

Appendix 4D
Treasury Wine Estates Limited
For the half year ended 31 December 2015
ABN 24 004 373 862

1. Results for announcement to the market

| Key information | Half year ended 31 December 2015 \$m | Half year ended 31 December 2014 \$m | % Change increase / (decrease) | Amount increase / (decrease) \$m |
|--|---|---|--------------------------------------|---|
| Revenue from ordinary activities | 1,138.0 | 935.7 | 22 % | 202.3 |
| Net profit attributable to members of Treasury Wine Estates Limited | 60.6 | 42.6 | 42 % | 18.0 |
| Earnings before interest, tax, SGARA and material items | 146.8 | 85.2 | 72 % | 61.6 |

| Earnings per share | Half year ended 31 December 2015 Cents per share | Half year ended 31 December 2014 Cents per share |
|--|---|---|
| Basic earnings per share | 8.8 | 6.4 |
| Basic earnings per share, adjusted to exclude SGARA and material items | 14.0 | 7.6 |

2. Dividends

The Directors declared an interim dividend of 8 cents per share in respect of the half year ended 31 December 2015 on 18 February 2016. Accordingly this dividend is not provided for in the balance sheet as at 31 December 2015. The record date for determining an entitlement to receipt of the interim dividend is 5pm, 9 March 2016 and the dividend is expected to be paid on 8 April 2016.

| Dividends (distributions) | Cents per share | Franking % |
|---|--------------------|------------|
| Interim dividend – half year ended 31 December 2015 (determined subsequent to balance date) ¹ | 8.0 cents | unfranked |
| Final dividend – year ended 30 June 2015 | 8.0 cents | unfranked |
| Interim dividend – half year ended 31 December 2014 | 6.0 cents | unfranked |

¹ Non-resident withholding tax is payable on the unfranked component of this dividend as the conduit foreign income component for the period is declared to be nil.

The Dividend Reinvestment Plan (DRP) continues to be suspended with respect to the interim dividend for the financial year 2016.

3. Financial statements

Please refer to pages 1 through 22 of this report wherein the following are provided:

- Directors' report;
- Auditor's independence declaration;
- Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2015;
- Consolidated statement of financial position as at 31 December 2015;
- Consolidated statement of changes in equity for the half year ended 31 December 2015;
- Consolidated statement of cash flows for the half year ended 31 December 2015;
- Notes to the consolidated financial statements;
- Director's Declaration; and
- Independent auditor's review report for the half year ended 31 December 2015.

4. Net tangible assets

| | Half year ended 31 December 2015 \$ | Half year ended 31 December 2014 \$ |
|---|--|--|
| Net tangible asset backing per ordinary share | | |
| Net tangible asset backing per ordinary share | 3.79 | 3.39 |

5. Associates and joint ventures

| Investments in Associates and Joint Ventures | Half year ended 31 December 2015 \$m | Year ended 30 June 2015 \$m |
|---|--|--------------------------------------|
| Investments accounted for using the equity method | 2.3 | 2.3 |

Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting. The Group holds a 50% investment in Fiddlesticks LLC, a company incorporated in the United States of America. The percentage ownership at 31 December 2015 is consistent with the prior period.

6. Further information

Additional Appendix 4D disclosure requirements can be found in the notes to our half-year financial report, the half-year Directors' Report and the ASX announcement lodged with this document.

Further information can be obtained from:

Media:

Roger Sharp
Tel: +61 3 8533 3786
Mob: +61 458 883 599

Investors:

Jane Betts
Tel: + 61 3 8533 3493
Mob: +61 437 965 620

Treasury Wine Estates Limited

Directors' report For the half year ended 31 December 2015

The Directors present their report on the consolidated entity ("the Group") comprising Treasury Wine Estates Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

DIRECTORS

The members of the Board of Directors of Treasury Wine Estates Limited who held office during the half year are noted below and as at the date of this report are as follows:

Paul Rayner (Chairman)
Michael Clarke (CEO)
Warwick Every-Burns
Lyndsey Cattermole
Peter Hearl
Garry Hounsell
Ed Chan
Michael Cheek

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period involved the production, marketing and sale of wine.

