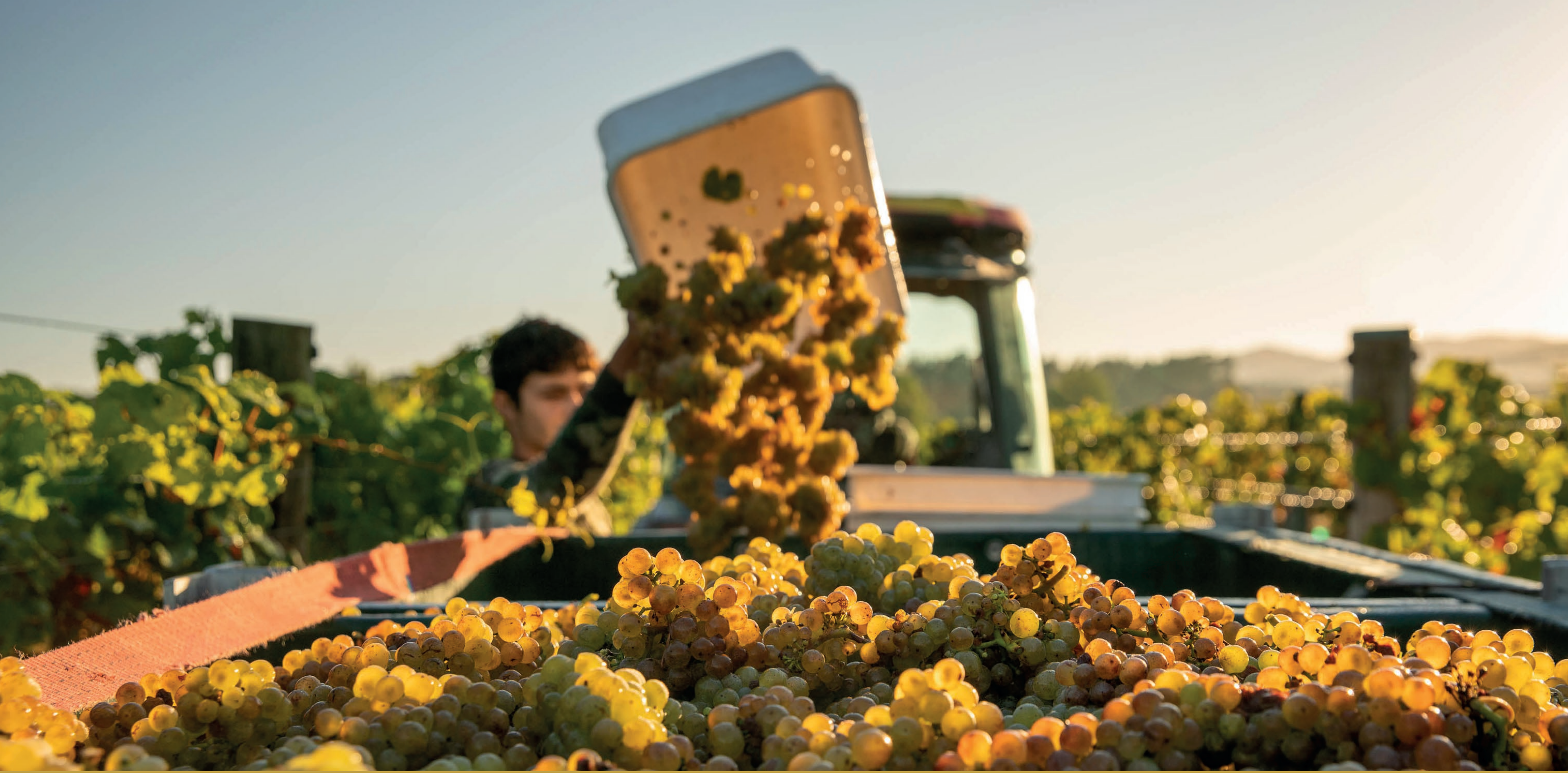

PALLISER ESTATE

ANNUAL REPORT YEAR ENDING 30 JUNE 2022

Directory

Directors	A R Meehan, ONZM, Chairman S R Tyler J D Auld S L Meikle
Chief Executive Officer	P M Goodwin
Winemaker and Viticulturist	M G D McMaster
Share Registry	Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna, Auckland 0622
Registered Office and Address for Service	Lawson Avery Limited Chartered Accountants 11 Cole Street PO Box 145 Masterton 5810
Banker	ANZ
Auditor	Grant Thornton New Zealand Audit Limited
Solicitor	Morrison Kent

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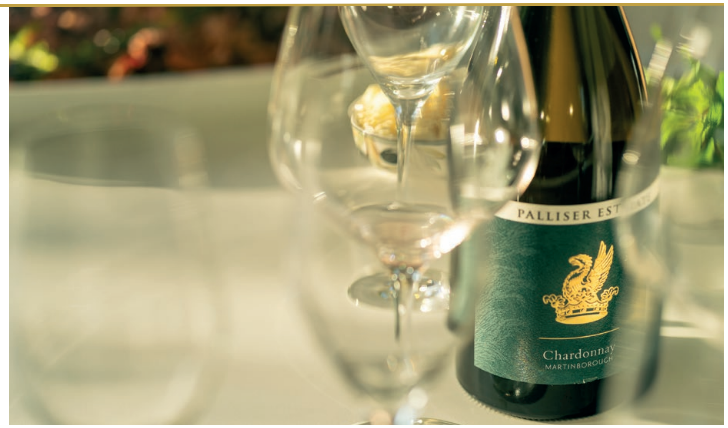
PALLISER ESTATE

KEY PERFORMANCE INDICATORS JUNE YEAR END 2022

FINANCIALS

Revenue:	$5.2m	▲	2%	2021
Gross Profit:	$1.4m	▲	2%	2021
Profit Attributale to Owners:	$211k	▲	29%	2021



SALES

Domestic			Export		
16,504 cases	▼	10%	16,076 cases	=	NC
$3.1m	▲	2%	$1.9m	▲	4%

SALES BY MARKET

27%	NZ Negociants	$1.4m	=	NC	4%	UK	$0.23m	51%	▲
36%	NZ Direct	$1.7m	3%	▲	5%	South Korea	$0.25m	8%	▲
6%	Australia Negociants	$0.32m	25%	▼	4%	USA	$0.24m	19%	▼

2022 VINTAGE BREAKDOWN

436 Tonnes	32%	▲
Riesling	11T	
Pinot Gris	45T	
Chardonnay	72T	
Pinot Noir	143T	
Sauvignon Blanc	165T	

Palliser Estate Om Santi Vineyard Chardonnay 2021. 97 Points.

"Immediately complex and detailed bouquet of mineral then citrus and white fleshed fruit. The quietly emerging layers of toasty barrel add additional complexity and intrigue. A delicious wine on the palate with a GC Chablis-like feel with the mineral and fine fruit qualities. Fruit flavours mirror the bouquet and acidity offers contrast and freshness while the oak and mineral layers deliver breadth and finesse. A complete wine with moments of gun-flint and white spice, a fine cashew nut oak quality and lengthy complex finish. Best drinking from 2023 through 2031."

— Cameron Douglas MS

Directors' and Chief Executive's Report for the Year Ended 30 June 2022

Your Directors are pleased to present the annual report for Palliser Estate Wines of Martinborough Ltd, which includes the company's financial statements for the year ended 30 June 2022.

FINANCIAL PERFORMANCE

In 2021/22 Palliser Estate continued to be affected by the global COVID-19 pandemic, and in particular the Omicron outbreak in February. Indeed, we consider it one of our most challenging years ever, given the ongoing impacts on trade sales domestically, a shortage of staff (especially for harvesting), freight and supply-chain issues, spiralling increases in the cost of sales and, to top off the list, one of the wettest harvests in recent times.

Given all these challenges, we're pleased to report a profitable year, with revenue up 2% and a profit (before tax) of $285,000. However, despite sales being marginally higher, our profit figure is below our target and that of last year due to the impacts of the Omicron outbreak and increases in virtually all the costs of production.

As for our international market, significant supply chain issues (shipping availability) meant we couldn't meet all our May and June orders, and somewhat ironically, the poor 2021 harvest meant we had limited stock to meet all the market demand anyway. The Palliser team were disappointed to have been ahead of our targets for the first six months of the financial year, only to have that outperformance eliminated by events beyond their control in the second six months.

HIGHLIGHTS THIS YEAR

- Our 2019 Hua Nui Pinot Noir received a Platinum medal at the 2022 Decanter World Wine Awards – one of only four Pinot Noirs to receive the required 97 points. Other ratings of our Single Vineyard wines and Estate Pinot Noir and Chardonnay consistently earned 92+ points.
- We increased our per-case price by $7 to $152 (the price has increased by $42 since 2015).
- Sales increased by 2% from 2021, despite the Omicron outbreak severely affecting New Zealand trade.
- The Winery, Om Santi and Hua Nui vineyards are now fully certified organic, and the Pencarrow vineyard is being converted to organic. Today, 60% of our vineyard area is managed organically, making Palliser the largest organic grower in Wairarapa.
- The winery has also been certified organic, enabling us to certify our Single Vineyard Chardonnay and Pinot Noir from the 2022 harvest as our first organic wines.

Directors' and Chief Executive's Report for the Year Ended 30 June 2022 *cont.*

- Assistant Winemaker Ben McNabb was named the 2022 New Zealand Young Winemaker of the Year.
- Cellar Door sales continued to be strong, and would have exceeded our record last year if we hadn't had to close for a month around the Omicron outbreak and harvest.
- Our second successful restaurant venture – 'Nara at Palliser' – contributed to strong Cellar Door sales.
- Cellar Door landscaping has extended and enhanced the outdoor dining area.
- Direct sales (excluding Cellar Door) increased by 7%.
- Shareholder purchases rose by 9%.
- Estate Club membership increased by 26%.
- We began working towards B-Corporation certification as part of our drive to be a 100% environmentally sustainable and socially responsible company.
- Vineyard expenses were below budget, despite higher wage rates, increased spray requirements and rises in repair and maintenance costs.
- We're proud of our record for key staff retention, our great team and our great team culture.

