the CR section of this Annual Report, 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 its environmental and social impacts and its 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 financial 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.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no proceedings brought or intervened in, or applications to bring or intervene in proceedings, on behalf of the Company by a member or other person entitled to do so under section 237 of the *Corporations Act 2001* (Cth).

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

KPMG is the Company's auditor, appointed with effect from 23 October 2013.

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* (Cth). 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 financial year, the fees paid or payable for non-audit services provided by KPMG as the auditor of the Company and its related practices totalled $631,759. Amounts paid or payable for audit and non-audit services are disclosed in note 31 of the Financial Statements.

A copy of the auditor's independence declaration is set out on page 46 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 2015 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 or to zero where the amount is $50,000 or less.

Dated at Melbourne 31 August 2015.

Paul Rayner
Chairman

Michael Clarke
Chief Executive Officer

AUDITOR'S INDEPENDENCE DECLARATION

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 2015 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

31 August 2015

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 FY15 Remuneration Report, which will be put to shareholders at our 2015 Annual General Meeting (AGM).

TWE performed well in FY15, delivering against its strategy to reset the business and improve the quality of TWE's base earnings.

TWE reported statutory net profit after tax of $77.6 million and EBITS of $225.1 million, up 21.9% on a reported currency basis and 16.2% on a constant currency basis. These results reflect successful progress against the key strategic priorities, including portfolio premiumisation, sustainable cost reduction and supply chain network optimisation, and represents the first successful year of TWE's journey from being an order-taking, agricultural company to being a brand-led marketing organisation.

The critical facts contained in this report for FY15 are as follows:

- A review of Key Management Personnel (KMP) fixed remuneration was undertaken in September 2014, with eligible KMP subsequently receiving a market adjustment on the fixed remuneration at an average rate of 3%;
- Strong financial, operational and strategic performance resulted in the delivery of between target and maximum short-term incentive plan (STIP) awards to executives, and an at-maximum STIP award for the Chief Executive Officer (CEO), under the FY15 STIP;
- A broad-based employee share plan was successfully launched in FY15. All current KMP as at 30 June 2015 are enrolled as participants in the plan. Details of this plan are described in Section 4;
- The FY13 long-term incentive plan (LTIP) (the Plan) was tested for the performance period ending 30 June 2015. Notwithstanding this year's strong financial performance, as performance over the three-year performance period (FY13–FY15) did not meet the threshold for both the relative total shareholder return (TSR) metric, and the earnings per share (EPS) compound annual growth rate (CAGR) metric, the FY13 LTIP did not vest. Accordingly, no shares were granted to executives;
- The non-executive director fee pool did not change; and
- Individual non-executive director fees remained unchanged for FY15.

As disclosed in the FY14 Remuneration Report, the Group implemented a new STIP in FY15. This report details the terms of the new plan. The STIP for FY16 will continue under the Balanced Scorecard structure, however a minor amendment has been made to the vesting period of the Restricted Equity under the STIP for the CEO and CEO directs. One-half of the Restricted Equity (i.e. one-sixth of the STIP award) will be deferred for one year, with the remaining Restricted Equity (i.e. one-sixth of the STIP award) deferred for two years from the allocation date. The quantum of the deferral remains unchanged. This amendment makes the benefit more meaningful for executives and ensures that the Company is able to attract and retain the best talent, whilst continuing to be aligned with shareholder interests.

In relation to the FY16 LTIP, the Human Resources Committee (HRC) has reviewed the Plan to assess its alignment to TWE's business strategy. Following this review, it was determined that in FY16, the EPS CAGR metric would be replaced by a return on capital employed (ROCE) growth metric. The Board considers that the FY16 LTIP targets reflect a challenging yet realistic measure as it encourages management to grow earnings and at the same time manage Capital Employed. As TWE pursues its premiumisation and growth strategy, Capital Employed is expected to increase, and based on this assumption, executives will be required to deliver continued momentum in strong earnings growth in order to deliver a 1.2 percentage point improvement in ROCE. Further detail is contained in Section 4.

Consistent with the FY14 Remuneration Report, a non-statutory table (Table 8.2) is included detailing the actual pay and incentives crystallised in FY15 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. I would also like to thank Mr Hearl for his time and commitment as Chairman of the HRC since September 2013. I am pleased to have recommenced my position as Chairman of the HRC from 1 July 2015.

Yours sincerely,

Warwick Every-Burns
Human Resources Committee Chairman

INTRODUCTION

The directors present the Remuneration Report of the Company and its controlled entities (the Group) for FY15, prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (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 in Australian dollars (A$), unless otherwise specified.

SECTION 1: ORGANISATION AND KEY MANAGEMENT PERSONNEL

This report details the FY15 remuneration framework and outcomes for the key management personnel (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).

In order to best achieve TWE's strategic imperatives, the Group undertook a realignment of the leadership of its major geographical regions during FY15. Formerly, the Group operated under the leadership of two Chief Commercial Officers – one covering Asia Pacific (APAC) and Europe, Middle East and Africa (EMEA), and one covering the Americas region. The Group subsequently split the APAC and EMEA role to form two strategically aligned executive roles: a Managing Director to oversee the operations of Australia and New Zealand (ANZ), and a President and Managing Director, Asia and EMEA, to oversee the operations of Asia and EMEA.

Pursuant to the above, there has been the following movement in the KMP during FY15:

- Mr Carter, Chief Commercial Officer, APAC and EMEA, ceased to be a KMP on 1 July 2014, and left the Company on 15 August 2014 after undertaking a transition to Mr McPherson and Mr Foye. Mr Carter's remuneration is disclosed in this report for the period he was a KMP, and also for the period of his transition through to 15 August 2014. All termination benefits are disclosed in this report. As mentioned above, the regions Mr Carter was originally responsible for were split into two separate executive roles.
- Mr McPherson, Managing Director, ANZ, became a KMP on 1 July 2014, reporting to the Chief Executive Officer (CEO).
- Mr Foye was appointed to the role of President and Managing Director, Asia and EMEA, on 1 August 2014.
- Mr Spooner was appointed as Chief Supply Officer on 2 February 2015. As such, Mr McNab ceased to be Chief Supply Officer, and a KMP, on 1 February 2015. Mr McNab remained with the Group to undertake a transition to Mr Spooner, and subsequently left the Group on 27 February 2015. Mr McNab's remuneration is disclosed in this report for the period he was a KMP, and also for the period of his transition through to 27 February 2015. All termination benefits are disclosed in this report.

A list of all KMP during FY15 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	Full year
PR Hearl	Non-executive director	Full year
GA Hounsell	Non-executive director	Full year
Executives		
Current (as at 30 June 2015)		
MA Clarke	Chief Executive Officer	Full year
RB Foye	President and Managing Director, Asia and EMEA	From 1 August 2014
SL LeDrew	President TWE North America	Full year
AGJ McPherson	Managing Director, ANZ	Full year
AJ Reeves	Chief Financial Officer	Full year
RJC Spooner	Chief Supply Officer	From 2 February 2015
Former		
AJ Carter	Chief Commercial Officer, APAC and EMEA	Until 1 July 2014[1]
SC McNab	Chief Supply Officer	Until 1 February 2015[2]

1. As stipulated previously, remuneration outcomes have been provided for the period Mr Carter was a KMP, as well as the transition period through to 15 August 2014.
2. As stipulated previously, remuneration outcomes have been provided for the period Mr McNab was a KMP, as well as the transition period through to 27 February 2015.

SECTION 2: REMUNERATION SNAPSHOT

FY15 Remuneration snapshot

The FY15 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 FY15:

ELEMENT	HIGHLIGHTS
Fixed remuneration	All eligible KMP received a market adjustment for fixed remuneration, effective 1 September 2014. As agreed in Mr Clarke's employment contract, his fixed remuneration will not be reviewed until September 2016. All other KMP who joined the Group during FY15 were not eligible for a fixed remuneration review.
Short-term incentive plan (STIP)	The Board awarded short-term incentives to executives that reflected the assessed performance of the Balanced Scorecards as between target and maximum for all executives, excluding the Chief Executive Officer (CEO). The CEO's scorecard was assessed at maximum performance. Details of short-term incentive outcomes for executives are included in Section 4.C and Section 8 of this Remuneration Report. *Vesting* The Deferred Equity allocated under the FY12 STIP vested during FY15.
Long-term incentive plan (LTIP)	The LTIP continues to operate on an annual basis, with a three-year performance period. Awards are granted to executives and senior leaders of the Group. FY15 LTIP awards were granted to most executives on 29 August 2014, with Mr Spooner receiving his grant in the first trading window following the commencement of his employment with the Group, on 6 March 2015. The CEO's LTIP award was granted on 15 January 2015 after receiving shareholder approval at the 2014 Annual General Meeting (AGM) on 16 December 2014. *Vesting* The FY13 LTIP was tested for the performance period ending 30 June 2015. Notwithstanding this year's strong financial performance, as performance over the three-year performance period (FY13–FY15) did not meet the threshold for both the relative total shareholder return (TSR) metric, and the earnings per share (EPS) compound annual growth rate (CAGR) metric, the FY13 LTIP did not vest.
Restricted equity plan (REP)	Targeted REP awards were granted to Mr Spooner upon joining the Group, as agreed and detailed in his employment contract. *Vesting* No vesting occurred under the REP for executives during FY15.
Broad-based employee share plan (Share Cellar)	All current KMP as at 30 June 2015 enrolled in Share Cellar, TWE's new broad-based employee share plan, during FY15. Contributions towards the plan commenced in April 2015, however the first share acquisition will not occur until FY16.
Non-executive director fees	The non-executive director fee pool remains constant at $2,200,000 per annum. The non-executive director fees remained unchanged in FY15.
Clawback Policy	The Clawback Policy continued to apply in FY15 to unvested awards in certain circumstances, as detailed in Section 3. The Policy applies to all awards made from 1 July 2013 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.