OPERATING AND FINANCIAL REVIEW

Financial information in the Operating and Financial Review is based on the reviewed 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 our business and make decisions on the allocation of our resources.

A full review of operations of the Group during the half year is contained in the Australian Stock Exchange announcement dated 18 February 2016.

Throughout this review, constant currency assumes current and prior period earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.

For the six months ended 31 December 2015, total volume was 15.8 million cases, up 0.7 million cases or 5 percent on the prior corresponding period ("**PCP**"). Net sales revenue increased 22 percent on a reported basis to \$1,079.4 million (or 11 percent on a constant currency basis).

Net sales revenue per case on a constant currency basis is \$68.38, an increase of \$3.92 on the PCP.

Cost of goods sold (COGS) increased 15 percent (or 7 percent on a constant currency basis). COGS per case on a constant currency basis is \$46.48, an increase of \$1.03 on the PCP.

Treasury Wine Estates Limited

Directors' report

For the half year ended 31 December 2015 (continued)

Cost of doing business (gross profit less earnings before interest, tax, material items and SGARA) increased to \$257.5 million up 10 percent on a constant currency basis, driven by continued investment in marketing across all regions.

Cost of doing business margin is consistent with the PCP at 24 percent on a constant currency basis (December 2014: 24 percent).

EBITS before material items of \$146.8 million is up 72 percent on a reported basis. On a constant currency basis, EBITs increased 37 percent.

The movement in SGARA (Australian Accounting Standard AASB 141) was \$14.8m in the first half of fiscal 2016, with a favourable SGARA result in Australia and New Zealand (\$3.4m) and an unfavourable SGARA result in the U.S.A. (\$18.2m).

Net profit after tax attributable to members of Treasury Wine Estates Limited for the six months ending 31 December 2015 was \$60.6 million, and reported EPS was 8.8 cents per share.

EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to 31 December 2015:

1. On 1 January 2016, the Company acquired all of the ordinary shares of Diageo Chateau & Estates ("DC&E"), a Company incorporated in the United States of America. This included the acquisition of related assets in the United Kingdom. The cash consideration of \$798.1 million was funded by a combination of cash resources generated from the issue of shares during the period and utilising the Group's debt facilities.

DC&E is a leader in the US Luxury and Masstige wine market, being the owner of a collection of iconic wine brands based in Napa, California. Additionally, DC&E has a strong market presence in the Commercial wine market in the United Kingdom.

2. The Board declared an interim dividend of 8 cents per share on 18 February 2016.

SHARES

The movement in share capital from 30 June 2015 is set out below:

| | Number of shares (million) |
|------------------------------------|----------------------------|
| Balance at 30 June 2015 | 651.3 |
| Issue of shares during the period | 86.8 |
| Balance at 31 December 2015 | 738.1 |

DIVIDENDS

A final dividend in respect of the year ended 30 June 2015 of \$52.1 million (representing a dividend of 8 cents per ordinary share) was paid in October 2015. This dividend was unfranked.

Treasury Wine Estates Limited

Directors' report For the half year ended 31 December 2015 (continued)

The Directors have declared an interim dividend of 8 cents per ordinary share, unfranked. The record date of the dividend is 9 March 2016 and the dividend is expected to be paid on 8 April 2016.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

ROUNDING

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. In accordance with that Class Order, reported amounts have been rounded to the nearest tenth of one million dollars.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.



Paul Rayner

Chairman

18 February 2016



Michael Clarke

Chief Executive Officer



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 review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Paul J McDonald
Partner