A NEW PALLISER MODEL / DIRECTION

In the past 24 months, while the Board and management team have focused on increasing margin and establishing another significant market, we've been working to position the Palliser business model for the long term.

At the most fundamental level, Palliser continues to face a number of issues:

- Harvest tonnages continue to be inconsistent and yields low owing to recent and Martinborough-specific weather patterns.
- The yields per hectare for our white wine varieties are about 65% of the yields achieved in Marlborough.
- As a result, the cost per case of producing our wines is significantly higher than those of producers in other regions with which we compete in virtually all markets.
- We have relatively inflexible price points for most of our non-Estate wines (Pencarrow and Luminary), and essentially compete with Marlborough whites as a price taker.

Directors' and Chief Executive's Report for the Year Ended 30 June 2022 *cont.*

- As a result, on a per-case basis for our Pencarrow and Luminary ranges, we are no better; and mostly less than breakeven if costs are correctly allocated.
- Therefore Palliser's profit is almost entirely generated by the Estate range.

Six years ago we set out to increase Palliser's overall case price to $150 from the low point of $110. This year we exceeded the target, only to have two key factors largely negate it: low yields and the imposition and impacts of COVID-19. However, we're now making real progress with the development of our Single Vineyard offerings of Chardonnay and Pinot Noir and a marked improvement in the ratings of our Estate range in the past two years. This has given us confidence in the premium end of our offerings.

In the past year we've spent considerable time modelling the future shape of Palliser under various scenarios and considering the above issues. Our analysis is now being peer reviewed, and at the November AGM we'll be in a good position to outline how we intend to position Palliser in the future so that we can:

- meet our performance target of a profit representing a 5%-per-annum return on our asset base
- make more efficient use of our asset base for the benefit of all shareholders.

2022 VINTAGE REPORT

Vintage 2022 will be remembered as the most challenging on record due to a combination of three key factors: the wettest February ever, labour shortages and the threat of Omicron. The harvesting timeframe was also our shortest, but thanks to an extraordinary effort from a team that included some of our shareholders, the job was completed successfully and we're very pleased with the wines. In fact they're surpassing our expectations.

In summary, the season was shaping up to be one of the greats. However, those hopes were somewhat dashed when 230mm of rain fell in February. The March weather was no kinder, with humid, overcast conditions day after day and then another 35mm of rain. As a result, disease pressure was high for all our wine varieties, so despite the ripeness levels not being as advanced as we hoped, we made the decision to pick rather than roll the dice in the hope the weather would settle. In hindsight this was the right decision, but it put a lot of pressure on the team, who ultimately harvested 436 tonnes in just 18 days. While the yield was well above last year's, it was still 4% below the long-term average owing to the impacts of the weather conditions in February and March.

Directors' and Chief Executive's Report for the Year Ended 30 June 2022 *cont.*

Guy McMaster, our Winemaker and Viticulturist, is pleased with the wines, especially in light of the difficult season. This is testament to the work done by the vineyard and winery teams. Overall, it's a vintage not to be written off, and certainly one to be remembered.

HEALTH AND SAFETY

Palliser's Directors and Chief Executive (as Officers under the Health and Safety at Work Act 2015) continue to be committed to the health and safety of our employees, contractors and visitors. We have a robust system in place to ensure we meet our obligations under the Act and continually look for ways to improve our procedures, including through a focus on the mental wellbeing of our staff.

We're proud to have a culture in which health and safety is a key focus and ingrained in everything we do. We can report there were no significant health and safety incidents during the year.

DIVIDENDS AND SHARE LIQUIDITY

A dividend of 5 cents per share was paid on 7 July 2021. The decision was made to not pay a further dividend given the continuing uncertainty and challenges of the operating environment and the capital investment that will be required in the next few years to grow the business.

Trading in Palliser shares has been steady, with a number of shares traded through the Unlisted platform and most via off-trade deals. We still have a waiting list for shares, so encourage anyone wanting to sell theirs to either use Unlisted or get in touch with Pip Goodwin.

Directors' and Chief Executive's Report for the Year Ended 30 June 2022 *cont.*

DIRECTORS

In accordance with the company's constitution, Directors John Auld and Sarah Meikle retire by rotation and, being eligible, offer themselves for re-election to the Board.

OUR THANKS TO THE TEAM

Once again, we thank all our loyal shareholders, our small and dedicated team and all the Board members for their support and ongoing service during another very challenging year.

We look forward to seeing as many of you as possible at our AGM this year, to be held at 11am on Sunday 13 November 2022.

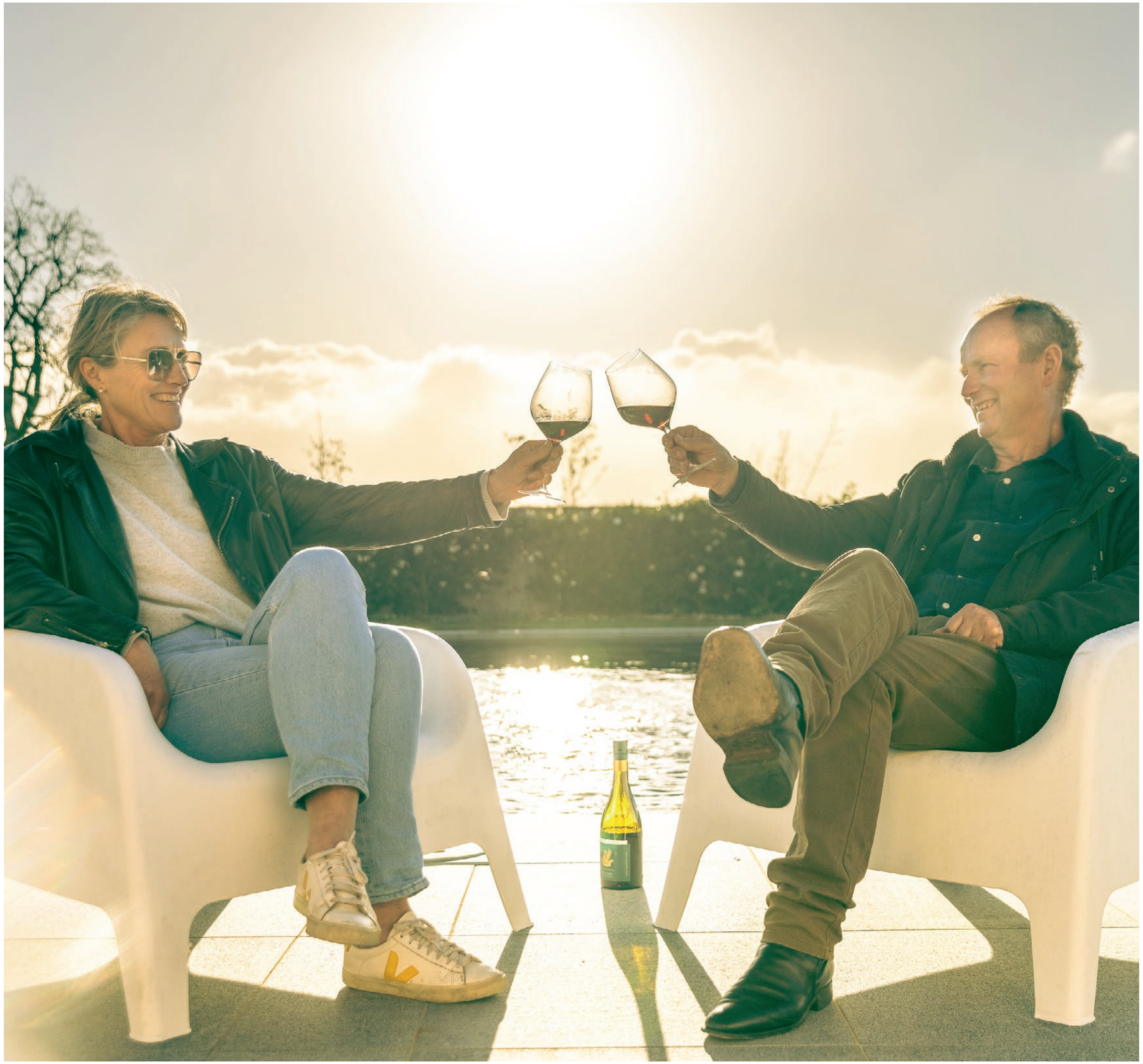
For, and on behalf of, the Board

Andrew Meehan ONZM
Chairman

Pip Goodwin
Chief Executive

"Like so many New Zealand businesses, the last two years have been a roller coaster. However, it's given the Palliser team a chance to reflect on our journey to date, take pride in the accolades our wines are now receiving, and celebrate our achievements during challenging economies and harvests. And now we look ahead with renewed enthusiasm to move forward with our sustainable business model, our premium wines, our incredible team, and the land we are blessed to look after for future generations."

— Pip Goodwin



Pip Goodwin & Guy McMaster

Viticulture and Winemaking Report for the Year ended 30 June 2022

Palliser Estate's 2021/22 wine-growing season will be remembered as a game of two halves. The first half was nearly perfect, with benign flowering conditions hinting at the potential for one of the greats, while the second half brought record rainfall that compromised fruit quality and yield and condensed the harvest window to just 18 days.

Fortunately though, the overall quality is sound, and the best parcels are very good indeed.

The first half of the season was more about what didn't happen than what did. While the region experienced seven frost scares, none of them caused any serious damage, and the fierce equinoctial winds that often affect vine growth didn't materialise. Instead we enjoyed settled, warm weather during flowering that produced wonderful bunches of uniform-sized berries. This, in combination with normal bunch numbers, set up the vines to produce an above-average-sized harvest despite the quantity of Sauvignon Blanc being below average. Excitement was in the air!

Sadly, all hopes in January were dashed in February, when the skies delivered twice as much rain as they had in the previous wettest February (in the past 10 years). This, combined with our harvest dates gradually shifting earlier, meant that all varieties – especially Chardonnay and Pinot Noir – were susceptible to botrytis and splitting. A lot of work was required to drop diseased fruit to the ground in an effort to protect the clean fruit that was subsequently harvested. As a result, the crop size was slightly below the long-term average.