FY16 Remuneration snapshot

The below table highlights the key activities planned for FY16:

ELEMENT	UPDATE
Fixed remuneration	In reviewing the performance of the executives throughout FY15, and taking into account local market movements, fixed remuneration increases (effective 1 September 2015) will be applied for the following executives: • RB Foye • SL LeDrew • AJ Reeves • RJC Spooner In addition to a merit increase, Mr McPherson received a fixed remuneration adjustment to align him with external market benchmarks. As per his employment agreement, Mr Clarke will not be eligible for a fixed remuneration review until September 2016.
Short-term incentive plan (STIP)	The operation of the STIP in FY16 will continue under the Balanced Scorecard structure. All executives received a new Scorecard with revised measures and targets, to align with the Group's strategy for FY16. A minor amendment has been made to the vesting period applicable to the Restricted Equity under the FY16 STIP. One-half of the Restricted Equity will now vest after one year, with the remaining Restricted Equity vesting after two years from the allocation date. The quantum of the deferral remains unchanged.
Long-term incentive plan (LTIP)	Following a review of the terms and conditions of the LTIP, the Plan for FY16 will incorporate a ROCE growth metric in lieu of the EPS CAGR measure previously used. All other components of the FY16 LTIP remain unchanged.

SECTION 3: GROUP REMUNERATION GOVERNANCE

Role of the Human Resources Committee

The Human Resources Committee (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. In addition to its remuneration responsibilities, the HRC's duties include overseeing talent management, diversity and leadership development.

Its 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. Some minor wording amendments were made as a result of the most recent annual review, and the updated Charter is available at the Company's website: www.tweglobal.com.

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 from management explanations and additional information. 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 of KMP 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 recommendations relating to their remuneration are discussed.

In FY15, the Board engaged 3 degrees consulting to review the terms and conditions of the Group's LTIP, and provide high-level advice in relation to this. Whilst 3 degrees consulting was consulted on this project, and assisted to provide information on market practice, they did not provide any remuneration recommendations, as defined in the Act, in respect of KMP to the Board during FY15.

Clawback Policy

In FY15, the Clawback Policy continued to apply 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 Policy and strategy

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 Policy and strategy 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. The remuneration structure in FY15 is as follows, at target and maximum STIP performance and at target and maximum LTIP vesting, for executives serving at 30 June 2015: (see table below)	Section 4.A

FY15	CEO – REMUNERATION MIX – AT TARGET	CEO – REMUNERATION MIX – AT MAXIMUM	CEO – REMUNERATION % OF FIXED – AT TARGET	CEO – REMUNERATION % OF FIXED – AT MAXIMUM	EXECUTIVES – REMUNERATION MIX – AT TARGET	EXECUTIVES – REMUNERATION MIX – AT MAXIMUM	EXECUTIVES – REMUNERATION % OF FIXED – AT TARGET	EXECUTIVES – REMUNERATION % OF FIXED – AT MAXIMUM
	% OF TOTAL REWARD		% OF FIXED		% OF TOTAL REWARD		% OF FIXED	
Fixed	37%	23%	100%	100%	47%	28%	100%	100%
STIP	37%	31%	100%	135%	28%	30%	60%	108%
LTIP	26%	46%	70%	200%	25%	42%	53%	150%
Total Reward	**100%**	**100%**			**100%**	**100%**		

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
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 a combination of Group and business unit performance, measured by way of a Balanced Scorecard. The STIP arrangements provide eligible employees with the opportunity to earn an award if certain financial and strategic/operational hurdles and agreed key performance objectives (KPOs) are achieved. One-third of the STIP award for the CEO and direct reports is deferred into Restricted Equity in the Company 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. For the FY16 Plan, one-half of the Restricted Equity will be deferred for one year, with the remaining Restricted Equity deferred for two years from the allocation date.	Section 4.C

Table 4.1: Overview of executive remuneration (continued)

REMUNERATION ELEMENT	SUMMARY	DISCUSSION IN REMUNERATION REPORT
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 TSR compared to a pre-determined peer group; and • EPS growth. Performance Rights held by each executive of the Group are shown in Section 10 of this Remuneration Report. For the FY16 Plan, a ROCE growth metric has been introduced, and will replace the previously used EPS growth metric.	Section 4.D
Restricted Equity Plan (REP)	In addition to the LTIP, the Group operates the REP which allows the Board to make 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
Share Cellar	New in FY15, the Group operates a broad-based employee share plan, Share Cellar, which operates by way of after-tax employee payroll contributions (minimum $500 to maximum $3,000) to acquire TWE shares. For every two purchased shares that a participant holds at the vesting date (approximately two years), TWE delivers one matched share. No shares were acquired under Share Cellar in FY15.	Section 4.F

4.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 2015 for 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. As per Mr Clarke's employment contract, the fixed remuneration for the current CEO will not be reviewed until September 2016.

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.

4.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.

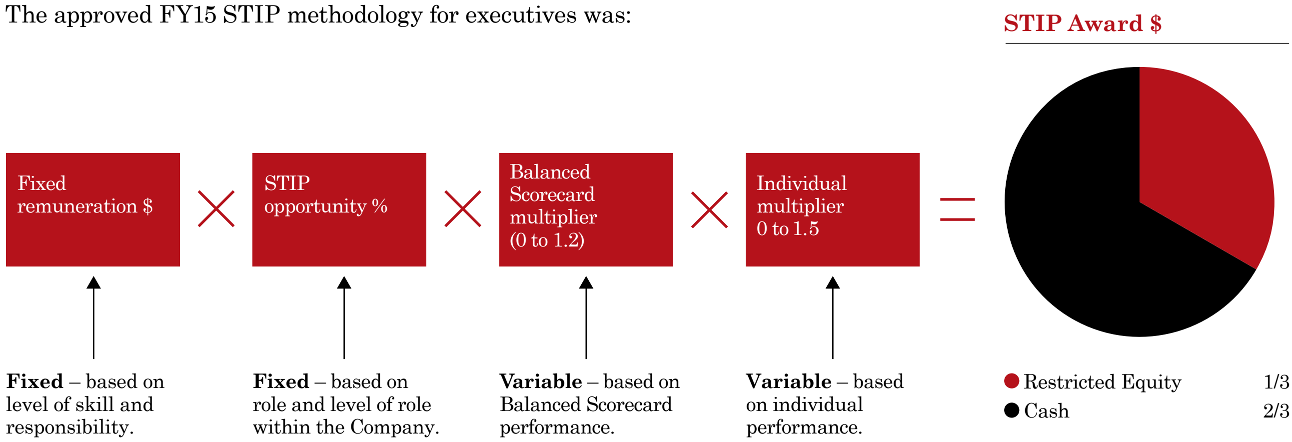
Fixed remuneration is generally reviewed on an annual basis in July–August, with any changes effective from 1 September. Eligible executives (excluding the CEO) received a fixed remuneration increase, effective 1 September 2014. New executives who joined the Group in FY15 were not eligible for a remuneration review at this time.

For FY16, executives received fixed remuneration increases, effective 1 September 2015, in accordance with local market movements at an average rate of 3%. In addition to a merit increase, Mr McPherson received a fixed remuneration adjustment to align him with external market benchmarks.

4.C STIP

The FY15 STIP offered by the Group is linked to the achievement of Group, team and individual financial and strategic/operational performance measures under a Balanced Scorecard approach. The Scorecard is weighted 70% financial measures (both Group and function-specific, where relevant) and 30% strategic/operational measures. To generate a payment under the STIP, individual performance and at least one of the Balanced Scorecard measures must be achieved at or above threshold levels.

The approved FY15 STIP methodology for executives was:



The key terms of the FY15 STIP are summarised in Table 4.2.

Table 4.2: Terms of the FY15 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 performance, executives (excluding the CEO) can earn up to a maximum of 108% of fixed remuneration, which is achieved when the individual receives the highest performance rating (an individual multiplier of 1.5), and outperformance on their Balanced Scorecard (a Balanced Scorecard multiplier of 1.2).
Performance measures	Vesting of any STIP award is subject to performance against a combination of financial and strategic/operational measures set at the beginning of the financial year. The Board has the discretion to assess STIP outcomes more holistically, considering both financial and strategic/operational 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. *Balanced Scorecard multiplier* Individual scorecard measures were set and approved by the Board for the CEO, and by the CEO for all other executives, based on 70% financial and 30% strategic/operational measures aligned to delivering TWE's strategic plan. Each measure is assessed after the financial year-end to determine the overall level of performance achieved. Using the weighting and the achievement against threshold, target or maximum for each Balanced Scorecard measure, a Balanced Scorecard multiplier (0–1.2) is determined as part of the STIP methodology above. *Individual multiplier (KPO outcome)* In addition to the assessment of Balanced Scorecards, each executive is also assessed on the achievement of individual KPOs, relevant to the executive's area of responsibility, and performance against Company behaviours. Individuals KPOs are set and approved by the Board for the CEO, and by the CEO for all other executives. Individual KPOs are assessed at the financial year-end, and an overall performance rating allocated. This rating drives the individual multiplier (0–1.5) as part of the STIP methodology above.
STIP Deferred Share component	To further align executive remuneration with shareholder interests, one-third of any executive's FY15 STIP that is awarded is delivered as Restricted Equity in the form of Deferred Shares (Deferred Share Rights in jurisdictions where local legislations do not allow the allocation of Deferred Shares, or cash equivalent in locations where local regulations prohibit or restrict the allocation of equity). 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. Participants holding Deferred Share Rights are entitled to neither dividends nor voting rights. The value of any cash equivalent would generally incorporate the value of dividends which would have been paid, had they instead been allocated Restricted Shares, however do not entitle the participant to any voting 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. In FY16, the Restricted Equity deferral period has been amended, such that one-half of the Restricted Equity will be deferred for one year after allocation, and the remaining half will continue to be deferred for two years. The quantum of the deferral remains unchanged.
Cessation of employment	**Prior to STIP payment date** – under the STIP guidelines for FY15, if an executive ceases employment with the Group prior to any STIP awards being paid (i.e. September 2015), 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, but prior to the relevant vesting dates, 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. FY15 STIP awards

The targets in respect of the FY15 STIP were set at the beginning of the financial year:

- Balanced Scorecard measures and targets were set by the Board in line with TWE's strategic plan;
- 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 Balanced Scorecard is weighted with 70% financial and 30% strategic/operational measures. This ensures that the focus is still on increasing the Group's financial performance. Whilst scorecard measures and percentages are subject to change each year, a summary of the approved Balanced Scorecard measures for FY15 is provided below.