Melbourne

18 February 2016

Treasury Wine Estates Limited
Consolidated statement of profit or loss and other comprehensive
income for the half year ended 31 December 2015

| | | Half year | |
|--|------|------------------------|------------------------|
| | Note | 2015 \$m | 2014 \$m |
| Revenue | 4 | 1,138.0 | 935.7 |
| Cost of goods sold | | (733.7) | (637.5) |
| Gross profit | | 404.3 | 298.2 |
| Other income | 4 | 2.3 | 3.9 |
| Selling expenses | | (133.6) | (109.6) |
| Marketing expenses | | (70.4) | (54.9) |
| Administration expenses | | (48.2) | (43.5) |
| Other expenses | | (58.8) | (20.7) |
| Profit before tax and finance costs | | 95.6 | 73.4 |
| Finance income | | 2.8 | 0.1 |
| Finance costs | | (10.3) | (11.5) |
| Net finance costs | | (7.5) | (11.4) |
| Profit before tax | | 88.1 | 62.0 |
| Income tax (expense) | | (27.4) | (19.4) |
| Net profit | | 60.7 | 42.6 |
| Net profit attributable to non-controlling interests | | (0.1) | - |
| Net profit attributable to members of Treasury Wine Estates Limited | | 60.6 | 42.6 |
| Other comprehensive income/(loss) | | | |
| Items that may subsequently be reclassified to profit or loss | | | |
| Cash flow hedges | | (0.8) | (3.3) |
| Tax on cash flow hedges | | (1.1) | 1.2 |
| Exchange difference on translation of foreign operations | | 71.3 | 138.9 |
| Other comprehensive income for the half year, net of tax | | 69.4 | 136.8 |
| Total comprehensive income for the half year attributable to members of Treasury Wine Estates Limited | | 130.0 | 179.4 |
| Non-controlling interests | | 0.1 | - |
| Total comprehensive income for the half year | | 130.1 | 179.4 |
| Earnings per share for profit attributable to the ordinary equity holders of the Company | | Cents per share | Cents per share |
| Basic | 6 | 8.8 | 6.4 |
| Diluted | 6 | 8.7 | 6.4 |

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

Treasury Wine Estates Limited
Consolidated statement of financial position as at 31 December 2015

| | Note | Dec 2015 \$m | Jun 2015 \$m | Dec 2014 \$m |
|--------------------------------------|------|--------------------|--------------------|--------------------|
| Current assets | | | | |
| Cash and cash equivalents | | 1,101.2 | 122.1 | 35.1 |
| Receivables | | 592.1 | 504.9 | 466.8 |
| Inventories | | 710.9 | 704.2 | 727.2 |
| Current tax assets | | 1.9 | 18.2 | 13.0 |
| Assets held for sale | | 17.6 | 91.2 | 14.9 |
| Other current assets | | 1.8 | 3.1 | 5.1 |
| Total current assets | | 2,425.5 | 1,443.7 | 1,262.1 |
| Non-current assets | | | | |
| Inventories | | 461.0 | 533.8 | 549.6 |
| Property, plant and equipment | | 961.3 | 928.8 | 983.3 |
| Agricultural assets | | 255.5 | 255.1 | 255.7 |
| Intangible assets | | 812.2 | 791.1 | 778.4 |
| Deferred tax assets | | 178.5 | 193.3 | 198.0 |
| Other non-current assets | | 10.8 | 4.0 | 9.4 |
| Total non-current assets | | 2,679.3 | 2,706.1 | 2,774.4 |
| Total assets | | 5,104.8 | 4,149.8 | 4,036.5 |
| Current liabilities | | | | |
| Bank overdraft | | - | 13.0 | 4.5 |
| Trade and other payables | | 503.9 | 455.2 | 461.2 |
| Current tax liabilities | | 7.8 | 5.2 | - |
| Provisions | | 103.0 | 90.3 | 63.0 |
| Other current liabilities | | 15.1 | 7.0 | 12.3 |
| Total current liabilities | | 629.8 | 570.7 | 541.0 |
| Non-current liabilities | | | | |
| Borrowings | 7 | 670.6 | 324.4 | 316.6 |
| Deferred tax liabilities | | 190.1 | 194.1 | 182.9 |
| Other non-current liabilities | | 8.4 | 9.9 | 9.7 |
| Total non-current liabilities | | 869.1 | 528.4 | 509.2 |
| Total liabilities | | 1,498.9 | 1,099.1 | 1,050.2 |
| Net assets | | 3,605.9 | 3,050.7 | 2,986.3 |
| Equity | | | | |
| Contributed equity | 8 | 3,533.4 | 3,061.3 | 3,061.3 |
| Reserves | | 51.2 | (23.3) | (91.8) |
| Retained earnings | | 18.6 | 10.1 | 14.2 |
| Total parent entity interest | | 3,603.2 | 3,048.1 | 2,983.7 |
| Non-controlling interest | | 2.7 | 2.6 | 2.6 |
| Total equity | | 3,605.9 | 3,050.7 | 2,986.3 |