We began the main harvest on 9 March and completed it on 26 March. The yield of 436 tonnes in 18 days was a record for Palliser – and hard-won too, given the added stresses of staffing shortages and COVID-19. Our thanks go to the shareholders who joined Palliser CEO Pip Goodwin and members of our sales and Cellar Door team to pick up snips and ensure all the fruit was picked.

Financially speaking, the vineyard had another good year – operating slightly under budget despite increased expenditure on fuel due to the increased number of spray rounds, and the impacts of higher labour costs as a result of the increase in the minimum wage. We're operating at the lower end of the cost per hectare when compared to vineyards in our region and Hawke's Bay.

Viticulture and Winemaking Report for the Year Ended 30 June 2022 *cont.*

The arrival of a new Fendt tractor was met with great excitement by the vineyard team, and Ivor – one of our tractor operators – hasn't let anyone else use it since he first took the seat! It's noticeably improved the performance of our crop sprayers, which are critical to organic management, and is delivering significant fuel savings in comparison with our existing tractors.

Another highlight of the year was our sowing of a new permanent sward of legumes, grasses and flowers in the Om Santi vineyard. They will help to lift our carbon levels, improve soil structure and increase biological life, and Pencarrow is next on the list.

All the 2022 wines are of good, sound quality. The Rosé is a star with its beautiful salmon pink hue, while the rest of the aromatics display good fruit purity and the Sauvignon Blanc bursts with capsicum and tropical notes. The Chardonnay, elegantly supported by a lovely acid line running through the palate, and The Griffin and The Rosé show a minerality and elegance that bodes well for their future. The Pinot Noir has benefited enormously from the extra canopy work that's restricted to our Single Vineyard and Estate blocks – the wine from these batches features lovely red fruits intermingled with spice, and they have an elegance about them.

As for our Estate Range and Single Vineyard wines, Palliser's investment in new wine-making equipment in the past four years has enabled us to continue our strategy of improving quality. Recent reviews have included:

Wine Writers & Competitions	**Om Santi Chardonnay 20**	**Palliser Estate Chardonnay 20**	**Hua Nui Pinot Noir 19**	**Palliser Estate Pinot Noir 20**
Decanter awards	91	95	97	93
Bob Campbell		94	96	95
Cameron Douglas	96	94	96	94
Sam Kim		95	96	95
Michael Cooper			96	95
Wine Folio	95			

Viticulture and Winemaking Report for the Year Ended 30 June 2022 *cont.*

We were particularly delighted with our performance in the 2022 Decanter World Wine Awards, the world's largest wine competition that this year attracted more than 18,000 entries from 54 countries.

- Our 2019 Hua Nui Pinot Noir received a Platinum medal – one of only four Pinot Noirs that met the required 97 points, with the other three being from America, Switzerland and another vineyard in New Zealand.
- The 2020 Palliser Estate Chardonnay received a Gold medal with 95 points.

In New Zealand, Assistant Winemaker Ben McNabb was awarded the title of New Zealand Young Winemaker of the Year, after winning the North Island section against the Marlborough and Central Otago finalists. This was a huge achievement and a wonderful result for all Ben's hard work.

Organic Update

The Winery, Om Santi and Hua Nui vineyards are now fully certified organic, and our work in converting the Pencarrow vineyard to organic has continued this year. In total 60% of our vineyard area is managed organically, making Palliser the largest organic grower in Wairarapa.

Resources permitting, we plan to convert the Palliser and Pinnacles vineyards to organic management in 2023, two years ahead of schedule. And in exciting news, the winery has been certified organic for this year's harvest. This allows us to certify both the Single Vineyard Chardonnay and Pinot Noir from the 2022 harvest; our first organic wines!

Winery News

Our drive to produce wines that have a 'Sense of Place' involves much more than growing the fruit organically. We also do our bit in the winery.

For example, instead of using commercial packets of yeast for our Chardonnay and Pinot Noir, we culture our own yeasts in the vineyard. About three weeks before harvesting begins, we crush some of the grapes in the Om Santi and Hua Nui vineyards respectively and pour the juice into bottles that then hang among the vines. When the yeasts in the vineyard start fermenting the juice, we move them into the winery, select the ones we like the most and keep adding juice to build up the yeast quantity. We then add this culture to all our Single Vineyard and Palliser Estate wines to best express the sites and seasons in which the wines are grown.

Our Single Vineyard wines are bottled unfiltered and in some cases unfined in an effort to further heighten their Sense of Place. This year we're very excited about the 2021 Single Vineyard Chardonnay and Pinot Noir, as we believe they reflect not only the sites and seasons in which they were grown but the passion of the entire Palliser team.

Viticulture and Winemaking Report for the Year Ended 30 June 2022 *cont.*

Community Moves

Against this background, we've continued our work to protect the environment and birdlife in our reach by planting native trees and flaxes in the wetland area at the northern boundary of the Hua Nui vineyard and the embankment at the Palliser vineyard. In addition, the community vegetable garden in the Clouston Vineyard – managed by the vineyard team – continues to provide vegetables to all our staff, with the excess gifted to the Martinborough community vegetable stand.

The Future

We've been on a journey of change since 2016, and finally we're getting recognition for our wines both domestically and internationally – in line with our desire to be one of New Zealand's iconic wineries.

Our strategy to date has focused on Chardonnay and Pinot Noir, and now our challenge is to extend it to include all Estate wines. To achieve this, we're focusing on a viticulture and winemaking plan that aims to improve our Rosé, Riesling, Pinot Gris and Sauvignon Blanc.

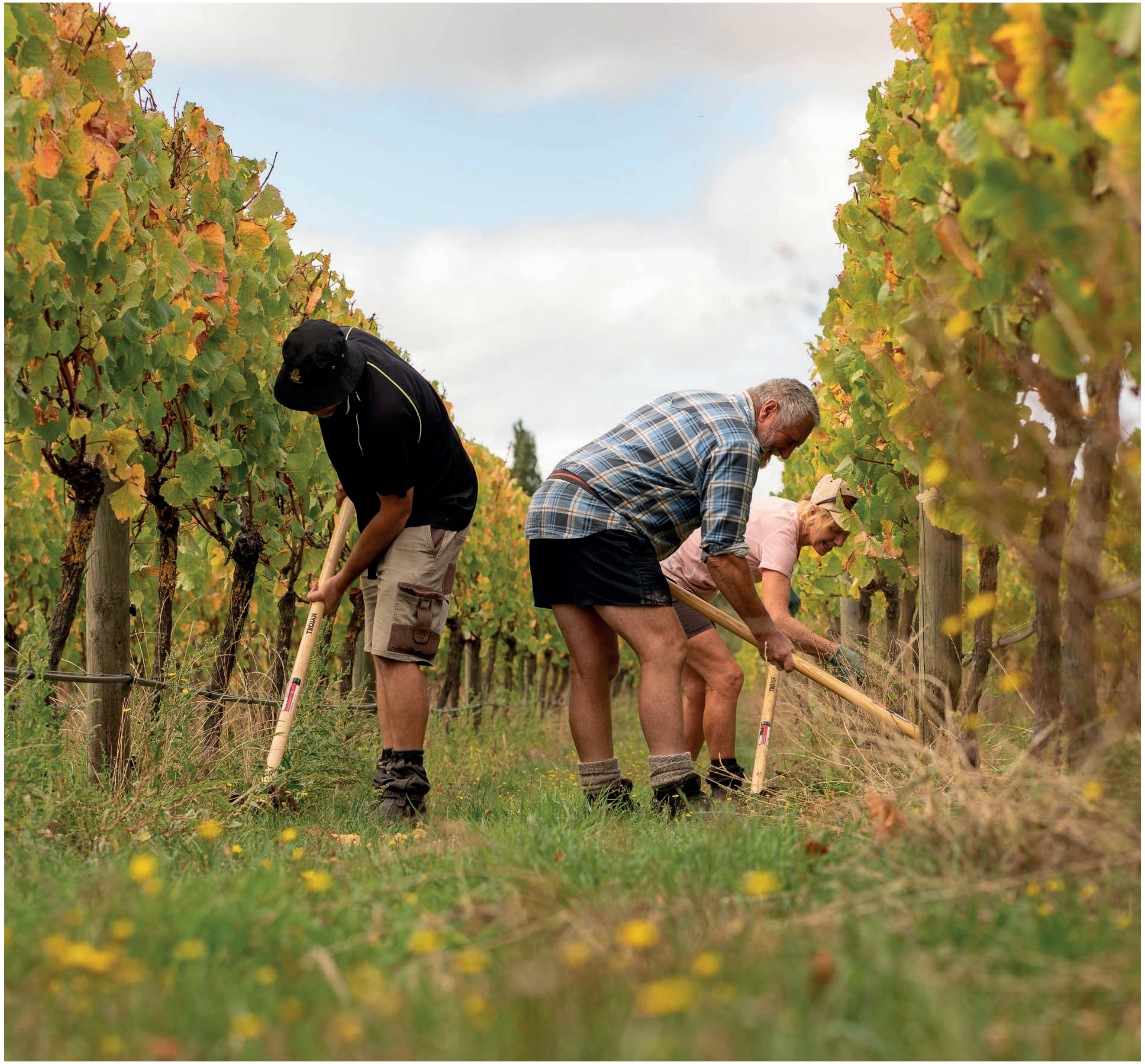
The current strategy is perfectly aligned with the area in which we're invested: Martinborough. It's an region that has a proud pedigree of producing world-class wines that reflect its soils, climate and, in particular, its low-yielding nature that reflects its unsettled flowering conditions. Accountants see it as a curse; we see it as our greatest advantage.

We look forward to the coming year and the challenges and opportunities it will bring. My thanks go to Pip Goodwin and the Board for supporting Palliser on this wonderful journey.