	FINANCIAL			STRATEGIC/OPERATIONAL			
KMP[1]	GLOBAL EBITS	REGIONAL EBITS	FINANCIAL EFFECTIVENESS[2]	RETURN ON CAPITAL EMPLOYED	OPERATIONAL EFFECTIVENESS[3]	BEHAVIOURS	FY15 OVERALL OUTCOMES
Chief Executive Officer	50%		20%	10%	10%	10%	At Maximum
President and Managing Director, Asia and EMEA	20%	30%	20%		20%	10%	Between Target and Maximum
President TWE North America	20%	30%	20%		20%	10%	Between Target and Maximum
Managing Director, ANZ	20%	30%	20%		20%	10%	Between Target and Maximum
Chief Financial Officer	50%		20%	10%	10%	10%	Between Target and Maximum
Chief Supply Officer	50%		20%	10%	10%	10%	Between Target and Maximum

1. Table reports only executives who were KMP at 30 June 2015.
2. Financial effectiveness includes (but not limited to) measures such as cost savings initiatives, working capital efficiency and forecast accuracy.
3. Operational effectiveness includes (but not limited to) measures such as inventory management and market share growth.

To generate a payment under the FY15 STIP, threshold performance must be achieved on at least one of the Balanced Scorecard measures, and also for individual performance. Balanced Scorecard measures are individually weighted, and all measures are not required to be achieved in order to deliver a payment under the STIP.

Balanced Scorecard performance is assessed at the end of the financial year against full-year audited accounts (where relevant), on a constant currency basis. The Balanced Scorecard multiplier range is 0 to 1.2.

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 KPOs are not achieved at target, no payments are made (regardless of Balanced Scorecard results). Based on individual performance against KPOs, the individual performance multiplier range is 0 to 1.5. Individual performance below target will result in a multiplier of 0.

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.

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.

Executive STIP outcomes for FY15 are summarised in Table 4.3. The cash component of FY15 STIP awards will be paid in September 2015. The Restricted Equity will also be allocated at this time.

Table 4.3: FY15 STIP outcomes[1]

EXECUTIVE	TOTAL STIP AWARDED ($)	CASH ($)	RESTRICTED EQUITY ($)	TOTAL STIP PAID AS % OF TARGET OPPORTUNITY (%)	TOTAL STIP FORFEITED AS % OF TARGET OPPORTUNITY (%)
MA Clarke	2,295,000	1,530,000	765,000	135	–
RB Foye	463,578	309,052	154,526	156	–
SL LeDrew	375,498	250,332	125,166	103	–
AGJ McPherson	270,000	180,000	90,000	120	–
AJ Reeves	605,880	403,920	201,960	132	–
RJC Spooner	227,717	151,811	75,906	58	42[2]

1. Table 4.3 reports only executives who were KMP at 30 June 2015.
2. Represents Mr Spooner joining the Plan on 2 February 2015, and therefore being a part-year participant.

Short-term incentive outcomes were driven by achievement against executives' Balanced Scorecards and specific personal objectives.

Refer Section 7(B) for historical STIP outcomes.

ii. FY16 STIP targets

The Balanced Scorecard approach has enabled greater focus on key business measures. Therefore, to maintain consistency in approach and to reinforce the importance of key business measures to drive sustainable performance, similar measures will apply for executives in FY16. Performance against these measures will be disclosed retrospectively in the FY16 Remuneration Report.

A minor amendment has been made to the vesting period of the Restricted Equity under the STIP for FY16, such that one-half of the Restricted Equity will be deferred for one year after allocation, and the remaining half will continue to be deferred for two years. The quantum of the deferral remains unchanged.

4.D 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 FY15 LTIP are summarised in Table 4.4.

Table 4.4: Terms of the FY15 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 AGM. Following this approval at the 2014 AGM on 16 December 2014, the CEO's FY15 LTIP offer was granted on 15 January 2015. The Company will seek shareholder approval at the 2015 AGM for an FY16 LTIP offer to the CEO.	
Performance period	The performance period for the LTIP is three years – from 1 July 2014 to 30 June 2017. 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 foreseeable and genuine incentive to participants.	
Performance measures	The FY15 LTIP is subject to two performance measures which are weighted equally and assessed at the end of the performance period. The Board chose 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 against other comparable organisations. • **EPS 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 (117 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 volume-weighted average price (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.	
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%

Table 4.4: Terms of the FY15 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 FY15. For FY15, the number of Performance Rights allocated was based on the 90-day VWAP preceding 1 July 2014 (the start of the performance period).
Hedging	The terms and conditions surrounding the FY15 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. In accordance with their employment agreements, for the CEO, the Board will exercise its discretion and vest all of the FY15 LTIP offer, subject to the Board assessing performance against applicable vesting conditions. For Mr Foye, in the event there is a change of control in the first eighteen months of his tenure (expires 1 February 2016), the Board will exercise its discretion and allow 50% of the FY15 LTIP grant to vest, as Mr Foye's FY15 LTIP offer includes equity foregone upon joining the Company.

i. FY15 LTIP awards

KEY DATES	
Grant dates:	6 March 2015 (Mr Spooner)
	15 January 2015 (Mr Clarke)
	29 August 2014 (remaining participants)
Vesting date:	30 June 2017

The valuations of FY15 LTIP awards made to executives are summarised in Table 4.5.

Table 4.5: FY15 LTIP valuations

PERFORMANCE MEASURE	FAIR VALUE ($)	SHARE PRICE AT GRANT DATE ($)	EXPECTED VOLATILITY (%)	EXPECTED LIFE (YEARS)	EXPECTED DIVIDEND YIELD (%)	RISK-FREE INTEREST RATE (%)
6 March 2015 Grant						
Relative TSR	2.76	5.29	32	3	2.8	1.91
EPS	4.96					
15 January 2015 Grant						
Relative TSR	2.39	4.74	32	3	2.9	2.19
EPS	4.41					
29 August 2014 Grant						
Relative TSR	2.78	5.11	32	3	2.6	2.63
EPS	4.75					

An explanation of the pricing model used to calculate the fair value of awards is set out in note 21 of the Consolidated Financial Statements.

The allocation of FY15 LTIP awards made to executives are summarised in Table 4.6.

Table 4.6: FY15 LTIP Performance Rights

EXECUTIVE	DATE GRANTED	NUMBER OF AWARDS GRANTED	VALUE AT GRANT DATE ($)[1]	MAXIMUM VALUE YET TO VEST ($)[2]
Current (as at 30 June 2015)				
MA Clarke	15 January 2015	764,216	2,598,334	2,598,334
RB Foye	29 August 2014	194,585	732,613	732,613
SL LeDrew	29 August 2014	165,214	622,031	622,031
AGJ McPherson	29 August 2014	118,678	446,823	446,823
AJ Reeves	29 August 2014	252,865	952,037	952,037
RJC Spooner	6 March 2015	73,050	281,973	281,973
Former				
SC McNab[3]	29 August 2014	176,163	663,254	663,254

1. The value at grant date is calculated based on the fair values shown in Table 4.5.
2. The maximum value is calculated based on the fair values shown in Table 4.5. The minimum total value of the grant is zero.
3. The number of awards shown for Mr McNab represents the full FY15 LTIP grant. However, upon ceasing employment with the Company, Mr McNab was only entitled to retain a pro-rata portion of his FY15 LTIP award, reflecting the expired portion of the performance period, and subject to post-employment vesting.

ii. FY16 LTIP awards

The Board considered the appropriateness of performance measures and vesting schedules for the FY16 LTIP. During FY15, significant actions have been executed to turnaround the Company and drive long-term sustainable financial outperformance. As a result, a detailed LTIP review of the relevant practice in the market was undertaken to ensure the FY16 Plan aligns with the market and the Company's strategy, and provides an incentive that appropriately motivates executives while delivering genuine value to our shareholders.

3 degrees consulting were consulted as part of this review, to test the FY15 plan structure with the marketplace, and provide insights and analysis on the appropriateness of the LTIP metrics. Relative TSR remains a common performance measure in the ASX100. It is easily understood by investors, and is aligned to shareholder wealth creation. Therefore, there is no proposal to alter the relative TSR metric, including the vesting schedule.

In determining which measure we could use to complement relative TSR, and better align with our business strategy, a return on capital employed (ROCE) metric was selected for the following reasons:

- ROCE is widely regarded as a metric that is well suited to a capital intensive business, as it measures profitability in relation to invested capital;
- In comparison to other return metrics, ROCE is a stronger asset-based measure; and
- Executives would be incentivised to both grow earnings and deliver an optimised cost base.

As the primary objective is to drive improvement in capital efficiency, a relative ROCE growth target was selected.

The key change to the FY16 LTIP, including the new vesting schedule, is detailed in Table 4.7. All other LTIP terms, including LTIP opportunity levels for executives, remain unchanged from FY15.

Table 4.7: Terms of the FY16 LTIP

ELEMENT	DETAIL	
ROCE growth vesting schedule	**% ROCE Growth**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 0.6%	0%
	0.6% to 1.2%	35–100%
	At or above 1.2%	100%

The Board believes that the revised FY16 LTIP structure sets a challenging yet realistic target for management to grow earnings whilst managing Capital Employed. This will be a strong complement to the Group's STIP structure, which is based on a number of short-term financial, strategic and operational measures.