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

Treasury Wine Estates Limited
Consolidated statement of changes in equity for the half year ended 31 December 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 2014 | 3,051.4 | 17.2 | (234.2) | 11.8 | 2,846.2 | 2.6 | 2,848.8 |
| Profit for the half year | - | 42.6 | - | - | 42.6 | - | 42.6 |
| Total other comprehensive income | - | - | 138.9 | (2.1) | 136.8 | - | 136.8 |
| Total comprehensive income/(loss) for the half year | - | 42.6 | 138.9 | (2.1) | 179.4 | - | 179.4 |
| Transactions with owners in their capacity as owners directly in equity | | | | | | | |
| Share-based payment expense | - | - | - | 3.7 | 3.7 | - | 3.7 |
| Issue of ordinary shares | 9.5 | - | - | (8.6) | 0.9 | - | 0.9 |
| Vested deferred shares and share rights | 0.4 | - | - | (1.3) | (0.9) | - | (0.9) |
| Dividends to owners of the Company | - | (45.6) | - | - | (45.6) | - | (45.6) |
| Balance at 31 December 2014 | 3,061.3 | 14.2 | (95.3) | 3.5 | 2,983.7 | 2.6 | 2,986.3 |
| Balance at 30 June 2015 | 3,061.3 | 10.1 | (26.7) | 3.4 | 3,048.1 | 2.6 | 3,050.7 |
| Profit for the half year | - | 60.6 | - | - | 60.6 | 0.1 | 60.7 |
| Total other comprehensive income/(loss) | - | - | 71.3 | (1.9) | 69.4 | - | 69.4 |
| Total comprehensive income/(loss) for the half year | - | 60.6 | 71.3 | (1.9) | 130.0 | 0.1 | 130.1 |
| Transactions with owners in their capacity as owners directly in equity | | | | | | | |
| Own shares acquired | (4.6) | - | - | - | (4.6) | - | (4.6) |
| Share-based payment expense | - | - | - | 6.3 | 6.3 | - | 6.3 |
| Issue of ordinary shares | 486.5 | - | - | - | 486.5 | - | 486.5 |
| Transaction costs on issue of ordinary shares | (11.0) | - | - | - | (11.0) | - | (11.0) |
| Vested deferred shares and share rights | 1.2 | - | - | (1.2) | - | - | - |
| Dividends to owners of the Company | - | (52.1) | - | - | (52.1) | - | (52.1) |
| Balance at 31 December 2015 | 3,533.4 | 18.6 | 44.6 | 6.6 | 3,603.2 | 2.7 | 3,605.9 |

Treasury Wine Estates Limited
Consolidated statement of cash flows for the half year ended 31 December 2015

| | Half year | |
|---|------------------------|------------------------|
| | 2015 | 2014 |
| | \$m | \$m |
| | Inflows/ (Outflows) | Inflows/ (Outflows) |
| Cash flows from operating activities | | |
| Receipts from customers | 1,340.6 | 1,207.6 |
| Payments to suppliers, governments and employees | (1,141.8) | (1,147.1) |
| Borrowing costs paid | (10.7) | (13.1) |
| Income taxes paid | (2.2) | (32.4) |
| Other cash receipts | 4.4 | 2.3 |
| Net cash flows from operating activities | 190.3 | 17.3 |
| Cash flows from investing activities | | |
| Payments for property, plant, equipment and agricultural assets | (34.2) | (30.6) |
| Payments for intangible assets | (9.2) | (3.7) |
| Proceeds from sale of property, plant and equipment | 78.6 | 3.3 |
| Net cash flows from investing activities | 35.2 | (31.0) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares net of transaction costs | 475.5 | - |
| Dividend payments | (52.1) | (45.6) |
| Proceeds from borrowings | 325.9 | 72.3 |
| Repayment of borrowings | - | (60.0) |
| Proceeds from settlement of currency swaps | 13.6 | 25.3 |
| Other cash (payments) | (4.6) | - |
| Net cash flows from financing activities | 758.3 | (8.0) |
| Total cash flows from activities | 983.8 | (21.7) |
| Cash and cash equivalents at the beginning of the half year | 109.1 | 52.0 |
| Effects of exchange rate changes on foreign currency cash flows and cash balances | 8.3 | 0.3 |
| Cash and cash equivalents at 31 December ¹ | 1,101.2 | 30.6 |