Guy McMaster
Winemaker and Viticulturist

When our Winemaker & Viticulturist Guy McMaster joined the Palliser team in 2016, his organic and biodynamic vision was clear – convert our 74 hectares of vineyards to organics within 10 years, because what's best for the land, is best for the vines, best for the people, best for the community, and ultimately best for crafting the highest quality wines.

Three of our six Estate vineyards are BioGro NZ certified, with over 60% of our vines now under organic management, making Palliser the largest organic winegrower in the Wairarapa. And we're doing the mahi to reach 100% in the next two years. Right now, our two premium Single Vineyard wines, 'Hua Nui' Pinot Noir and 'Om Santi' Chardonnay, come from two of these certified vineyards, such is the quality of wine achieved from this organic approach.



Ivor, Christine & Ian (L to R) hand weeding in the organic Winery Vineyard

Independent Auditor's Report

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To the Shareholders of Palliser Estate Wines of Martinborough Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Palliser Estate Wines of Martinborough Limited ("the Company") on pages 23 to 58 which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Company in the area of related assurance services. The provision of these services has not impaired our independence as auditor of the Company. The firm has no other interest in the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Why the audit matter is significant	How our audit addressed the Key Audit Matter
Property Plant and Equipment - Vines In the application of NZ IFRS, management and Director's are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. The estimates and underlying assumptions are reviewed on an ongoing basis. As at 30 June 2022, Vines (grape vine biological bearer plants) within Property, Plant and Equipment is carried at fair value of $3.28 million. (30 June 2021 $3.28m). Vines were last valued by an independent registered valuer as at 30 June 2021. Director's have considered the appropriateness of the independent valuation as at 30 June 2021, the key judgements, estimates and inputs and determined the reasonableness of the carrying fair value of vines at 30 June 2022. Director's have determined that key estimates and judgements applied are appropriate for the reporting of vines at fair value at reporting date 30 June 2022 and that there are no indicators of impairment. There are a number of matters that can have a material impact on the value of vines in the financial statements, principally: • Key judgements, estimates and inputs contained in the 2021 independent valuation may not be appropriate for 30 June 2022; • Director's may not have appropriately assessed indicators of impairment in accordance with accounting standard NZ IAS 36 impairment of assets.	We have: • Obtained the independent valuation report, performed by valuation expert as at 30 June 2021. • Evaluated and assessed for reasonableness the key assumptions, judgements and estimates in that 2021 independent valuation report for appropriateness for the carrying fair value of vines as at 30 June 2022, • Considered the existence of any indicators of impairment in accordance with NZ IAS 36 impairment of assets. Such assessment included consideration of internal and external factors such as the 2022 grape harvest, Company grape tonnage and grape quality against industry and prior Company seasons, • Recalculated the carrying fair value for any additions and disposals during the year. Ensured costs capitalised during the period at reporting date including any estimation or judgements by management are reasonable and appropriate for reporting purposes. • Considered the adequacy of the disclosures made in Note 2 Critical Estimates and Judgements and Note 11 and 12 Property Plant and Equipment, Biological assets, and Note 19 Financial instruments to the financial statements, which sets out the Company's accounting policy, key judgements and estimates applied to determine fair value of the vines.

Independent Auditor's Report

Other Information

The Directors are responsible for the other information in the Annual Report. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-4/

Independent Auditor's Report

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the shareholders, as a body those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

K Price
Partner, Auckland

Date 30 September 2022

Statement of Comprehensive Income for the Year Ended 30 June 2022

This statement is to be read in conjunction with the notes on pages 29 to 58.

	2022 $	2021 $
Revenue (Note 3)	5,149,587	5,066,965
Cost of Sales	3,778,672	3,720,960
Gross Profit	1,370,915	1,346,004
Covid 19 wage subsidy	34,662	73,096
Other Income (Note 4)	202,773	229,095
	1,608,350	1,648,196
Less Expenses:		
Administration and Marketing	1,158,864	1,069,192
Other	183,021	175,169
Operating Expenses (Note 5)	1,341,885	1,244,361
Operating Profit	**266,465**	**403,835**
Fair Value Grape Write Up/(Down)	18,225	(268,639)
Profit Before Taxation	**284,690**	**135,196**
Income Tax Expense (Note 6)	73,492	(27,841)
Profit/(Loss) for the Year Attributable to Owners of the Company	**211,197**	**163,037**
Other Comprehensive income that may subsequently be classified to the Profit or Loss		
Revaluation gain/(loss)	-	(139,901)
Total Comprehensive Income/(Loss) for the Year Attributable to Owners of the Company	211,197	23,136
Earnings per share (Note 7)		
Basic and fully diluted earnings per share (cents)	5.01	0.55

Statement of Changes in Equity for the Year Ended 30 June 2022

This statement is to be read in conjunction with the notes on pages 29 to 58.

	Share Capital $	Retained Earnings $	Revaluation Reserve $	Total Equity $
Balance 1 July 2020	6,491,435	7,945,087	198,364	14,634,886
Profit/(Loss) for the year	-	163,037	-	163,037
Other Comprehensive Income	-	-	(139,901)	(139,901)
Total Comprehensive Income/(Loss) for the Year	-	163,037	(139,901)	23,136
Transactions with Owners of the Company				
Adjustment for Prior Year		(14,104)		(14,104)
Dividends Paid (Note 27)	-	(214,378)	-	(214,378)
Total Contributions by and Distributed to Owners of the Company	-	(228,483)	-	(228,483)
Share Capital paid	-	-	-	-
Balance 30 June 2021 (Note 16)	6,491,435	7,879,641	58,463	14,429,539
Balance 1 July 2021	6,491,435	7,879,641	58,463	14,429,539
Profit/(Loss) for the year	-	211,197	-	211,197
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss) for the Year	-	211,197	-	211,197
Transactions with Owners of the Company				
Adjustment for Prior Year	-	17,841	-	17,841
Dividends Paid (Note 27)	-	-	-	-
Total Contributions by and Distributed to Owners of the Company	-	17,841	-	17,841
Share Capital paid	-	-	-	-
Balance 30 June 2022 (Note 16)	6,491,435	8,108,680	58,463	14,658,578

Statement of Financial Position as at 30 June 2022

This statement is to be read in conjunction with the notes on pages 29 to 58.

	2022 $	2021 $
Current Assets		
Cash and Cash Equivalents	76,410	773,202
GST Receivable	22,791	-
Income Tax Receivable	77,191	-
Trade and Other Receivables (Note 8)	767,671	744,657
Work in Progress	234,797	97,077
Stock on Hand (Note 10)	3,940,708	3,628,829
	5,119,568	5,243,766
Non Current Assets		
Trade and Other Receivables (Note 8)	3,266	6,058
Property, Plant and Equipment (Note 11)	11,385,102	10,937,760
Intangible Assets (Note 13)	59,464	62,677
Investments	7,039	7,039
	11,454,871	11,013,534
Total Assets	**16,574,438**	**16,257,299**

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Statement of Financial Position as at 30 June 2022 *cont.*

This statement is to be read in conjunction with the notes on pages 29 to 58.

	2022 $	2021 $
Current Liabilities		
GST Payable	-	17,120
Forward Currency Contracts (Note 9)	1,244	2,392
Trade and Other Payables (Note 14)	867,349	793,934
Current Portion Term Loans	305	1,780
Current Portion Lease Liability (Note 15)	35,129	-
Income Tax Payable	-	92,462
	904,027	907,687
Non Current Liabilities		
Term Loans	-	305
Lease Liability (Note 22)	50,361	-
Deferred Tax (Note 6)	961,472	919,768
	1,011,834	920,073
Total Liabilities	1,915,861	1,827,760
Equity		
Share Capital (Note 16)	6,491,435	6,491,435
Retained Earnings	8,108,680	7,879,641
Revaluation Reserve	58,463	58,463
Total Equity	14,658,578	14,429,539
Total Liabilities & Equity	16,574,438	16,257,299

Director
A R Meehan

Director
S R Tyler

The Board of Directors of Palliser Estate Wines of Martinborough Limited authorised these financial statements on 30 Sept 2022.

Statement of Cashflows for the Year Ended 30 June 2022

This statement is to be read in conjunction with the notes on pages 29 to 58.

	2022 $	2021 $
Cash Flows From Operating Activities		
Cash was received from:		
Receipts from customers	5,198,533	4,855,378
Interest received	207	477
Sundry receipts	228,607	301,714
GST received	-	34,131
	5,427,347	5,191,700
Cash was applied to:		
Payments to suppliers and employees	(5,039,778)	(4,621,651)
Income tax paid	(183,600)	(52,308)
Interest paid	(3,769)	-
GST paid	(18,295)	-
	(5,245,442)	(4,673,959)
Net Cash from Operating Activities	181,905	517,741
Cash Flows From Investing Activities		
Cash was received from:		
Disposal of Property, Plant and Equipment	44,703	-
	44,703	-
Cash was applied to:		
Purchases of Property, Plant and Equipment	(790,847)	(320,790)
Purchases of intangible assets	(830)	(17,222)
Purchases of investments	(3,250)	(8,625)
	(794,927)	(346,637)
Net Cash from/(to) Investing Activities	(750,225)	(346,637)

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Statement of Cashflows for the Year Ended 30 June 2022 *cont.*

This statement is to be read in conjunction with the notes on pages 29 to 58.

	2022 $	2021 $
Cash was received from:		
Employee loans repaid	2,810	2,868
Finance Lease Loan Advanced	128,858	-
	131,668	2,868
Cash was applied to:		
Term loan repayments	(1,780)	(4,375)
Finance lease loan repayments	(43,981)	
Dividend paid	(214,378)	-
	(260,139)	(4,375)
Net Cash from/(to) Financing Activities	(128,471)	(1,507)
Cash Surplus/(Deficit) for the year	(696,792)	169,597
Represented By:		
Opening cash and cash equivalents	773,202	603,606
Closing cash and cash equivalents	76,410	773,202
Movement for the year	(696,792)	169,596

Notes to the Financial Statements for the Year Ended 30 June 2022

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

In these financial statements the reporting entity is Palliser Estate Wines of Martinborough Limited (the 'company'). The principal activity of the company is to produce and sell wines from grapes grown in New Zealand. The company is a limited liability company incorporated and domiciled in New Zealand.