A 1.2 percentage point improvement in ROCE over the performance period is challenging and appropriate. As TWE pursues its premiumisation and growth strategy, Capital Employed is expected to increase, and based on this assumption, executives will be required to deliver continued momentum in strong earnings growth in order to deliver a 1.2 percentage point improvement in ROCE.

4.E 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 FY15 to Mr Spooner as a sign-on incentive, comprising Deferred Share Rights that are subject to restriction as per Table 4.8. No other awards were granted to executives under the REP in FY15.

Table 4.8: FY15 Restricted Equity movements

EXECUTIVE	INSTRUMENT TYPE	ALLOCATION DATE	NUMBER	VALUE AT ALLOCATION DATE ($)[1]	VESTING DATE
Current (as at 30 June 2015)					
RJC Spooner	Deferred Share Rights	6 March 2015	30,419	162,498	6 March 2018

1. The value at allocation date is calculated based on the allocation price ($5.342, the five-day volume-weighted average share price up to and including the allocation date).

4.F Share Cellar

As disclosed in TWE's FY12 and FY13 Remuneration Reports, TWE intended to implement a broad-based employee share plan in FY14. However, due to pending corporate activity in FY14, implementation was placed on hold and subsequently reviewed, with implementation occurring in FY15. Broad-based employee share plans have many benefits to an organisation and its employees, such as:

- Enabling employees to build shareholdings in TWE;
- Encouraging a focus on the performance of the Group as a whole, in addition to focusing on any particular business unit;
- Assisting in the motivation and retention of employees; and
- Aligning the interests of TWE employees with those of TWE's shareholders.

Share Cellar, TWE's broad-based employee share plan was launched during FY15. Share Cellar operates as a Share Plan in Australia, Canada, New Zealand, the United Kingdom and the United States, and as a Cash Plan in China, Hong Kong, Italy, Singapore and Sweden.

Under the Share Plan, employees contribute funds from their after-tax pay, which are used to acquire TWE shares on a quarterly basis. Shares (or Phantom Shares) could be acquired at a minimum value of $500 per annum and a maximum value of $3,000 per annum. Share acquisitions for the CEO and CEO directs occur twice a year to align with the employee share trading windows. TWE grants one matched share for every two purchased shares held by participants at the vesting date (approximately two years).

All executives, including the CEO, are enrolled in the plan. Mr Foye is based in China, and therefore a participant in the Cash Plan, whereas the remaining executives are participants in the Share Plan. Payroll deductions commenced in April 2015, and the first share acquisition will occur in FY16 (expected to be in November 2015 for executives and July 2015 for all other participants). Shares acquired by executives under Share Cellar, including the right to future matched shares, will be disclosed in the FY16 Remuneration Report.

Participation by employees in Share Cellar for FY15 spans nine out of the 10 participating countries. Due to the strong level of participation and positive feedback from employees, the HRC have approved for Share Cellar to be offered again to employees in FY16. Enrolment/re-enrolment is anticipated to occur on the same timeline as the FY15 offer.

4.G Prior years equity arrangements

The following section details all outstanding equity arrangements, including relevant FY15 vesting events, for executives.

4.G.1 STIP

i. FY14 STIP Deferred Shares

No awards were made in respect of the FY14 STIP as performance conditions under the plan were not met.

ii. FY13 STIP Deferred Shares

No awards were made in respect of the FY13 STIP as performance conditions under the plan were not met.

iii. FY12 STIP Deferred Shares

The terms and conditions of the FY12 STIP Deferred Shares for executives are summarised in Table 4.9.

Table 4.9: 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 vested in FY15 in accordance with Table 4.10. The awards are not subject to any further disposal or other restrictions.

Table 4.10: FY12 STIP Deferred Shares[1]

EXECUTIVE	NUMBER OF SHARES RELEASED	VALUE VESTED ($)[2]
Current (as at 30 June 2015)		
SL LeDrew	5,052	24,553
AGJ McPherson	18,563	90,216
Former		
SC McNab[3]	47,168	229,236

1. Table 4.10 reports only executives who were KMP at the vesting date, 13 September 2014.
2. The value vested is calculated based on the closing share price on the first business day following the vesting date ($4.86).
3. The FY12 STIP Deferred Shares were released from restriction prior to Mr McNab's cessation of employment. As such, the shares vested as per the normal process and were not subject to any further restrictions or clawback.

4.G.2 LTIP

i. FY14 LTIP awards

The terms and conditions of the FY14 LTIP awards for executives are summarised in Table 4.11.

Table 4.11: Plan terms and conditions

Grant date	28 February 2014	16 December 2013
Vesting date	30 June 2016	30 June 2016
Fair value at grant date	Relative TSR – $0.71 EPS – $3.64	Relative TSR – $1.54 EPS – $4.33
Closing share price at grant date	$3.87	$4.61

The vesting schedules for the FY14 LTIP awards are shown in Table 4.12.

Table 4.12: 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 7.5%	0%
	7.5% to 15%	0–100%
	15% or more	100%

The Performance Rights allocated in respect of the FY14 LTIP are currently outstanding as detailed in Table 4.13. The awards are due to vest, subject to testing of the performance conditions, after 30 June 2016.

Table 4.13: FY14 LTIP Performance Rights[1]

EXECUTIVE	DATE GRANTED	NUMBER OF AWARDS GRANTED	VALUE AT GRANT DATE ($)[2]	MAXIMUM VALUE YET TO VEST ($)[3]
Current (as at 30 June 2015)				
SL LeDrew	28 February 2014	88,392	192,253	192,253
AGJ McPherson	16 December 2013	72,212	211,942	211,942
AJ Reeves	28 February 2014	133,701	290,800	290,800

1. Table 4.13 reports only executives who were KMP at 30 June 2015.
2. The value at grant date is calculated based on the fair values shown in Table 4.11.
3. The maximum value is calculated based on the fair values shown in Table 4.11. The minimum total value of the grant is zero.

ii. FY13 LTIP awards

The terms and conditions of the FY13 LTIP awards for executives are summarised in Table 4.14.

Table 4.14: 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 4.15.

Table 4.15: 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 FY13 LTIP was tested for the performance period ending 30 June 2015. Due to performance being below threshold for both the relative TSR metric, and the EPS CAGR metric, there was nil vesting of the FY13 LTIP. No shares were granted to executives as a result of the nil vesting.

Table 4.16 details the Performance Rights which lapsed during FY15 as a result of the nil vesting of the FY13 LTIP awards.

Table 4.16: Vesting/lapse of FY13 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 2015)					
SL LeDrew	134,307	–	–	134,037	670,192
AGJ McPherson	110,854	–	–	110,854	553,161

1. Table 4.16 reports only executives who were KMP at the vesting date, 30 June 2015.
2. Represents the original number of Performance Rights granted under the FY13 LTIP.
3. The value vested and value lapsed are calculated based on the closing share price at the vesting date ($4.99).

4.G.3 REP

i. FY14 Targeted Restricted Equity awards

In FY14, Targeted REP awards were granted to executives in order to retain key talent during the CEO transition.

The terms and conditions of the FY14 Targeted Restricted Equity awards for executives are summarised in Table 4.17.

Table 4.17: Plan terms and conditions

	OFFER 2	OFFER 1
Grant date	30 April 2014	28 February 2014
Grant price	VWAP $3.718	VWAP $4.042
Vesting date	1 July 2017	28 February 2017

The FY14 Targeted Restricted Equity awards are currently outstanding as detailed in Table 4.18.

Table 4.18: FY14 Restricted Equity awards[1]

EXECUTIVE	INSTRUMENT TYPE	ALLOCATION DATE	NUMBER	VALUE AT ALLOCATION DATE ($)[2]	VESTING DATE
Current (as at 30 June 2015)					
SL LeDrew	Restricted Shares	30 April 2014	99,374	369,473	1 July 2017
		28 February 2014	32,201	130,156	28 February 2017
AGJ McPherson	Deferred Share Rights	30 April 2014	47,337	175,999	1 July 2017
AJ Reeves	Deferred Share Rights	30 April 2014	121,032	449,997	1 July 2017
		28 February 2014	83,498	337,499	28 February 2017

1. Table 4.18 reports only executives who were KMP at 30 June 2015.
2. The value at allocation date is calculated based on the allocation price.

SECTION 5: CHIEF EXECUTIVE OFFICER CONTRACT TERMS

5.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.

5.B Fixed remuneration

Mr Clarke's remuneration package is determined using external benchmarks and professional advice. The current TFR for Mr Clarke is $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.

5.C STIP

Mr Clarke's FY15 STIP opportunity level is 100% of TFR for target performance and capped at 135% of TFR at maximum.

Any FY15 STIP award made to Mr Clarke will be delivered as one-third Restricted Equity, and the remaining portion as cash.

5.D LTIP

Mr Clarke's FY15 LTIP opportunity is 200% of TFR, as approved by shareholders 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.

5.E REP

There were no FY15 CEO REP offers.

SECTION 6: EXECUTIVES' CONTRACT TERMS

A summary of the key terms of employment for executives as at 30 June 2015 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 2015)			
RB Foye	President and Managing Director, Asia and EMEA	6 months (plus 6 months' severance pay)	6 months
SL LeDrew	President TWE North America	12 months	1 month
AGJ McPherson	Managing Director, ANZ	6 months (plus 6 months' severance pay)	6 months
AJ Reeves	Chief Financial Officer	6 months (plus 6 months' severance pay)	6 months
RJC Spooner	Chief Supply Officer	6 months (plus 6 months' severance pay)	6 months

SECTION 7: REMUNERATION OUTCOMES

7.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 the STIP and LTIP.