¹ At 31 December 2014, this is represented by cash at bank of \$35.1 million and bank overdrafts of \$4.5 million.

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

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 1 CORPORATE INFORMATION

The financial report of Treasury Wine Estates Limited (“the Company”) and of its controlled entities (collectively “the Group”) for the half year ended 31 December 2015 was authorised for issue in accordance with a resolution of Directors on 18 February 2016. Treasury Wine Estates Limited is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial report for the half year ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was approved by the Board of Directors on 18 February 2016.

This financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under ASX listing rules.

(b) Basis of preparation

This report:

- 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;

The accounting policies are consistent with those applied in the previous financial year.

Line items labelled ‘other’ on the faces of the consolidated statements comprise miscellaneous income, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

(c) New accounting standards and interpretations

Since 30 June 2015 we have adopted AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* which has not had a significant impact on our financial position or performance.

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

Note 2 Summary of significant accounting policies (continued)

(d) Recently issued or amended accounting standards

Since 30 June 2015, Australian Accounting Standards AASB 16 *Leases* has been issued and is not yet effective. We are currently assessing the impact of this standard to the Group's financial position and performance and have not early adopted it. There are no other recently issued or amended accounting standards which are relevant to the Group.

(e) Operating 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.

During the year, we re-organised our business structure to better reflect the way the Company is currently being managed. Effective 1 July 2015, the regional results of Middle East & Africa are reported with Asia (previously combined with Europe) and the results of Latin America are reported with Europe (previously combined with Americas).

As a result, the Group's external reporting has changed in respect of the half-year ended 31 December 2015. Comparatives for December 2014 and June 2015 have been restated.

The Group has the following reportable segments:

(i) Australia & New Zealand (ANZ)

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

(ii) Europe

This segment is responsible for the manufacture, sale and marketing of wine within Europe and Latin America.

(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 Asia (including the Middle East & Africa).

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

Note 2 Summary of significant accounting policies (continued)

(e) Operating Segments (continued)

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 and borrowings are not considered to be segment assets/liabilities as they are managed by our centralised treasury function. Consistent with the use of Earnings before interest, tax and SGARA (“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 reflect the 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.

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 3 SEGMENT RESULTS

| Half year 2015 | ANZ | Americas | Asia | Europe | Intersegment elimination | Total Segment | Unallocated / Corporate | Consolidated |
|--|----------------|----------------|--------------|--------------|-----------------------------|------------------|-------------------------------|----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Total revenue comprises: | | | | | | | | |
| Net sales revenue | 318.1 | 450.8 | 157.3 | 153.2 | - | 1,079.4 | - | 1,079.4 |
| Other revenue | 52.8 | 4.7 | - | 1.0 | - | 58.5 | 0.1 | 58.6 |
| Intersegment revenue | 156.5 | 2.3 | - | 15.2 | (174.0) | - | - | - |
| Total segment revenue (excl other income/interest) | 527.4 | 457.8 | 157.3 | 169.4 | (174.0) | 1,137.9 | 0.1 | 1,138.0 |
| Management EBITs | 46.7 | 56.2 | 46.5 | 17.2 | - | 166.6 | (19.8) | 146.8 |
| SGARA profit/(loss) | 3.4 | (18.2) | - | - | - | (14.8) | - | (14.8) |
| Material items | (9.7) | (19.8) | (0.1) | (0.3) | - | (29.9) | (6.5) | (36.4) |
| Management EBIT | 40.4 | 18.2 | 46.4 | 16.9 | - | 121.9 | (26.3) | 95.6 |
| Net finance income/(costs) | | | | | | | | (7.5) |
| Consolidated profit before tax | | | | | | | | 88.1 |
| Depreciation of property, plant and equipment | (23.9) | (12.0) | (0.2) | (1.0) | - | (37.1) | (1.0) | (38.1) |
| Amortisation of intangible assets | (0.4) | - | - | - | - | (0.4) | (5.3) | (5.7) |
| Capital expenditure | (21.4) | (12.5) | (0.3) | (0.8) | - | (35.0) | (8.4) | (43.4) |
| Segment assets (excl intersegment assets) – 31 Dec 15 | 2,001.4 | 1,384.7 | 70.9 | 322.6 | - | 3,779.6 | 1,325.2 | 5,104.8 |
| Segment assets (excl intersegment assets) – 30 Jun 15 | 2,053.5 | 1,346.9 | 56.3 | 315.0 | - | 3,771.7 | 378.1 | 4,149.8 |
| Segment liabilities (excl intersegment liabilities) – 31 Dec 15 | 263.4 | 216.1 | 32.7 | 73.0 | - | 585.2 | 913.7 | 1,498.9 |
| Segment liabilities (excl intersegment liabilities) – 30 Jun 15 | 254.1 | 177.2 | 23.3 | 67.6 | - | 522.2 | 576.9 | 1,099.1 |