These financial statements were approved for issue by the Board of Directors on 30 Sept 2022. The company's owners do not have the power to amend these financial statements once issued.

The company is registered in New Zealand under the Companies Act 1993. The company is a reporting entity and complies with the Financial Markets Conduct Act 2013. Company shares are traded on Unlisted Securities Exchange (USX) an unlisted unlicensed financial product market operating under an exemption from the Financial Markets Conduct Act 2013.

Basis of Preparation

These financial statements are presented in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the company is a for-profit entity. The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other Financial Reporting Standards applicable to profit-oriented entities. They have been prepared in accordance with the Tier 1 for profit reporting requirements set out by the New Zealand Accounting Standards Board. They also comply with International Financial Reporting Standards (IFRS). These financial statements are rounded to the nearest dollar.

These financial statements have been prepared on the basis the company is a going concern.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Measurement Basis

The measurement basis adopted in the preparation of these financial statements is historical cost, with the exception of the revaluation of vines and certain financial instruments as identified in the particular accounting policies below.

Standards Issued that came into effect in the Current Year

There have been no new standards, amended statements or interpretation, which came into effect in the current reporting period, which did not have a material impact on the company's position, performance or disclosures.

Standards Issued but Not Yet Effective

Several amendments and interpretations apply for the first time from 1 July 2022 but are not expected to have a material impact on the financial statements of the Company.

Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows have been applied.

Revenue from Sales of Goods

Recognition of revenue occurs when the performance obligation to the customer is satisfied. Satisfaction of performance obligation occurs on transfer of a promised good to the customer and when the customer obtains control of that good. Revenue from the sale of wine is recognised when control of the wine has passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend Revenue

Dividends are recognised as other income in the Statement of Comprehensive Income at the time the right to receive payment is established.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

Interest Income

Interest income is recognised as other income in the Statement of Comprehensive Income as earned using the effective interest method.

WET rebate

The WET (wine equalisation tax) rebate is recognised as other income in the Statement of Comprehensive Income when it is probable that the economic benefits will flow to the company and the revenue and costs can be measured reliably.

Goods and Services Tax

The Statement of Comprehensive Income and the Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Depreciation

Depreciation is provided on Property, Plant and Equipment using the straight-line basis or diminishing-value basis, at rates sufficient to write them off over their expected useful lives. The expected useful lives are as follows:

Buildings(straight line)	10-100 years
Vineyard Equipment(straight line & diminishing value)	2-17 years
Winery Equipment(straight line & diminishing value)	2-34 years
Motor Vehicles(straight line)	4-8 years
Office Equipment(straight line & diminishing value)	1-15 years

Depreciation is the difference between the cost and residual value of an asset. No depreciation is provided on land, vines or vine support structures as the residual value and cost is considered to be the same. The basis of depreciation represents the method that best reflects the decline in future economic service potential of the asset class.

Foreign Currency Transactions

The functional and presentation currency is New Zealand dollars (NZD). Foreign currency transactions are translated into NZD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within the Statement of Comprehensive Income.

Foreign Exchange Contracts

Foreign exchange contracts are initially recognised at fair value on the dates the contracts are entered into and are subsequently re-measured at fair value, as determined by the bank's mark-to-market measurement. Changes in the fair values of these derivative instruments are recognised immediately in profit or loss within the Statement of Comprehensive Income. Hedge accounting has not been applied for foreign exchange contracts.

Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Income Tax

The income tax expense recognised in profit or loss within the Statement of Comprehensive Income is the estimated income tax payable in the current reporting period, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liability is settled.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts without a right of set off are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The collectability of trade receivables is reviewed on an on-going basis. Receivables that are known to be uncollectible are written off. The simplified approach to measure expected credit losses using a lifetime expected credit loss provision under NZIFRS 9 has been applied.

Government Grants

Government grants related to income are recognised in the Statement of Comprehensive Income separately on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost includes direct materials, labour, and production overheads. Grapes harvested are measured at fair value less estimated point-of-sale costs at point of harvest; this measure is used as the ‘deemed cost’. After harvest the grapes are treated as inventory.

Unquoted Equity Investments

NZ IRFS 9 requires all equity investments to be measured at fair value. The company has made the election to classify the Unquoted Equity Investments as at Fair Value through Profit and Loss (FVTPL). Under this category fair value changes and dividends are recognised in profit or loss.

Property, Plant and Equipment

All property, plant and equipment (except bearer plants as discussed below) is shown at cost, less any accumulated depreciation and impairment losses. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance expenditure is charged to profit or loss within the Statement of Comprehensive Income during the reporting period in which it is incurred.

Bearer plants (vines) fall within the scope of NZ IAS 16 Property, Plant and Equipment. The vines have been measured using the revaluation model. Vines are not depreciated as they are held at fair value with residual values not expected to be less than carrying values. The vines are revalued every 2nd year by an independent valuer who last valued the vines at 30 June 2021. Directors have considered that independent valuation, its key inputs, estimates and assumptions and determined as at 30 June 2022 there are no indicators of impairment and that the carrying fair value of vines is appropriate. Where the revaluation results in an increase in the carrying amount, the increase is recognised in Other Comprehensive Income and accumulated in equity under Revaluation Reserve. However, the increase is recognised in profit or loss within the Statement of Comprehensive Income to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Where the revaluation results in a decrease in the carrying amount, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus. The grapes produced remain in the scope of NZ IAS 41 Agriculture and are measured at fair value less costs to sell. Grapes are reclassified as inventory upon harvest.

Intangible Assets

Trademark protection represents the net cost of trademark protection. A trademark has unlimited life because it can be renewed in perpetuity. Trademark protection is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing, trademark protection is allocated to cash-generating units. Any impairment is recognised as an expense in profit or loss within the Statement of Comprehensive Income.

The website upgrade has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life (four years). Amortisation is included in cost of sales in the Statement of Comprehensive Income.

Impairment of other assets

The carrying amount of the company's assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

-amortised cost

-fair value through profit or loss (FVTPL)

-fair value through other comprehensive income (FVOCI).

In the period presented the company does not have any financial assets categorised as FVOCI. The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the Statement of Comprehensive Income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of Financial Assets

NZIFRS 9 requires an expected credit loss model. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. NZIFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the company is required to measure the loss allowance for the financial instrument at an amount equal to 12-month expected credit loss. NZIFRS 9 also allows, which the Company has adopted, a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit loss for trade receivables.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

Leases

Under NZIFRS 16 any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Group has the right to direct the use of the identified asset throughout the period of use.
- The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

NZIFRS 16 requires the Company to recognize at the lease commencement date, a right-of-use asset and a lease liability on the Balance Sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company. The Company depreciates the right-of-use assets on a straight-line basis. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at year end, discounted using the interest rate implicit in the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating loss if it does not.

Financial Liabilities

The company's financial liabilities include borrowings, trade and other payables. Financial Liabilities are initially measured at fair value and where applicable adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the Statement of Comprehensive Income (other than derivatives financial instruments that are designated and effective as hedge instruments).

All interest related charges and if applicable changes in an instrument's fair value that are reported in the Statement of Comprehensive Income are included within finance costs or finance income.

Trade and Other Payables represent liabilities for goods and services provided to the company prior to the end of the reporting period that are unpaid. Some amounts are secured but all are usually paid within 30 days of recognition.

Employee Benefits

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the reporting date.

Dividend distributions to the company shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's Directors.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

Segment Reporting
Operating segments have been identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer. The company has only a single reporting segment (see note 18).

Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows.

(a) Cash and cash equivalents are considered to be cash on hand and current accounts in banks.

(b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

(c) Financing activities are those activities that result in changes to the size and composition of the capital structure of the company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

(d) Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policies
There have been no changes in accounting policies. All other policies have been applied on bases consistent with those used in the previous reporting period.

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

These financial statements are prepared in accordance with NZ IFRS. There are a number of critical accounting treatments that include subjective judgements and estimates that may affect the reported assets and liabilities in the financial statements. Explanations of the judgements and estimates made by the company having the most significant effects on the amounts recognised in the financial statements are set out below.

Fair Value of Vines

The fair value of the vines has been reviewed by the Director's as at 30 June 2022 (independent valuation of vines at 30 June 2021) to ensure the carrying fair value is appropriate. This involves an assessment by Director's of the key inputs and assumptions made by the independent valuer. The principle of the highest and best use as at balance date has been given first consideration in determining the fair value. The fair value of land and other vineyard infrastructure is deducted from the fair value of the vineyard to determine the fair value of grape vines. Refer note 12.

Fair Value of Agricultural Produce

The Directors carried out an assessment of the fair value per tonne of grapes, which is based on the quality of the grapes produced by the company, with reference to market prices for each variety of grape. This requires judgement and estimation by Directors. Refer note 12 and note 19.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 3: REVENUE

	2022 $	2021 $
Bottled Wine New Zealand sales	3,082,580	3,032,211
Bottled Wine Export sales	1,863,409	1,800,346
Toast Martinborough Income	-	22,102
Food sales	182,828	204,263
Merchandise sales	20,770	8,043
Total Revenue	5,149,587	5,066,965

NOTE 4: OTHER INCOME

	2022 $	2021 $
Interest	207	477
WET rebate	102,669	160,506
Foreign exchange gain/(losses)	(448)	5,072
Depreciation Recovered	43,632	-
Other	56,713	63,040
Total other income	202,773	229,095

NOTE 5: OPERATING EXPENSES

	2022 $	2021 $
Expenses include the following;		
Disposal of Vines	-	-
Loss on disposal of Property, Plant and Equipment	1	-
Depreciation		
Motor vehicles	16,381	16,381
Vineyard equipment	79,264	68,982
Grape harvesting equipment	30,482	30,482
Winery equipment	110,542	98,321
Vineyard development	32	34
Office equipment	28,217	22,855
Buildings	79,467	77,525
Total depreciation	344,385	314,580
Directors' fees	63,000	63,000
Auditor's remuneration		
Audit services	27,590	24,500
Other assurance services*	1,900	1,800

*Other assurance services being the Share Registry Audit.