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

7.B STIP remuneration outcomes

Table 7.1 shows the Group's EBITS performance, excluding material items, for FY12-FY15, with associated STIP outcomes.

Table 7.1: EBITS performance

PERIOD	EBITS PERFORMANCE		STIP PAYMENT
FY15	$225.1 million reported	• Increase of $40.5 million on a reported currency basis from FY14 reported result of $184.6 million. • Increase of $31.3 million on a constant currency basis from a FY14 constant currency result of $193.8 million.	Between Target and Maximum
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 a FY13 constant currency result of $244.7 million.	Nil
FY13	$216.2 million 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 a 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 a FY11 constant currency pro-forma result of $177.3 million.	64.8% of STIP opportunity attributable to Group EBITS result

i. FY15 executive STIP outcomes

Under the Balanced Scorecard approach, EBITS is one of the measures for executives. In achieving a strong EBITS outcome for FY15, executives also delivered strong results in other areas such as financial and operational effectiveness. This sets a strong foundation in our turnaround strategy to drive long-term sustainable financial performance.

7.C Long-term performance against key measures

i. LTIP remuneration outcomes

For FY13–FY15, LTIP awards are linked to relative TSR and EPS growth. The performance targets are outlined in Section 4.

The FY13 LTIP offer was based on achievement of relative TSR growth and EPS growth targets. The performance targets are outlined in Section 4. As disclosed in Section 4, there was nil vesting under the FY13 LTIP.

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

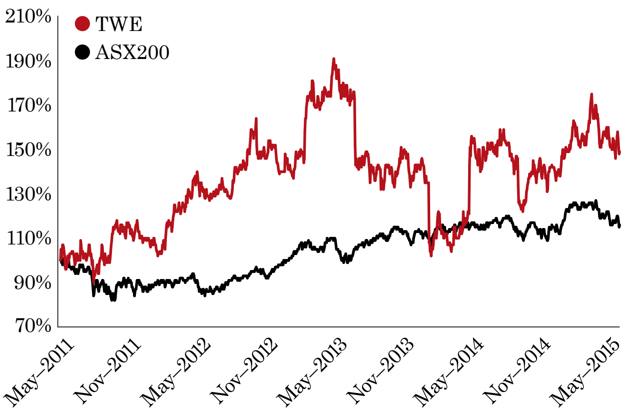
The financial performance for each financial year since the Group was listed is detailed below:

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. Before material items, SGARA and tax consolidation benefit.

Share price
(performance against ASX200)



Dividends

FINANCIAL YEAR	DATE PAID	DIVIDEND AMOUNT	% FRANKED
FY15	17-Apr-2015	6c	0%
	2-Oct-2014	7c	0%
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 FY15, 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 2015)						
MA Clarke	**FY15**	**1,681,217**	**30,161**	**183,967**	**1,530,000**	**–**
	FY14 From 31 Mar 2014	406,990	53,414	34,735	–	13,084
RB Foye[10]	**FY15** From 1 Aug 2014	**420,857**	**16,911**	**834,051**	**309,052**	**27,305**
SL LeDrew[10]	**FY15**	**555,203**	**13,634**	**30,137**	**250,332**	**16,350**
	FY14 From 27 Nov 2013	278,028	7,821	45,246	–	8,431
AGJ McPherson	**FY15** From 1 Jul 2014	**352,383**	**17,227**	**9,703**	**180,000**	**–**
AJ Reeves	**FY15**	**746,601**	**41,275**	**11,766**	**403,920**	**–**
	FY14	726,064	4,443	10,773	–	–
RJC Spooner	**FY15** From 2 Feb 2015	**270,833**	**11,154**	**36,674**	**151,811**	**13,208**
Former						
AJ Carter[11]	**FY15** Until 15 Aug 2014	**69,102**	**14,031**	**38,399**	**–**	**43,229**
	FY14 From 27 Nov 2013	327,247	6,496	181,956	–	–
SC McNab[12]	**FY15** Until 27 Feb 2015	**342,061**	**250,750**	**639**	**160,046**	**–**
	FY14	504,067	8,329	1,780	–	–
DCM Dearie	FY14 Until 22 Sep 2013	288,864	(4,241)	7,993	–	782
WL Every-Burns	FY14 23 Sep 2013 – 30 Mar 2014	1,021,784	–	21,702	–	–
ML Collins	FY14 Until 26 Nov 2013	147,497	(1,876)	6,987	–	–
PD Conroy	FY14 Until 26 Nov 2013	190,869	(3,254)	2,030	–	–
MJ Fleming	FY14 Until 1 Jul 2013	2,609	19,585	–	–	1,400
Total	**FY15**	**4,438,257**	**395,143**	**1,145,336**	**2,985,161**	**100,092**
	FY14	3,894,019	90,717	313,202	–	23,697

1. Represents cash salary including any salary sacrificed items such as charitable donations, superannuation and novated motor vehicles.
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, executive medical checks, the value of entertainment, taxation expenses, international relocation and expatriate costs and Fringe Benefits Tax on all benefits, where applicable.
4. Represents cash payments made under the FY15 STIP, excluding the Restricted Equity portion which will be allocated in September 2015.
5. Includes allowances such as, but not limited to, relocation, car and repatriation.
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 Restricted Equity Plans at the start of the year. No STIP Restricted Equity were outstanding at the end of FY15, due to nil STIP awards made in respect of FY13 or FY14. Restricted Equity granted under the FY15 STIP is expected to be allocated in September 2015, and the estimated fair value has been included for reporting purposes in Table 8.1. 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/ PENSION ($)	TOTAL AMORTISATION VALUE OF LTIP[6] ($)	OTHER EQUITY[7] ($)	TOTAL ($)	PERFORMANCE-RELATED (%)[8]	TERMINATION BENEFITS[9] ($)
18,783	**753,517**	**255,000**	**4,452,645**	**57**	–
6,351	–	–	514,574	–	–
8,978	**149,250**	**51,509**	**1,817,913**	**28**	–
19,432	**34,851**	**149,520**	**1,069,459**	**41**	–
24,277	200,951	62,949	627,703	42	–
18,783	**19,548**	**64,359**	**662,003**	**40**	–
18,783	**221,575**	**247,658**	**1,691,578**	**52**	–
21,051	27,867	45,562	835,760	9	–
–	**25,531**	**63,343**	**572,554**	**42**	–
–	**(19,345)[13]**	**3,906[13]**	**149,322**	–	**478,077**
29,169	312,221	39,013	896,102	39	–
12,522	**(13,300)[14]**	**82,628[14]**	**835,346**	**27**	**356,667**
18,433	466,745	196,914	1,196,268	55	–
18,099	(1,131,741)	(152,356)	(972,600)	–	1,329,287
18,143	–	–	1,061,629	–	–
13,000	211,633	–	377,241	56%	–
17,502	360,501	94,383	662,031	69%	–
–	–	(11,712)	11,882	–	–
97,281	**1,171,627**	**917,923**	**11,250,820**		**834,744**
166,025	448,177	274,753	5,210,590		1,329,287

8. Represents the sum of incentive and Performance Rights/Restricted Equity as a percentage of total remuneration, excluding termination payments.
9. Termination payments made to Mr Carter and Mr McNab were in accordance with their contract terms.
10. Mr Foye and Ms LeDrew are remunerated in US dollars. Amounts reported are converted to Australian dollars at average AUD:USD exchange rate for FY15 of 0.8367.
11. Amounts reported for Mr Carter for KMP period, to 1 July 2014, and post-KMP transition period, through to 15 August 2014.
12. Amounts reported for Mr McNab for KMP period, to 1 February 2015, and post-KMP transition period, through to 27 February 2015.
13. Mr Carter exited the business on 15 August 2014, and forfeited a portion of his FY13 LTIP award, a portion of his FY14 REP awards, and a portion of his FY14 LTIP award. The remaining portions of his FY13 LTIP award, FY14 REP awards, and FY14 LTIP award were retained, subject to post-employment vesting. Under Australian Accounting Standards, the accumulated reserve is reversed upon cessation of employment to the extent forfeited.
14. Mr McNab exited the business on 27 February 2015, and forfeited a portion of his FY13 LTIP award, a portion of his FY14 REP awards, a portion of his FY14 LTIP award and a portion of his FY15 LTIP award. The remaining portions of his FY13 LTIP award, FY14 REP award, FY14 LTIP award and FY15 LTIP award were retained, subject to post-employment vesting. 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 FY15 as cash, or in the case of prior equity awards, the value which has vested in FY15. 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 FY15 for executives[1]

		CURRENT CASH REMUNERATION EARNED IN FY15			
EXECUTIVE	KMP DATES	FIXED REMUNERATION[2] ($)	STIP (CASH) ($)	INCENTIVES (EQUITY) VESTED[3] ($)	ACTUAL CASH REMUNERATION RECEIVED FY15 ($)
Current (as at 30 June 2015)					
MA Clarke	Full year	1,700,000	1,530,000	–	3,230,000
RB Foye	From 1 Aug 2014	429,835	309,052	–	738,887
SL LeDrew	Full year	574,635	250,332	24,553	849,520
AGJ McPherson	Full year	371,166	180,000	90,216	641,382
AJ Reeves	Full year	765,384	403,920	–	1,169,304
RJC Spooner	From 2 Feb 2015	270,833	151,811	–	422,644
Former					
AJ Carter[4]	Until 15 Aug 2014	69,102	–	–	69,102
SC McNab[5]	Until 27 Feb 2015	354,583	160,046	229,236	743,865
Total		**4,535,538**	**2,985,161**	**344,005**	**7,864,704**

1. Represents only portion of FY15 that executives were KMP.
2. Includes cash salary plus mandatory employer superannuation contributions for Australian executives, and base salary and employer pension contributions for all other executives.
3. Includes prior STIP and LTIP allocations subject to performance hurdles which have vested in FY15. The equity value has been calculated as at the vesting date for each award. Details of each vesting event is disclosed in Section 4.
4. Amounts reported for Mr Carter for KMP period, to 1 July 2014, and post-KMP transition period, through to 15 August 2014.
5. Amounts reported for Mr McNab for KMP period, to 1 February 2015, and post-KMP transition period, through to 27 February 2015.