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 3 SEGMENT RESULTS (CONTINUED)

| Half year 2014 (restated) | ANZ | Americas | Asia | Europe | Intersegment elimination | Total Segment | Unallocated/ Corporate | Consolidated |
|--|----------------|----------------|--------------|--------------|-----------------------------|------------------|---------------------------|----------------|
| | \$m | \$m | \$m | \$m | \$m | \$m | \$m | \$m |
| Total revenue comprises: | | | | | | | | |
| Net sales revenue | 304.0 | 368.4 | 69.6 | 142.1 | - | 884.1 | - | 884.1 |
| Other revenue | 44.1 | 4.4 | - | 0.4 | - | 48.9 | 2.7 | 51.6 |
| Intersegment revenue | 161.2 | 0.4 | - | 11.5 | (173.1) | - | - | - |
| Total segment revenue (excl other income/interest) | 509.3 | 373.2 | 69.6 | 154.0 | (173.1) | 933.0 | 2.7 | 935.7 |
| Management EBITs | 43.9 | 33.7 | 20.5 | 7.8 | - | 105.9 | (20.7) | 85.2 |
| SGARA profit/(loss) | (6.5) | (4.0) | - | - | - | (10.5) | - | (10.5) |
| Material items | (1.9) | (0.7) | - | - | - | (2.6) | 1.3 | (1.3) |
| Management EBIT | 35.5 | 29.0 | 20.5 | 7.8 | - | 92.8 | (19.4) | 73.4 |
| Net finance income/(costs) | | | | | | | | (11.4) |
| Consolidated profit before tax | | | | | | | | 62.0 |
| Depreciation of property, plant and equipment | (25.3) | (10.3) | (0.1) | (1.2) | - | (36.9) | (1.0) | (37.9) |
| Amortisation of intangible assets | (0.1) | - | - | - | - | (0.1) | (4.3) | (4.4) |
| Capital expenditure | (20.8) | (9.2) | - | (1.4) | - | (31.4) | (2.9) | (34.3) |
| Segment assets (excl intersegment assets) – 31 Dec 14 | 2,030.3 | 1,425.3 | 33.2 | 262.0 | - | 3,750.8 | 285.7 | 4,036.5 |
| Segment assets (excl intersegment assets) – 30 Jun 14 | 2,111.0 | 1,113.0 | 57.1 | 265.2 | - | 3,546.3 | 314.2 | 3,860.5 |
| Segment liabilities (excl intersegment liabilities) – 31 Dec 14 | 198.5 | 225.6 | 14.9 | 66.2 | - | 505.2 | 545.0 | 1,050.2 |
| Segment liabilities (excl intersegment liabilities) – 30 Jun 14 | 236.9 | 195.3 | 11.2 | 58.1 | - | 501.5 | 510.2 | 1,011.7 |