Employee salary and wages paid during the year totalled $1,386,402 (2021: $1,414,795).

NOTE 6: TAXATION

The taxation provision has been calculated as follows:

	2022 $	2021 $
Profit before taxation	284,690	135,196
Taxation on profits for the year@28% (2021 28%)	79,713	37,855
Expenses not deductible	(6,221)	(65,696)
Taxation charge as per the Statement of Comprehensive Income	73,492	(27,841)
Represented by:		
Current income tax	31,788	130,197
Deferred income tax	41,704	(158,038)
	73,492	(27,841)

The deferred tax charge in the Statement of Comprehensive Income comprises the following temporary differences:

	2022 $	2021 $
WET rebate	(14,304)	3,074
Revaluation of vines	6,323	(32,292)
Depreciation & Amortisation	(14,656)	(14,632)
Revaluation of stock	57,132	(99,209)
Audit fee accrual	(728)	(1,540)
Bonus accrual	16,979	(8,189)
Annual leave accrual	(6,826)	(2,006)
Wages Accrued	(2,216)	(3,244)
Total temporary differences	41,704	(158,038)

DEFERRED TAX	2022 $	2021 $
Opening balance	919,768	1,077,806
Temporary differences for period	41,704	(158,038)
Closing balance	961,472	919,768

The deferred tax closing balance comprises the following temporary differences:		
WET Rebate	30,638	44,942
Depreciation & Amortisation	150,354	165,010
Revaluation of Stock	(12,196)	(69,328)
Audit Fee Accrual	(8,092)	(7,364)
Revaluation of Vines	844,006	837,684
Bonus Accrual	-	(16,979)
Annual Leave Accrual	(37,778)	(30,953)
Wage Accrual	(5,460)	(3,244)
Closing balance	961,472	919,768

NOTE 7: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares during the reporting period. No financial instruments have been issued by the company that would dilute the shares currently on issue.

	2022 $	2021 $
Total Comprehensive Income/(Loss)	211,197	23,136
Weighted average number of ordinary shares	4,216,734	4,216,734
Earnings per share (Basic=Diluted) cents	5.01	.55

NOTE 8: TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	618,720	580,050
Receivables from related parties	-	860
Employee loans	2,657	2,675
Other receivables	146,294	161,073
Current trade and other receivables	767,671	744,658
Non-current portion of employee loans	3,266	6,058
	770,937	750,716
Neither past due nor impaired	745,966	655,586
Past due but not impaired*	24,971	95,130
Individually impaired	-	-
	770,937	750,716
*Past due debtors		
0-30 days	24,330	87,866
31-60 days	-	5,788
Greater than 60 days	641	1,476
	24,971	95,130

The current lifetime expected credit loss from trade receivables is nil (2021: nil).

NOTE 9: FORWARD CURRENCY CONTRACTS

	2022 $	2021 $
Unrealised gains on forward contracts	(1,244)	(2,392)

The fair value is measured by the ANZ bank's determination of the 30 June mark-to-market values.

The company has contracts to buy USD Nil (2021: 36,708), GBP Nil (2021: 46,350) and AUD 101,580.90 (2021: 111,481.60).

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 10: STOCK ON HAND

	2022 $	2021 $
Stock on hand comprises:		
Finished stock	1,642,303	1,452,863
Bulk wine	2,087,457	2,056,591
Dry stock	210,948	119,375
	3,940,708	3,628,829

Inventories recognised as an expense during the year amounted to $2,303,390 (2021: $2,334,253).

WORK IN PROGRESS

	2022 $	2021 $
	234,797	97,077

Work in progress comprises vineyard expenses incurred to reporting date that relate to capitalised costs associated with the subsequent seasons harvest.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Land	2,637,992	2,637,992
Buildings	1,561,303	1,640,770
Building Addition – Work in Progress	319,129	24,138
Winemaking equipment	472,119	520,001
Vineyard development	2,354,573	2,262,559
Grape harvesting equipment	74,112	104,594
Vineyard equipment	480,389	295,446
Vehicles	26,198	42,578
Vines	3,284,640	3,280,000
Office and cellar sales equipment	174,647	129,682
Total	11,385,102	10,937,760

Vineyard Equipment includes a tractor with a carrying value of $148,602, which is a right of use asset.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT, cont.

30 June 2022	Land (cost) $	Buildings (cost) $	Winemaking Equipment (cost) $	Vineyard Development (cost) $	Grape Harvesting Equipment (cost) $
Opening cost	2,637,992	2,860,572	3,042,409	2,293,423	358,611
Opening accumulated revaluation	-	-	-	-	-
Opening accumulated depreciation	-	(1,219,802)	(2,522,408)	(30,864)	(254,017)
Opening net book value	2,637,992	1,640,770	520,001	2,262,559	104,594
Additions	-	-	62,660	92,045	-
Revaluation this year	-	-	-	-	-
Net disposal	-	-	-	-	-
Depreciation	-	(79,467)	(110,542)	(32)	(30,482)
Closing net book value	2,637,992	1,561,303	472,119	2,354,573	74,112
Closing cost	2,637,992	2,860,572	3,105,069	2,385,468	358,611
Closing accumulated revaluation	-	-	-	-	-
Closing accumulated depreciation	-	(1,299,269)	(2,632,950)	(30,896)	(284,499)
Closing net book value	2,637,992	1,561,303	472,119	2,354,573	74,112

30 June 2021	Land (cost) $	Buildings (cost) $	Winemaking Equipment (cost) $	Vineyard Development (cost) $	Grape Harvesting Equipment (cost) $
Opening cost	2,637,992	2,803,853	2,919,552	2,272,669	358,611
Opening accumulated revaluation	-	-	-	-	-
Opening accumulated depreciation	-	(1,142,277)	(2,424,087)	(30,830)	(223,535)
Opening net book value	2,637,992	1,661,576	495,465	2,241,839	135,076
Additions	-	56,719	122,857	20,754	-
Revaluation this year	-	-	-	-	-
Net disposal	-	-	-	-	-
Depreciation	-	(77,525)	(98,321)	(34)	(30,482)
Closing net book value	2,637,992	1,640,770	520,001	2,262,559	104,594
Closing cost	2,637,992	2,860,572	3,042,409	2,293,423	358,611
Closing accumulated revaluation	-	-	-	-	-
Closing accumulated depreciation	-	(1,219,802)	(2,522,408)	(30,864)	(254,017)
Closing net book value	2,637,992	1,640,770	520,001	2,262,559	104,594

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 11: PROPERTY, PLANT AND EQUIPMENT, cont.

30 June 2022	Vineyard Equipment (cost) $	Vehicle (cost) $	Vines (revaluation) $	Office & Cellar Sales Equipment (cost) $	Building Work in Progress (cost) $	Total $
Opening cost	2,578,873	92,934	3,221,537	359,671	24,138	17,470,160
Opening accumulated revaluation	-	-	58,463	-	-	58,463
Opening accumulated depreciation	(2,283,427)	(50,356)	-	(229,988)	-	(6,590,862)
Opening net book value	295,446	42,578	3,280,000	129,683	24,138	10,937,761
Additions	264,207	-	4,641	73,182	294,991	791,726
Revaluation this year	-	-	-	-	-	-
Net disposal	-	-	-	-	-	-
Depreciation	(79,264)	(16,380)	-	(28,217)	-	(344,384)
Closing net book value	480,388	26,199	3,284,641	174,648	319,129	11,385,103
Closing cost	2,843,080	92,934	3,226,178	432,853	319,129	18,261,886
Closing accumulated revaluation	-	-	58,463	-	-	58,463
Closing accumulated depreciation	(2,362,691)	(66,736)	-	(258,205)	-	(6,935,246)
Closing net book value	480,389	26,198	3,284,641	174,648	319,129	11,385,102

30 June 2021	Vineyard Equipment (cost) $	Vehicle (cost) $	Vines (revaluation) $	Office & Cellar Sales Equipment (cost) $	Building Work in Progress (cost) $	Total $
Opening cost	2,564,733	92,934	3,212,912	280,975	-	17,144,231
Opening accumulated revaluation	-	-	198,364	-	-	198,364
Opening accumulated depreciation	(2,214,582)	(33,976)	-	(210,483)	-	(6,279,770)
Opening net book value	350,151	58,958	3,411,276	70,492	-	11,062,825
Additions	14,278	-	8,625	82,046	24,138	329,417
Revaluation this year	-	-	(139,901)	-	-	(139,901)
Net disposal	-	-	-	-	-	-
Depreciation	(68,982)	(16,381)	-	(22,855)	-	(314,580)
Closing net book value	295,446	42,578	3,280,000	129,683	24,138	10,937,761
Closing cost	2,578,873	92,934	3,221,537	359,671	24,138	17,470,160
Closing accumulated revaluation	-	-	58,463	-	-	58,463
Closing accumulated depreciation	(2,283,427)	(50,356)	-	(229,988)	-	(6,590,862)
Closing net book value	295,446	42,578	3,280,000	129,683	24,138	10,937,760

At 30 July 2021 Directors obtained a fair value appraisal of some of the company assets by Logan Stone. The valuation for fair value of the assets valued was $15.8m, comprising land $8.6m, buildings $2.1m, vines $3.3m, other $1.8m. The coolstore in Broadway Street was not valued, it's Rating Valuation (1 September 2020) is $360,000. These assets (excluding vines) are carried at historical cost in the financial statements.
With these assets revalued it would result in an increase in the net assets by $5,878,670, which would result in a net asset backing per share of $5.34.

NOTE 12: BIOLOGICAL ASSETS

	2022 $	2021 $
Carrying amount of Vines if cost model had been used	1,999,370	2,166,436
Number of vines owned	184,165	183,309
Tonnes of grapes crushed – own vineyards	436	332

The fair value of grapes harvested at point of harvest has been determined by the Board and management with reference to market prices and consideration of the quality of the harvested grapes.