SECTION 9: NON-EXECUTIVE DIRECTOR REMUNERATION

9.A Non-executive director fee pool

The Board determines the fees payable to non-executive directors within the maximum aggregate fee pool for FY15 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 FY15.

The aggregate fee pool is reviewed annually, or as appropriate, by the HRC. The HRC considers market benchmarking data and advice from independent external consultants (where appropriate) in making recommendations to the Board.

9.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.

9.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.

9.D Non-executive director fees

There were no movements in the non-executive director fees in FY15.

There has been no movement in non-executive director base fees since the demerger of Treasury Wine Estates in May 2011.

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

Table 9.1: FY15 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 are entitled to 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.

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.

Details of the travel allowance applicable for FY15 are set out in Table 9.2.

During FY15, the Board reviewed the non-executive director travel allowance and the Australian-based non-executive directors volunteered to forgo their entitlement to a travel allowance from FY16 onwards. In addition, the non-executive directors who are based overseas agreed to reduce their entitlement to the travel allowance by 50% from FY16 onwards, and limit its application to travel undertaken in their Board duties to and from Australia. The overseas-based directors also agreed that the travel allowance will cease at the end of FY18.

Table 9.2: FY15 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.

9.E Remuneration paid to non-executive directors

Details of non-executive director remuneration for FY15 and FY14 are set out in Table 9.3. There were no movements to the Board or any Committee compositions during FY15. Mr Every-Burns returned to his position as Chairman of the HRC from 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	**FY15**	**371,217**	**7,655**	**–**	**18,783**	**397,655**
	FY14	372,225	3,697	10,000	17,775	403,697
ML Cattermole	**FY15**	**155,251**	**6,666**	**–**	**14,749**	**176,666**
	FY14	155,606	3,697	9,155	15,239	183,697
EYC Chan	**FY15**	**130,000**	**4,000**	**20,000**	**4,986**	**158,986**
	FY14	123,765	2,443	35,000	6,235	167,443
MV Cheek	**FY15**	**145,000**	**4,000**	**40,000**	**–**	**189,000**
	FY14	145,000	2,443	75,000	–	222,443
WL Every-Burns	**FY15**	**118,721**	**6,666**	**–**	**11,279**	**136,666**
	FY14	69,618	3,781	9,366	4,233	86,998
PR Hearl	**FY15**	**173,516**	**6,666**	**–**	**16,484**	**196,666**
	FY14	164,968	3,697	9,153	16,106	193,924
GA Hounsell	**FY15**	**159,817**	**6,666**	**–**	**15,183**	**181,666**
	FY14	160,183	3,697	9,261	15,556	188,697
Total	**FY15**	**1,253,522**	**42,319**	**60,000**	**81,464**	**1,437,305**
	FY14	1,191,365	23,455	156,935	75,144	1,446,899

1. Includes cash fees, plus any salary sacrificed items such as additional superannuation contributions.
2. Includes product allocations, entertainment and Fringe Benefits Tax, where applicable.

SECTION 10: ADDITIONAL KMP DISCLOSURES

10.A Equity instrument disclosures relating to KMP

i. Movement in shares

The movement during FY15 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

FY15	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	93,000	–	20,000	113,000
ML Cattermole	127,996	3,035	–	131,031
EYC Chan	13,681	6,071	–	19,752
MV Cheek	29,713	2,429	–	32,142
WL Every-Burns	51,667	–	10,000	61,667
PR Hearl	40,000	–	–	40,000
GA Hounsell	40,000	–	–	40,000
Non-executive director total	**396,057**	**11,535**	**30,000**	**437,592**

Table 10.1: KMP shareholdings (continued)

FY15	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 2015)				
MA Clarke	–	–	–	–
RB Foye[5]	–	–	–	–
SL LeDrew	175,107	5,052	(25,791)	154,368
AGJ McPherson[6]	–	18,563	48,979	67,542
AJ Reeves	15,000	–	–	15,000
RJC Spooner[7]	–	–	–	–
Former				
AJ Carter[8]	38,369	9,268	(47,637)	–
SC McNab[9]	180,845	47,168	(228,013)	–
Executive total	**409,321**	**80,051**	**(252,462)**	**236,910**
Grand total	**805,378**	**91,586**	**(222,462)**	**674,502**

1. Shares acquired as part of the DSAP.
2. Includes the purchase/sale of ordinary shares during FY15.
3. Includes shares acquired upon vesting of STIP Deferred and LTIP awards.
4. Includes the purchase/sale of ordinary shares during FY15, and balance adjustments for executives joining or leaving KMP.
5. Commenced as KMP on 1 August 2014.
6. Commenced as KMP on 1 July 2014.
7. Commenced as KMP on 2 February 2015.
8. Ceased as KMP on 1 July 2014, with post-KMP transition period through to 15 August 2014.
9. Ceased as KMP on 1 February 2015, with post-KMP transition period through to 27 February 2015.

ii. Movement in Restricted Shares – Executives

The movement during FY15 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 employees) and STIP (Deferred Shares).

Table 10.2: Executive Restricted Shareholdings

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 2015)					
MA Clarke	–	–	–	–	–
RB Foye[2]	–	–	–	–	–
SL LeDrew	136,627	–	(5,052)	–	131,575
AGJ McPherson[3]	–	–	(18,563)	18,563	–
AJ Reeves	–	–	–	–	–
RJC Spooner[4]		–	–	–	–
Former					
AJ Carter[5]	9,268	–	(9,268)	–	–
SC McNab[6]	47,168	–	(47,168)	–	–
Grand total	**193,063**	**–**	**(80,051)**	**18,563**	**131,575**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY15.
2. Commenced as KMP on 1 August 2014.
3. Commenced as KMP on 1 July 2014.
4. Commenced as KMP on 2 February 2015.
5. Ceased as KMP on 1 July 2014, with post-KMP transition period through to 15 August 2014.
6. Ceased as KMP on 1 February 2015, with post-KMP transition period through to 27 February 2015.

iii. Movement in Performance Rights – Executives

The movement during FY15 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 2015)					
MA Clarke	–	764,216	–	–	764,216
RB Foye[2]	–	194,585	–	–	194,585
SL LeDrew	222,699	165,214	–	(134,307)	253,606
AGJ McPherson[3]	–	118,678	–	(72,212)	190,890
AJ Reeves	133,701	252,865	–	–	386,566
RJC Spooner[4]	–	73,050	–	–	73,050
Former					
AJ Carter[5]	230,650	–	–	(230,650)	–
SC McNab[6]	287,455	176,163	–	(463,618)	–
Grand total	**874,505**	**1,744,771**	**–**	**(756,363)**	**1,862,913**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY15.
2. Commenced as KMP on 1 August 2014.
3. Commenced as KMP on 1 July 2014.
4. Commenced as KMP on 2 February 2015.
5. Ceased as KMP on 1 July 2014, with post-KMP transition period through to 15 August 2014.
6. Ceased as KMP on 1 February 2015, with post-KMP transition period through to 27 February 2015.

iv. Movement in Deferred Share Rights – Executives

The movement during FY15 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 2015)					
MA Clarke	–	–	–	–	–
RB Foye[2]	–	–	–	–	–
SL LeDrew	–	–	–	–	–
AGJ McPherson[3]	–	–	–	47,337	47,337
AJ Reeves	204,530	–	–	–	204,530
RJC Spooner[4]	–	30,419	–	–	30,419
Former					
AJ Carter[5]	152,875	–	–	(152,875)	–
SC McNab[6]	144,179	–	–	(144,179)	–
Grand total	**501,584**	**30,419**	**–**	**(249,717)**	**282,286**

1. Represents balance adjustments for executives joining or leaving KMP, and any units forfeited during FY15.
2. Commenced as KMP on 1 August 2014.
3. Commenced as KMP on 1 July 2014.
4. Commenced as KMP on 2 February 2015.
5. Ceased as KMP on 1 July 2014, with post-KMP transition period through to 15 August 2014.
6. Ceased as KMP on 1 February 2015, with post-KMP transition period through to 27 February 2015.

10.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 and material items, 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.
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.
Phantom Shares	Units which provide the participant with a right to a receive a cash payment at the vesting date, whereby the payment is tied to the market value of an equivalent number of TWE shares. The amount of the payout will increase as the share price rises, and decrease if the share price falls, but without the participant actually receiving any TWE shares.
Relative Total Shareholder Return (TSR)	The return on investment of a company relative to a peer group of companies.
Return on Capital Employed (ROCE)	EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA impact) and 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 (TSR)	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 2015

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: ABOUT THIS REPORT

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 – ABOUT THIS REPORT

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

The financial report was authorised for issue by our Board of Directors on 31 August 2015. The Directors have the power to amend and reissue the financial statements.

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

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

Basis of preparation

The financial report is a general purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Is on a historical cost basis, except for derivative financial instruments and agricultural assets, which have been measured at fair value;
- Contains comparative information that has been adjusted to align with the presentation of the current period, where necessary; and
- Is presented in Australian dollars with all values rounded to the nearest tenth of one million dollars unless otherwise stated, in accordance with ASIC Class Order 98/100.

Key estimate and judgement

In preparing this financial report, we are required to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

These judgements, estimates and assumptions are continually evaluated, and are often based on historical experience and assessed to be reasonable under the circumstances at the relevant time. Actual results may differ from these estimates under different assumptions and conditions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are found in the following notes:

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

Statement of compliance

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

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

The notes to the financial statements

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

The notes are organised into the following sections:

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

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

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

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

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

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

Group composition: explains aspects of our structure.