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 4 REVENUE, INCOME AND EXPENSES

| | Half year | |
|---|------------------|--------------|
| | 2015 | 2014 |
| | \$m | \$m |
| Note 4 Revenue, income and expenses | | |
| Revenue | | |
| Net sales revenue* | 1,079.4 | 884.1 |
| Other revenue | 58.6 | 51.6 |
| Total revenue | 1,138.0 | 935.7 |
| Other income | | |
| Insurance settlement receipts | 2.1 | 1.7 |
| Net profit on disposal of property, plant and equipment and agricultural assets | 0.2 | 2.2 |
| Total other income | 2.3 | 3.9 |

**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, provide contract bottling services to third parties and generate royalty income from the use of brands by third parties.

NOTE 5 MATERIAL ITEMS

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

| | Half year | |
|---|------------------|--------------|
| | 2015 | 2014 |
| | \$m | \$m |
| Individually material items included in profit/(loss) before income tax: | | |
| Restructure, defence and redundancy ¹ | (10.3) | 0.9 |
| Business acquisition transaction costs ² | (26.1) | - |
| Earthquake related loss ³ | - | (2.2) |
| Total material items (before tax) | (36.4) | (1.3) |
| Tax effect of material items | 9.5 | 0.4 |
| Total material items (after tax) | (26.9) | (0.9) |

1. Comprises redundancy and onerous contract costs in relation to continuing our Supply Chain Optimisation program.
2. Represents transaction costs associated with the acquisition of the Diageo wine businesses.
3. The Group 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.

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 6 EARNINGS PER SHARE

| | Half year | |
|--|------------------------|------------------------|
| | 2015 | 2014 |
| | Cents per share | Cents per share |
| <i>Basic earnings per share</i> | | |
| Basic earnings per share (cents) based on net profit attributable to members of Treasury Wine Estates Limited | 8.8 | 6.4 |
| <i>Diluted earnings per share</i> | | |
| Diluted earnings per share (cents) based on net profit attributable to members of Treasury Wine Estates Limited | 8.7 | 6.4 |
| | Number | Number |
| <i>Weighted average number of shares</i> | | |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (in thousands) | 690,741 | 662,766 |
| <i>Effect of potentially dilutive securities:</i> | | |
| Deferred shares (in thousands) | 5,839 | 7,881 |
| Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (in thousands) | 696,580 | 670,647 |
| | 2015 | 2014 |
| Earnings reconciliation | | |
| <i>Basic and diluted earnings per share</i> | | |
| | \$m | \$m |
| Net profit | 60.7 | 42.6 |
| Net (profit)/ loss attributable to non-controlling interests | (0.1) | - |
| Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted earnings per share | 60.6 | 42.6 |

In accordance with AASB 133 Earnings per Share, the comparative earnings per share calculations have been restated for the bonus element of the two-for-fifteen share rights issue undertaken in October 2015. The previously reported December 2014 weighted average number of shares has been adjusted by a factor of 1.02, being the market price of one ordinary share at the close of the last day at which the shares traded together with the rights \$6.57, divided by the theoretical ex-rights value per share of \$6.46.

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 7 BORROWINGS

| | 31 December | 30 June |
|--------------------------------------|--------------------|---------|
| | 2015 | 2015 |
| | \$m | \$m |
| Total borrowings consists of: | | |
| Current | 0.3 | 0.2 |
| Non-current | 670.6 | 324.4 |
| Total borrowings | 670.9 | 324.6 |

Details of major arrangements

The Group has \$1,191.9 million total facilities. The utilised facilities and associated carrying values at 31 December 2015 are:

US Private Placement Notes

US Private Placement Notes of US\$250.0 million (unsecured), which mature in December 2020 (US\$75.0 million), December 2023 (US\$125.0 million) and December 2025 (US\$50.0 million). The carrying value at 31 December 2015 is \$348.5 million (June 2015: \$325.8 million). The notes bear interest at fixed and floating interest rates.

Other facilities

During the six months to 31 December 2015 the Group established an additional facility for US\$125.0 million, maturing in June 2017. The facility bears interest at floating rates. This facility was fully utilised at 31 December 2015 with a carrying value of \$171.5 million (June 2015: nil).