The fair value less estimated point-of-sale costs of grapes harvested during the period, determined at point of harvest, is $1,195,289 (2021: $892,358).

The fair value of the vines has been established by an independent valuation as at 30 June 2021 and Director's have reviewed the appropriateness of that valuation, its key inputs, estimates and assumptions and determined as at 30 June 2022 there are no indicators of impairment and that the carrying fair value of vines is appropriate. There is no impairment as at 30 June 2022. The valuation from Logan Stone Ltd was carried out by Boyd A Gross, B Agr (Rural Val), Dip Bus Std, FNIV, FPINZ and reviewed by Jay Sorensen, B Appl Sc (Rural Val) Agr Bus, MPINZ, ANZIV. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. It is Logan Stone's view that there is an active market for vines as part of a vineyard unit. The fair value of land and other vineyard infrastructure is deducted from the value of the vineyard, to determine the fair value of the grape vines.

NOTE 13: INTANGIBLE ASSETS

	Trademark Protection $	Website $	Total $
30 June 2022			
Opening cost	47,515	58,853	106,368
Opening accumulated amortisation	-	(43,692)	(43,692)
Opening net book value	47,515	15,161	62,677
Additions	830	-	830
Net disposals	-	-	-
Amortisation	-	(4,043)	(4,043)
Closing net book value	48,345	11,118	59,464
Closing cost	48,345	58,853	107,198
Closing accumulated amortisation	-	(47,735)	(47,735)
Closing net book value	48,345	11,118	59,464
30 June 2021			
Opening cost	46,465	42,681	89,146
Opening accumulated amortisation	-	(32,899)	(32,899)
Opening net book value	46,465	9,782	56,247
Additions	1,050	16,172	17,222
Net disposals	-	-	-
Amortisation	-	(10,793)	(10,793)
Closing net book value	47,515	15,161	62,676
Closing cost	47,515	58,853	106,368
Closing accumulated amortisation	-	(43,692)	(43,692)
Closing net book value	47,515	15,161	62,677

NOTE 14: TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade creditors	641,445	357,386
Related party payables	50,354	58,916
Other payables	175,550	377,632
	867,349	793,934

NOTE 15: FINANCE LEASE LOANS

	2022	2021
Current portion of finance lease	$	$
AGCO Finance	35,129	-
	35,129	-

During the 2022 year the company entered into a Finance Lease with AGCO Finance for a Fendt 211V Tractor.
The repayment period is 36 months with monthly repayments of $2,984.72. Interest cost is .99%p.a.

The lease is reflected in the Statement of Financial Position and the right of use asset disclosed in note 11.

NOTE 16: SHARE CAPITAL

	2022	2021	2022	2021
	number		$	$
Opening share capital	4,216,734	4,216,734	6,491,435	6,491,435
Share capital issued	-	-	-	-
Closing share capital	4,216,734	4,216,734	6,491,435	6,491,435

All the shares above are of an identical class. Dividend entitlements are attached on a proportionate basis to the extent to which the shares have been paid.

All ordinary shares rank equally, with one vote attached to each fully paid ordinary share. None of the above shares are held by the company. The shares have no par value.

There were no shares issued during the year.

NOTE 17: SEGMENTAL REPORTING

Palliser Estate Wines of Martinborough Limited operates as a single reportable segment, its business being to produce and sell wines from grapes grown in New Zealand. All the company's costs and assets are managed at a company wide level.

Revenue from external customers has been identified on the basis of the customers' geographical locations.

The Directors are the decision makers who assess and decide on the resource allocation.

	2022 $	2021 $
New Zealand	3,286,179	3,266,618
Australia	446,380	604,512
United States America	214,098	262,805
United Kingdom	230,729	152,612
Denmark	184,529	49,588
Korea	253,099	233,813
United Arab Emirate	128,061	44,000
Hong Kong	118,504	145,753
Canada	59,870	56,179
Japan	44,949	32,617
Netherlands	57,237	55,834
Switzerland	14,220	17,700
Other	111,732	144,934
Total	5,149,587	5,066,965

All non-current assets are located in New Zealand.

Revenues from transactions with single external customers that amounted to 10% or more of revenue.

	2022 $	2021 $
Customer A	1,409,280	1,414,583

NOTE 18: IMPUTATION CREDIT ACCOUNT

	2022	2021
	$	$
Imputation credits available for distribution to shareholders as at 30 June.		
Amount available as at 1 July	2,540,633	2,488,325
Net movement during the reporting period	105,421	52,308
Amount available as at 30 June	2,646,054	2,540,633

NOTE 19: FINANCIAL INSTRUMENTS

2022	Financial Assets at Amortised Cost $	Financial Assets at Fair Value through Profit and Loss $	Total $
Cash and cash equivalents	76,410	-	76,410
Trade and other receivables	770,936	-	770,936
Investments	-	7,039	7,039
Total Financial Assets	847,347	7,039	854,386

	Financial Liabilities at Fair value through Profit or Loss $	Financial Liabilities at Amortised Cost $	Total $
Trade and other payables	-	683,044	683,044
Term Loans	-	305	305
Finance Lease Loans	-	85,491	85,491
Forward exchange contracts	1,244	-	1,244
Total Financial Liabilities	1,244	768,840	770,084

2021	Financial Assets at Amortised Cost $	Financial Assets at Fair Value through Profit and Loss $	Total $
Cash and cash equivalents	773,202	-	773,202
Trade and other receivables	750,716	-	750,716
Investments	-	7,039	7,039
Total Financial Assets	1,523,918	7,039	1,530,957

	Financial Liabilities at Fair value through Profit or Loss $	Financial Liabilities at Amortised Cost $	Total $
Trade and other payables	-	396,003	396,003
Term Loans	-	2,085	2,085
Forward exchange contracts	2,392	-	2,392
Total Financial Liabilities	2,392	398,088	400,480

The following table presents financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

2022	**Level 1 $**	**Level 2 $**	**Level 3 $**
Investments			
Unquoted equity instruments	-	-	7,039
Property Plant and Equipment			
Vines	-	-	3,284,641
Current Liabilities			
Forward Currency Contracts	-	(1,244)	-
Net Fair Value	-	(1,244)	3,291,680

2021	**Level 1 $**	**Level 2 $**	**Level 3 $**
Investments			
Unquoted equity instruments	-	-	7,039
Property Plant and Equipment			
Vines	-	3,280,000	
Current Liabilities			
Forward Currency Contracts	-	(2,392)	-
Net Fair Value	-	3,277,608	7,039

Vines are included in Level 3 in 2022 as the fair value of the vines has been determined by Director's assessment that the carrying value of vines at 30 June 2022 is appropriate based upon no changes being necessary to the 30 June 2021 valuation. The company has a policy of valuing the vines every second year by an independent valuer unless there are indications of a significant change. There has been no change in current or future productivity of vines. There is no market evidence to indicate any change in vine value. It is the judgement of Directors that the vine values are unchanged from values established by independent valuation dated July 2021. Adjustments are made for any additional vine plantings and disposals. The Directors believe that having the vines revalued by an independent valuer at 30 June 2022 would not result in a more meaningful value or provide more useful information to stakeholders, than the approach used by the Directors in their assessment.

Vines are included in Level 2 in the 2021 comparison as the fair value of these was determined by an independent valuation using valuation techniques which use inputs based on prices which are indirectly derived from market observable prices. The independent valuation carried out by "Logan Stone" was based on the market transactions that occurred in the Wairarapa for vineyard properties, transactions of other land uses and other winegrowing areas have also been taken into consideration, with adjustments reflecting the location, standard of improvements, plantings, mixed age of plants and productive capacities.

a) Nature of activities and management policies with respect to financial instruments.

Credit Risk

In the normal course of business, the company incurs credit risk from trade receivables, transactions with financial institutions and employee loans. The company does not require collateral or security to support financial instruments. The company does not expect the non-performance of any obligations at the reporting date. The maximum credit risk is the carrying value of the financial asset.

Foreign Exchange Risk

Forward exchange contracts are entered into to manage foreign exchange risk on future sales receipts as a result of adverse foreign exchange fluctuations. The company is not using hedge accounting for any contracts outstanding at the reporting date. While foreign exchange rates do impact New Zealand dollar sales receipts, the company is not materially exposed to exchange gains and losses over the short term. The company has reasonable geographical diversity to spread foreign exchange risk and accounts receivable are collected promptly.

Liquidity Risk

Liquidity risk is the risk arising from the company not being able to meet its obligations. The company manages its liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial liabilities.

The table below summarises the company's exposure to foreign currency exchange rate risk as at period end. Included in the table are the company's financial instruments at carrying amounts, categorised by currency.

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

2022	Total $	NZD $	AUD $	GBP $	EURO $	USD $	CAD $
Cash and cash equivalents	76,410	-74,583	132,408	-	-	18,586	-
Trade and other receivables	770,936	638,994	131,943	-	-	-	-
Investments	7,039	7,039	-	-	-	-	-
Total Financial Assets	854,386	571,449	264,350	-	-	18,586	-
Finance Lease Loans	85,491	85,491	-	-	-	-	-
Forward exchange contracts	1,244	-	1,244	-	-	-	-
Trade and other payables	683,044	676,215	6,829	-	-	-	-
Term Loans	305	305	-	-	-	-	-
Total Financial Liabilities	770,084	762,011	8,073	-	-	-	-
Net Financial Position	84,302	-190,561	256,277	-	-	18,586	-

2021	Total $	NZD $	AUD $	GBP $	EURO $	USD $	CAD $
Cash and cash equivalents	773,202	583,820	92,377	68,022	10,097	18,886	-
Trade and other receivables	750,716	401,356	258,655	90,705	-	-	-
Investments	7,039	7,039	-	-	-	-	-
Total Financial Assets	1,530,958	992,215	351,033	158,727	10,097	18,886	
Forward exchange contracts	2,392	-	55	951	-	1,496	-
Trade and other payables	396,003	381,460	14,543	-	-	-	-
Term Loans	2,085	2,085	-	-	-	-	
Total Financial Liabilities	400,480	383,545	14,488	951	-	1,496	-
Net Financial Position	1,130,478	608,670	336,545	157,776	10,097	17,390	-

Price Risk

Palliser is exposed to price risk as a result of the competitive market steering the selling price of wine. If sales prices were to fall by 5% or increase by 5% then this would have the following impact:

	2022 $	2021 $
Actual Revenue	5,149,587	5,066,965
5% Decrease	4,892,107	4,813,616
5% Increase	5,407,066	5,320,313

b) Fair Values

The estimated fair values of the company's financial assets and liabilities approximate their carrying values.