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

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

Principles of consolidation

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

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

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

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

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

Functional and presentation currency

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

Foreign group companies

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

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

Transactions and balances

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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

Subsequent events

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: EARNINGS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2 – SEGMENT INFORMATION

The Group's segments

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

The reportable segments are based on the aggregation of operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

The identified reportable segments with our Group are below:

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

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

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

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

Presentation of segment results

Management EBITS

Our principal profit metric for internal management reporting is management EBITS. Management EBITS is profit from continuing operations, excluding the effect of net finance costs, tax, material items and the net profit effects of fair valuing agricultural assets (SGARA). Corporate charges are allocated to each segment on a proportionate basis linked to segment revenue or head count depending on the nature of the charge.

Segment accounting policies

Segment assets and liabilities

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

Intersegment transactions

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

Corporate charges

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

Segment loans payable and loans receivable

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

Other

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

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

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

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

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

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

NOTE 3 – REVENUE AND OTHER INCOME

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

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

Types of products and services

We generate revenue through the sale of branded wines, principally as a finished, bottled product. Our wine portfolio includes some of the world's leading commercial, masstige and luxury wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass and Rosemount.

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

Sales approach

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

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

Key estimate and judgement:

Volume discounts and rebates

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

Accounting policies

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

The following specific criteria are also applied:

Wine

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

Property

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

Royalties

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

Bottling services

Revenue is recognised when the relevant service has been completed.

NOTE 4 – OTHER EARNINGS DISCLOSURES

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

Accounting policies

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

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

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

Operating leases
Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Our policy on how to determine the nature of a lease is set out in note 19.

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

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

NOTE 5 – MATERIAL ITEMS

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

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

2015

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

2014

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

Material items

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

NOTE 6 – DIVIDENDS

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

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

NOTE 7 – EARNINGS PER SHARE

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

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

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

Calculation of earnings per share

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

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

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

NOTE 8 – NET CASH FLOWS FROM OPERATING ACTIVITIES

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

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

NOTE 9 – WORKING CAPITAL

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

Accounting policies

Cash and cash equivalents

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

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

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

Receivables

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

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

NOTE 9 – WORKING CAPITAL (CONTINUED)

Inventories

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

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

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

Trade and other payables

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

Key estimate and judgement:

Volume discounts and rebates

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

(a) Receivables

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

(b) Inventories

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

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

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

Key estimate and judgement:

Net realisable value of inventory

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OPERATING ASSETS AND LIABILITIES

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

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

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

Write-down of assets

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

Assets held for sale

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

Accounting policies

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

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

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

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

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

Derecognition and disposal

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

NOTE 11 – AGRICULTURAL ASSETS

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

Grape growing and sourcing

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

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

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

Vineyard resources

	2015 HECTARES	2014 HECTARES
Australia	**9,149**	9,110
New Zealand	**339**	314
US	**2,484**	2,484
Italy	**145**	145
	12,117	12,053

The area under vine shown above:

- Includes 2,006 hectares (2014: 1,997 hectares) under lease arrangements and seven hectares (2014: seven hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 77,998 tonnes of grapes (2014: 72,902 tonnes).

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

Impact on profit or loss (SGARA)

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

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

Accounting policies

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

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

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

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

NOTE 11 – AGRICULTURAL ASSETS (CONTINUED)

Fair value determination

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

Vines

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

Grapes prior to harvest

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

Harvested grapes

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

Key estimate and judgement:

Fair value of vines

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

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

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

NOTE 12 – INTANGIBLE ASSETS

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

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

NOTE 12 – INTANGIBLE ASSETS (CONTINUED)

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

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

Indefinite life brands

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

Key estimate and judgement:

Useful life of brand names

In assessing whether a brand has a finite or indefinite useful life, we make use of information on the long-term strategy for the brand, the level of growth or decline of the markets that the brand operates in, the history of the market and the brand's position within that market.

If a brand is assessed to have a finite life, we will use judgement in determining the useful life of the brand and will consider the period over which expected cash flows will continue to be derived in making that decision.

Accounting policies

Brand names and licences

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

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

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

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

Goodwill

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

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

IT development and software

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

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

NOTE 13 – ASSETS HELD FOR SALE

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

Americas segment

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

ANZ segment

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

Accounting policies

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

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

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS

Current year impairment testing

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

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

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

Prior year impairment testing

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

Accounting policies

Timing of impairment testing

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

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

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

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

Approach to impairment testing

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

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

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

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

Reversals of impairment

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

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

Key estimate and judgement:

Impairment testing key assumptions

Cash flow forecasts

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

Our assumptions regarding sales volume growth, price and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectation about future vintage costs.

This approach is consistent with the prior period.

Long-term growth rates

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

Discount rate

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

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

Exchange rates

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

Sensitivity analysis

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

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

NOTE 15 – PROVISIONS

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

Other provisions

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

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

Accounting policies

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

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk free rate plus, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

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

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

Restructuring

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

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

Onerous contracts

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16 – CAPITAL MANAGEMENT

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

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

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

- Alter the amount of dividends paid to shareholders;
- Return capital to shareholders;
- Issue new shares;
- Vary discretionary capital expenditure;
- Draw-down additional debt; or
- Sell assets to reduce debt.

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

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

NOTE 17 – BORROWINGS

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

Details of major arrangements

US Private Placement Notes

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

Financial guarantees

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

Receivables purchasing agreement

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

Accounting policies

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

After initial recognition, borrowings are measured at amortised cost, using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issuance. Gains and losses are recognised in the statement of profit or loss and other comprehensive income if borrowings are derecognised.

NOTE 18 – CONTRIBUTED EQUITY

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

Securities purchased on market

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

The shares have no par value.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of our Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Treasury shares

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

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

NOTE 19 – COMMITMENTS

	2015 $M	2014 $M
Leases		
Non-cancellable operating leases		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
under 1 year	**41.6**	41.2
between 1 year and 5 years	**96.6**	100.1
over 5 years	**76.2**	80.4
Total lease commitments	**214.4**	221.7
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**25.8**	13.0

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

NOTE 19 – COMMITMENTS (CONTINUED)

Accounting policies

Leases

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

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

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

NOTE 20 – RESERVES

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

Cash flow hedge reserve

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

Share-based payment reserve

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

Foreign currency translation reserve

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

NOTE 21 – EMPLOYEE EQUITY PLANS

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

We operate equity plans as outlined below:

STIP Restricted Equity

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

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

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

LTIP

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

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

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

REP

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

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

Share Cellar (broad-based Employee Share Plan)

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

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

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

Accounting policies

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

The fair value of shares granted is determined by reference to observed market values. The fair value of the TSR component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. For the non-market components (EPS CAGR), the fair value is independently determined based on the share price less the present value of dividends.

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

At each reporting date we revise our estimate of the number of shares and the non-market component of performance rights that are expected to vest and the employee benefits expense recognised each period incorporates this change in estimate.

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

NOTE 21 – EMPLOYEE EQUITY PLANS (CONTINUED)

Active share-based payment plans:

Long-Term Incentive Plans

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

Restricted Equity Plans

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: TAXATION

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22 – INCOME TAX

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

NOTE 22 – INCOME TAX (CONTINUED)

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

Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity:		
Current tax – recognised directly in equity	**0.9**	(0.4)
Net deferred tax – recognised directly in equity	**8.3**	0.4
Total current and deferred tax recognised directly in equity	**9.2**	–

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

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

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

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

Key estimate and judgement:
Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

NOTE 22 – INCOME TAX (CONTINUED)

Accounting policies

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or on the recognition of goodwill.
- Foreign taxes which may arise in the event of retained profits of foreign controlled entities being remitted to Australia as there is no present intention to make any such remittances.

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

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

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

NOTE 23 – FINANCIAL RISK MANAGEMENT

Financial risk management framework

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

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

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

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

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

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

(a) Liquidity risk

Nature of the risk

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

Risk management

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

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

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

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

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

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Level of exposure at balance date

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

	MATURING IN:						
	6 MONTHS OR LESS $M	6 MONTHS TO 1 YEAR $M	1 TO 2 YEARS $M	2 TO 5 YEARS $M	OVER 5 YEARS $M	CONTRACTUAL TOTAL $M	CARRYING AMOUNT $M
2015							
Non-derivative financial liabilities							
Bank loans*	**1.2**	**1.0**	**1.9**	**3.4**	**–**	**7.5**	**(2.9)**
Bank overdraft	**13.0**	**–**	**–**	**–**	**–**	**13.0**	**13.0**
Other loans	**–**	**1.6**	**0.2**	**–**	**–**	**1.8**	**1.8**
US Private Placement Notes	**6.2**	**6.2**	**12.5**	**37.4**	**331.6**	**393.9**	**325.8**
Trade payables	**177.3**	**–**	**–**	**–**	**–**	**177.3**	**177.3**
Other payables	**277.9**	**–**	**5.4**	**–**	**–**	**283.3**	**283.3**
Derivative financial liabilities							
Foreign exchange contracts	**5.2**	**1.6**	**1.2**	**0.1**	**–**	**8.1**	**8.1**
Interest rate swaps	**(1.4)**	**(1.3)**	**(1.8)**	**(1.0)**	**2.7**	**(2.8)**	**0.1**
Total financial liabilities	**479.4**	**9.1**	**19.4**	**39.9**	**334.3**	**882.1**	**806.5**
2014							
Non-derivative financial liabilities							
Bank loans*	2.1	2.1	3.6	0.6	–	8.4	(2.2)
Other loans	–	2.2	0.2	–	–	2.4	2.4
US Private Placement Notes	4.6	4.6	9.2	27.6	306.5	352.5	265.4
Trade payables	157.2	–	–	–	–	157.2	157.2
Other payables	292.6	–	1.4	–	–	294.0	294.0
Derivative financial liabilities							
Foreign exchange contracts	2.2	3.8	0.5	–	–	6.5	6.5
Interest rate swaps	(1.2)	(1.1)	(1.7)	0.3	4.3	0.6	–
Total financial liabilities	457.5	11.6	13.2	28.5	310.8	821.6	723.3

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

(b) Interest rate risk

Nature of the risk

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

Risk management

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

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

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Level of exposure at balance date

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

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

* Net of hedged amounts.