Additionally, during the half year, the Group increased its existing syndicated facility to US\$275.0 million (June 2015: US\$250.0 million). This facility matures in two tranches (US\$195.0 million in December 2019 and US\$80.0 million in December 2020). This facility bears interest at floating rates. At 31 December 2015 the Group had outstanding \$150.9 million (June 2015: nil) in relation to this facility.

NOTE 8 CONTRIBUTED EQUITY

| | 31 December | 30 June |
|--|--------------------|---------|
| | 2015 | 2015 |
| | \$m | \$m |
| Issued and paid-up capital | | |
| 738,135,033 (June 2015: 651,261,403) ordinary shares, fully paid | 3,540.6 | 3,065.1 |
| Own shares held | (7.2) | (3.8) |
| | 3,533.4 | 3,061.3 |

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 8 CONTRIBUTED EQUITY (CONTINUED)

| | 31 December 2015 \$m | 30 June 2015 \$m |
|---|---|---|
| Contributed equity at the beginning of the period | 3,061.3 | 3,051.4 |
| Shares issued: | | |
| 86,873,630 shares (June 2015: 1,833,843 shares) | 475.5 | 9.5 |
| Net movement in own shares held | (3.4) | 0.4 |
| Contributed equity at the end of the period | 3,533.4 | 3,061.3 |
| Securities purchased on market | | |
| The following securities were purchased on market during the financial for the purpose of the employee incentive schemes: | Number of shares purchased | Average price paid per share |
| Ordinary Shares | 339,767 | \$6.10 |
| Ordinary Shares | 208,091 | \$5.99 |
| Ordinary Shares | 208,091 | \$5.95 |

NOTE 9 FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 \$395.8 million (June 2015: \$333.8 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 half 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 (consistent with June 2015, level 2 valuations).

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.

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 10 DIVIDENDS

| | Half year | |
|---|------------------|-------------|
| | 2015 | 2014 |
| | \$m | \$m |
| Dividends declared and paid on ordinary shares: | | |
| Final dividend for 2015 of 8.0 cents per share (2014: 7.0 cents per share) | 52.1 | 45.6 |
| Dividends declared after balance date | | |
| Since the end of the half year, the Directors declared an interim dividend of 8.0 cents per share (2014: 6.0 cents) unfranked (2014: unfranked). This dividend has not been recognised as a liability at 31 December 2015 | 59.1 | 39.1 |

NOTE 11 EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to 31 December 2015:

1. On 1 January 2016, the Company acquired all of the ordinary shares of Diageo Chateau & Estates (“DC&E”), a Company incorporated in the United States of America. This included the acquisition of related assets in the United Kingdom. The cash consideration of \$798.1 million was funded by a combination of cash resources generated from the issue of shares during the period and utilising the Group’s debt facilities. The fair value of identifiable assets and liabilities are yet to be determined.

DC&E is a leader in the US Luxury and Masstige wine market, being the owner of a collection of iconic wine brands based in Napa, California. Additionally, DC&E has a strong market presence in the Commercial wine market in the United Kingdom.

2. The Board declared an interim dividend of 8 cents per share on 18 February 2016.

Other than the above, there are no further matters or circumstances which have arisen since the end of the period ending 31 December 2015 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 periods.

NOTE 12 CLASS ACTION

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

Treasury Wine Estates Limited
Notes to the consolidated financial statements
for the half year ended 31 December 2015

NOTE 12 CLASS ACTION (CONTINUED)

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 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 31 December 2015 in respect of the claims.

Treasury Wine Estates Limited
Director's Declaration
For the half year ended 31 December 2015

The directors declare that the consolidated financial statements and notes for the Group:

- a) are prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 134: "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



Paul Rayner
Chairman

18 February 2016
Melbourne, Australia



Michael Clarke
Chief Executive Officer



Independent auditor's review report to the members of Treasury Wine Estates Limited

We have reviewed the accompanying half-year financial report of Treasury Wine Estates Limited, which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Treasury Wine Estates Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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




Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Treasury Wine Estates Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG


Paul J McDonald
Partner

Melbourne

18 February 2016