NOTE 20: RISK MANAGEMENT STRATEGIES RELATED TO AGRICULTURE ACTIVITY

Frost protection is provided on all vineyards to protect against the risk of crop loss or damage due to frosts. An established programme is run to reduce and mitigate the effects of diseases, weeds and other pests on the health and production of the vines.

NOTE 21: RISK SENSITIVITY

The table below summarises the pre-tax sensitivity of financial assets and liabilities to changes in the key risk variable, being currency risk. This details movement in profit or loss within the Statement of Comprehensive Income given a 10% shift in the NZD against all currencies held. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates.

2022	**Carrying Amount**	**Currency Risk**	
	$	**-10%**	**10%**
Cash and cash equivalents	76,410	16,777	(13,727)
Trade and other receivables	770,936	16,223	(13,274)
Investments	7,039	-	-
Total Financial Assets	854,386	33,001	(27,000)
Trade and other payables	683,044	422	(346)
Term Loans	305	-	-
Forward exchange contracts	1,244	12,121	(9,917)
Finance Lease Loans	85,491	-	-
Total Financial Liabilities	770,084	12,544	(10,263)
Net Financial Position	84,302	20,457	(16,738)

2021	**Carrying Amount**	**Currency Risk**	
	$	**-10%**	**10%**
Cash and cash equivalents	773,202	21,043	(17,217)
Trade and other receivables	750,716	39,389	(32,227)
Investments	7,039	-	-
Total Financial Assets	1,530,957	60,431	(49,444)
Trade and other payables	396,003	1,616	(1,322)
Term Loans	2,085	-	-
Forward exchange contracts	2,392	29,359	(24,021)
Total Financial Liabilities	400,479	30,975	(25,343)
Net Financial Position	1,130,478	29,457	(24,101)

NOTE 22: MATURITY ANALYSIS

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due equals their carrying values as the impact of discounting is not significant.

2022	**less than 6 months $**	**6 - 12 months $**	**greater than 12 months $**
Trade and other payables	682,747	298	-
Term Loans	305	-	-
Finance Lease Loans	17,521	17,608	50,361
Total Financial Liabilities	700,573	17,906	50,361

2021	**less than 6 months $**	**6 - 12 months $**	**greater than 12 months $**
Trade and other payables	395,666	337	-
Term Loans	1,340	440	305
Total Financial Liabilities	397,006	777	305

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 23: RELATED PARTY TRANSACTIONS

The company purchased fuel, road user charges, vehicle maintenance and other minor purchases from Martinborough Automotive 2020 Limited, of which Ms P M Goodwin's husband is related. These transactions amount to $8,788 (2021: $8,177).

During the year the company reimbursed Mr J D Auld travel and other expenses of $1,935 (2021: $1,368).

	2022	2021
	$	$
Trade and other receivables include:		
Key management personnel	-	860
Other related parties	-	-
Trade and other payables include:		
Key management personnel	47,569	58,610
Other related parties	2,784	307
Key Management Compensation		
Short-term employee benefits	387,650	353,556
Directors Fees	63,000	63,000

NOTE 24: COMMITMENTS

There were no commitments for capital expenditure at the reporting date (2021: Nil).

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 25: OPERATING LEASES

A lease commitment exists for the photocopier and Eftpos payment services.

	2022 $	2021 $
Less than a year	2,803	4,187
Between one and five years	5,982	8,785
More than five years	-	-
Total	8,785	12,972

	2022 $	2021 $
Total operating lease payments recognised as an expense	4,529	4,356

NOTE 26: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or contingent assets are known to exist at the reporting date (2021: Nil).

NOTE 27: DIVIDEND

For the reporting date there was no dividend declared by the Board of Directors (2021: A dividend on ordinary shares of 5 cents per share was paid on 7 July 2021 to shareholders on the share register on 17 June 2021).

Notes to the Financial Statements for the Year Ended 30 June 2022 *cont.*

NOTE 28: BANK SECURITIES

The ANZ Bank holds the following securities:

- First charge registered mortgage over 12.0395ha
- Debenture (priority amount $1,800,000)
- Specific Security Agreement over plant & equipment.

The company is not subject to the maintenance of any external financial covenants.

NOTE 29: COVID-19

As a primary industry the company is considered an essential service and therefore able to operate aspects of the business at all levels of lockdown in New Zealand, Covid-19 is expected to have a lasting significant economic impact on New Zealand with uncertainty as to how this may impact the Company in the future. When making future business decisions both management and Directors are giving consideration to these significant uncertainties.

NOTE 30: MANAGING CAPITAL

Management's objective is to ensure the company continues as a going concern and to maintain optimal returns to shareholders and benefits for other stakeholders. The company aims to maintain a capital structure which provides flexibility to enable future growth.

NOTE 31: RECONCILIATION OF CASHFLOWS FROM FINANCING ACTIVITIES

The changes in the company's liabilities arising from financing activities can be classified as follows;

	Employee Loans	Dividends Payable	Leases
	$	$	$
Liability at 1 July 2021	(8,732)	214,378	-
Non Cash			
Dividends Declared		-	
Finance Lease Loan Advanced			128,858
Employee Loans Issued	-		
Cash Flows			
Finance Lease Loan Repaid			(43,367)
Employee Loans Repaid	2,810		
Dividends Paid		(214,378)	
Balance at 30 June 2022	(5,922)	-	85,491

	Employee Loans	Dividends Payable	Leases
	$	$	$
Liability at 1 July 2020	(11,600)	-	-
Non Cash			
Dividends Declared		214,378	
Employee Loans Issued	-		
Cash Flows			
Employee Loans Repaid	2,868		
Dividends Paid		-	
Balance at 30 June 2021	(8,732)	214,378	-

Comparative Financial Review for the Years Ending 30 June

	2022	2021	2020	2019	2018
	’000	’000	’000	$’000	$’000
Income Statement Data					
Total Sales Revenue	5,150	5,067	3,995	4,864	5,054
Surplus from Operations	1,371	1,346	1,611	1,480	1,432
Taxation	73	(28)	(458)	22	107
Net Surplus/(Deficit) for the Year	211	23	877	(75)	202
Earnings per Share (cents)	5.01	0.55	20.80	(1.79)	4.81
Dividends per Share (cents)	-	5.00	20.00	-	10.00
Statement of Financial Position Data					
Current Assets	5,202	5,244	5,047	5,556	5,597
Current Liabilities	986	908	467	503	419
Working Capital Ratio	5.28	5.78	10.81	11.05	13.36
Non-Current Assets	11,455	11,014	11,135	11,188	11,062
Total Assets	16,657	16,257	16,182	16,744	16,659
Non-Current Liabilities	1,012	920	1,080	1,641	1,597
Total Liabilities	1,998	1,828	1,547	2,144	2,016
Total Shareholder’s Equity	14,659	14,430	14,635	14,600	14,643
Net Surplus/(Deficit) % of Shareholder’s Equity	1.44%	0.16%	5.99%	-0.51%	1.38%
Total Loans	2	2	6	-	-
Gearing Ratio % [1]	0.01%	0.01%	0.04%	-	-
Shareholder’s Equity % of Total Assets	88.01%	88.76%	90.44%	87.20%	87.90%
Number of Shares at year end	4,216,734	4,216,734	4,216,734	4,216,734	4,201,191

Notes:

[1] Gearing Ratio is Total Loans as a percentage of Total Liabilities plus Total Shareholders Equity

Statutory Information for the Year Ended 30 June 2022

1. CHANGES IN CAPITAL

There was no change in capital during the year.

2. DIVIDEND

For the reporting date there was no dividend declared by the Board of Directors.

3. DIRECTORS

In accordance with the company's constitution, J D Auld and S L Meikle retire by rotation and, being eligible, offers themself for re-election to the Board.

4. AUDITOR

In accordance with Section 200 of the Companies Act 1993, the auditor, Grant Thornton, continues in office.

5. INTERESTS REGISTER

Transactions

Various related party transactions were conducted during the year as more particularly described in Note 24 on page 55 of the annual report.

The company has Directors' and Officers' Liability Insurance.

Loans to Directors

There were no loans by the company to Directors.

Statutory Information for the Year Ended 30 June 2022

6. DIRECTORS' REMUNERATION

The shareholders approved Directors' fees not exceeding $63,000 per annum to be divided amongst the Directors. During the year the Board of Directors approved the following remuneration for the Directors of the Company:

	2022	2021
A R Meehan	21,356	21,356
S R Tyler	13,881	13,881
J D Auld	13,881	13,881
S L Meikle	13,881	13,881

7. EMPLOYEES' REMUNERATION

Remuneration and other benefits of $100,000 or more received by employees in their capacity as employees were as follows:

	No. of Employees
$110,001-$120,000	1
$150,001-$160,000	1
$230,001-$240,000	1

Statutory Information for the Year Ended 30 June 2022

8. SHAREHOLDING BREAKDOWN

Shareholding as at 30 June 2022	Number of Shareholders	Total Shares Held	% of Share Capital
1-9,999	177	927,756	22.00%
10,000-49,999	44	755,563	17.92%
50,000-99,999	6	493,206	11.70%
100,000-499,999	8	2,040,209	48.38%
	235	4,216,734	100.0%

9. DIRECTORS' SHAREHOLDING

Shares held at 30 June 2022 (including beneficial interests):

A R Meehan	16,190	shares fully paid
S R Tyler	6,000	shares fully paid
J D Auld	5,000	shares fully paid
S L Meikle	1,000	shares fully paid

International Distributors

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Pavoa Imports
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