Sensitivity analysis

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

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

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

(c) Foreign exchange risk

Nature of the risk

We are exposed to foreign exchange risk through:

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

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

Risk management

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

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

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

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

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

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

Level of exposure at balance date

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

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

* Comprises capitalised borrowing costs.

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Sensitivity analysis

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

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

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

(d) Credit risk

Nature of the risk

Counterparty credit risk arises primarily from the following assets:

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

Risk management

Our counterparty credit risk management philosophy is to limit our loss from default by any one counterparty by dealing only with financial institution counterparties of good credit standing, setting maximum exposure limits for each counterparty, and taking a conservative approach to the calculation of counterparty credit limit usage. Where available, credit opinions on counterparties from two credit rating agencies are used to determine credit limits.

We assess the credit quality of individual customers prior to offering credit terms and continue to monitor on a regular basis. Each customer is assigned a risk profile based upon the measurable risk indicators for dishonoured payments, adverse information and average days late along with the securities and guarantees held. All prospective accounts are required to complete a credit application and generally a Director's guarantee is required with minimal exceptions. Failure to provide a Director's guarantee results in either no credit or a limited level of credit offered. Credit terms may be reduced or extended for individual customers on the basis of risk.

Past due accounts are subject to a number of collection activities which range from telephone contact, suspension of orders through to legal action. Past due accounts are reviewed monthly with specific focus on accounts that are greater than 90 days overdue. Where debt cannot be recovered, it is escalated from the credit representative to the credit manager to initiate recovery action.

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

Level of exposure at balance date

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

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

NOTE 23 – FINANCIAL RISK MANAGEMENT (CONTINUED)

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

NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS

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

NOTE 25 – FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is $333.8 million (2014: $268.3 million). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles (a Level 2 valuation).

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

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

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

NOTE 26 – CLASS ACTION

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

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

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

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

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

NOTE 27 – SUBSIDIARIES

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

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

NOTE 27 – SUBSIDIARIES (CONTINUED)

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

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

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

NOTE 27 – SUBSIDIARIES (CONTINUED)

Equity holding of less than 100%

ENTITY NAME	COUNTRY OF INCORPORATION	% OF HOLDING 2015	% OF HOLDING 2014
Graymoor Estate Joint Venture	Australia	**48.8**	48.8
Graymoor Estate Pty. Ltd.	Australia	**48.8**	48.8
Graymoor Estate Unit Trust	Australia	**48.8**	48.8
North Para Environment Control Pty. Ltd.	Australia	**69.9**	69.9

NOTE 28 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

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

(b) Financial guarantees

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

(c) Class action

Please refer note 26 for class actions pending.

(d) Tax consolidation legislation

We formed a consolidated group for income tax purposes with each of our Australian resident subsidiaries on 21 May 2011. Our Company and the controlled entities in our tax consolidation group continue to account for current and deferred tax amounts separately. These tax amounts are measured on a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each reporting entity in our group.

NOTE 29 – DEED OF CROSS GUARANTEE

Under the terms of ASIC class order 98/1418, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. It is a condition of the class order that the Company and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the companies' party to the Deed. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in note 27.

A summarised consolidated statement of profit or loss and other comprehensive income, retained earnings reconciliation and a consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2015 are set out below.

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

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

NOTE 30 – RELATED PARTY DISCLOSURES

Ownership interests in related parties

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

Parent entity

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

Transactions with entities in the wholly owned Group

Transactions between companies within our Group during the current and prior year included:

- purchases and sales of goods and services; and
- provision of accounting and administrative assistance.

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

Transactions with other related parties

Transactions with related parties during the current year included:

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

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

Key management personnel compensation:

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

	2015 $	2014 $
Short-term employee benefits	**9,063,989**	4,321,635
Post-employment benefits	**97,281**	166,025
Share-based payments	**2,089,550**	722,930
Termination benefits	**834,744**	1,329,287
Total	**12,085,564**	6,539,877

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

NOTE 31 – REMUNERATION OF AUDITORS

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

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

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

We employ KPMG to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service and as long as stringent independence requirements are satisfied. In the year ended 30 June 2015, KPMG earned fees in respect to the provision of advisory and taxation services.

NOTE 32 – OTHER ACCOUNTING POLICIES

New Accounting Standards and Interpretations

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

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

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

Recently issued or amended accounting standards

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

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

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

Acquisition of assets

The purchase method of accounting is used for all asset acquisitions regardless of whether equity instruments or other assets are required.

Cost is measured as the fair value of cash, shares issued or liabilities undertaken at the date of acquisition. Costs directly attributable to the acquisition are generally included in the asset's carrying amount.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value.

Financial assets

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

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

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

Amortised cost

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

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

Impairment of financial assets

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in the statement of profit or loss and other comprehensive income.

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

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. Otherwise the asset is included in a group of financial assets with similar credit risk characteristics to be assessed for impairment.

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

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

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

This is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party.

Derivatives

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

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

Hedge accounting

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

Initial recognition

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

Rebalancing

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

Discontinuation

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

Fair value hedges

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

Cash flow hedges

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

When the hedged item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement of the asset or liability.

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

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2015

In the Directors' opinion:

(a) The financial statements and notes 1 to 32 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 2015 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 27 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 29.

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

31 August 2015

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 2015, and 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 32 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 2015 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 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner

Melbourne

31 August 2015

DETAILS OF SHAREHOLDERS, SHAREHOLDINGS AND TOP 20 SHAREHOLDERS

DETAILS OF SHAREHOLDERS AND SHAREHOLDINGS

Holding of securities

LISTED SECURITIES 20 AUGUST 2015	NO. OF HOLDERS	NO. OF SHARES	% HELD BY TOP 20
Fully paid ordinary shares	62,738	651,261,403	87.30

SIZE OF HOLDING	NUMBER
1 – 1,000	44,224
1,001 – 5,000	16,307
5,001 – 10,000	1,475
10,001 – 100,000	670
100,001 and over	62
Total	**62,738**

Of these, 1,708 shareholders held less than a marketable parcel of $500 worth of shares (83 shares). In accordance with ASX Listing Rules, the last sale price of the Company's shares on the ASX on 20 August 2015 was used to determine the number of shares in a marketable parcel.

TWENTY LARGEST SHAREHOLDERS – 20 AUGUST 2015

RANK	SHAREHOLDER	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
1.	HSBC Custody Nominees	185,771,048	28.52
2.	JP Morgan Nominees Australia	172,521,693	26.49
3.	National Nominees Limited	103,343,184	15.87
4.	Citicorp Nominees Pty Limited	64,440,596	9.89
5.	BNP Paribas Nominees Pty Ltd	18,682,631	2.87
6.	RBC Global Services Australia	8,769,668	1.35
7.	Australian Foundation Investment Company Limited	3,257,544	0.50
8.	Avanteos Investments Limited <2477966 DNR A/C>	2,089,573	0.32
9.	AMP Life Limited	1,433,771	0.22
10.	Mirrabooka Investments Limited	1,262,988	0.19
11.	Milton Corporation Limited	1,053,604	0.16
12.	RBC Investor Services Australia Nominees Pty Ltd <BKMINI A/C>	930,300	0.14
13.	UBS Nominees Pty Ltd	738,863	0.11
14.	Amcil Limited	670,715	0.10
15.	CS Fourth Nominees Pty Ltd	663,161	0.10
16.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	630,000	0.10
17.	Bond Street Custodians Limited <Pure Indexed Equities A/C>	613,761	0.09
18.	Djerriwarrh Investments Limited	602,088	0.09
19.	Helena Matt Pty Ltd	580,000	0.09
20.	ECapital Nominees Pty Limited <Accumulation A/C>	526,855	0.08
Total		**568,582,043**	**87.30**

SUBSTANTIAL SHAREHOLDERS – 20 AUGUST 2015

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)
Ellerston Capital	7.10
The Capital Group Companies	6.72
Commonwealth Bank	6.66
Baillie Gifford & Co	6.17

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday 12 November 2015 at 10.00am (Adelaide time) at the National Wine Centre of Australia, Adelaide, South Australia. Full details are contained in the Notice of Meeting 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 9690 5196
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 OFFER

Our shareholders have the opportunity to purchase our wines through cellardoor.co.

Shareholders can register for cellardoor.co by calling 1300 846 863. Information about cellardoor.co is included in the welcome letter provided to new shareholders.

TREASURY WINE ESTATES LIMITED

ABN 24 004 373 862

COMPANY SECRETARY

Paul Conroy
LLB (Hons), B.Com

REGISTERED OFFICE

58–82 Queensbridge Street
Southbank Victoria 3006
Australia

Telephone: +61 3 8533 3000

WWW.TWEGLOBAL.COM


the pig went to market
the pig stayed home
the pig had roast beef
the pig had none
the pig went wee wee wee
squealing pig
central otago pinot gris
new zealand 2014
CASTELLO DI
GABBIANO
RISERVA
CHIANTI CLASSICO
RAWSON'S
RETREAT
SHIRAZ CABERNET
2015
2011
AUSTRALIA
CHARDONNAY
ROSEMOUNT
ESTATE
YELLOWGLEN
BRUT CUVÉE
Yellow
PEPPERJACK
Etude
Heirloom
CARNEROS PINOT NOIR
ESTATE GROWN
PRODUCED & BOTTLED BY ETUDE WINES
NAPA, CALIFORNIA
19 Crimes.
2013 SHIRAZ
VICTORIA