



INVIVO

Annual Report & Accounts

FOR THE YEAR ENDED 31 MARCH 2018



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A NOTE FROM TIM AND ROB

It's now 3 years since we successfully equity crowd funded and had 433 shareholder join us for our journey. This year we welcome a further 221 new shareholders. We also celebrate our 10th anniversary of Invivo Wines. It feels like a really long time ago when we first launched this business and as we've told thousands of people now in our presentations, 2008 couldn't have been a worse time to start a business, let alone a wine business!



The world has also changed an awful lot in the last ten years but some things have remained true and helped us to get where we are now. Firstly, if you make great wine and have a great story, people will buy it. Secondly, hard work, resilience and an unwavering focus on our plan is key to success.

So it's with great pride in achievements to date and a stack of excitement for the future we celebrate the 2018 Invivo Annual Genial Meeting.

A few points to note from the past 12 months... We've seen our brands build up steam in the UK and Ireland with the likes of Tesco, and Musgrave in Ireland generating significant growth in the past 6 months. The Graham Norton Rosé is now (as this goes to print) the second biggest New Zealand Rosé in the UK – a phenomenal statistic!

In New Zealand the Graham Norton Sauvignon blanc and Rosé are the 5th biggest selling wines in the \$15-20 category for both wines. The GN Shiraz is at number nine which we think is pretty amazing given the competition.

Our grape and wine intake has grown from 50T in 2008 to over 2000T this year.

We are the first New Zealand company to launch both a South Australian Shiraz as well as an Italian DOC Prosecco, recently launched in NZ and already flying off the shelves in Australia, UK and Ireland.

We've rebranded and launched the Invivo range with a

new contemporary look and feel – and brought our story front and centre.

We reckon the quality of the 2018 harvest is the best since 2011, with every one of our wines winning Gold medals and the Sauvignon Blanc starting to hit its straps on the show scene.

Financially, we've finished our second audit and have now moved to IFRS reporting standards which we think is a testament to our financial systems. After last financial year's results, we have reviewed every aspect of our business and trimmed costs where possible while at the same time investing in the brand's growth.

As you'll see in this report the first 6 months of trading has been exceptional for the company, exceeding targets set out during the last capital raise and we are expecting a strong second six months culminating in a successful financial year in March 2019.

Finally, we have raised over \$2.4 Million in new capital for the business to help fund growth. We're enormously proud that a great deal of this has come from existing shareholders and shows the faith and trust you have in this company and its management. As always, we are extremely grateful to all shareholders for their support and we are working hard to deliver on our targets and continue to build value in your business.

Cheers,

Tim and Rob





The New Zealand wine scene is not settling for the status quo and nor is Invivo. The Te Kauwhata winery is taking on the world with the help of a few famous names.

Idealog Magazine



In a short space of time Invivo has established itself as a true innovator within the global wine industry. Passion, drive and a clear understanding of what the consumer wants, have delivered strong results for the business.

Paul Schaafsma, ex CEO Accolade Wines, World's 5th largest wine company (now Invivo Independent Director).



One of the world's fastest growing wine brands

Richard Siddle, UK Wine Journalist

HOW DID FY2017/18 END UP?

Consolidated Statement of Financial Performance
(\$'000) Financial year end 31 March 2018

	AUDITED Group FY 16/17	AUDITED Group FY 17/18
Gross Margin Percentage	29%	29%
	\$'000	\$'000
Total Income	9,461	9,604
Total COGS	(6,688)	(6,800)
Gross Margin	2,772	2,804
Total Direct Costs	(1,147)	(1,343)
Other Income	1,061	371
Total Operating Expenses	(1,650)	(2,018)
EBITDA	1,036	(-186)
Total Non Operating Income	1	1
Total Non Operating Expenses	(294)	(373)
NET PROFIT/(LOSS) BEFORE TAX	743	(-558)
Income Tax	0	0
NET PROFIT/(LOSS) AFTER TAX	743	(-558)
EBITDA %	11%	-1.9%
NET PROFIT BEFORE TAX %	7.9%	-5.8%

Key underlying assumptions of the Company:

- COGS are purely the cost of grape & wine sourcing, dry goods & winery overheads
- Direct costs include freight, excise tax & sales commission
- Operating costs include marketing, staff costs & admin overheads

- Other income includes WET Rebate, NZTE funding plus a significant 'Gain on Bargain Purchase' for the audited FY16/17 accounts
- Non operating income is interest received
- Non operating expenses include interest and depreciation. The majority of the depreciation is assets at our winery via the 'Gain on Bargain Purchase' above



SOME KEY WINS DURING FY17/18



DISTRIBUTION PARTNERSHIP

New distribution partnership in the UK which has opened further accounts

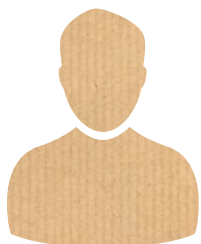
TESCO LISTINGS

the UK's largest retailer. The Graham Norton Rosé is now the second largest selling New Zealand Rosé in the UK in less than 6 months! (AC Nielsen)



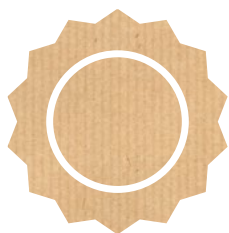
GRAHAM NORTON'S OWN PROSECCO LAUNCH

Graham Norton's Own Prosecco signed off for launch in Australia, UK, Ireland and New Zealand (Japan also taken a small amount). Significant amount of press received already and pre-orders



STRENGTHENED OUR BOARD

We appointed Paul Schaafsma, former CEO of Accolade Wines to the Invivo board as an independent director. Under Paul's leadership, the fifth largest wine company in the world exceeded AUD\$1billion in revenue with a team of 1700 employees



GOLD MEDALS & TROPHIES!

16 Gold medals and three trophies won - including New Zealand's Best Pinot Noir Trophy for the Invivo Michelle's Pinot Noir at the New Zealand International Wine Show.



FINALISED BOTTLING IN THE UK

Finalised in market bottling in the UK with significant cost savings



RECENT SALES HIGHLIGHTS



UK

Successful wine brand launch in supermarket in 2017 (Asda & Tesco)

Achieved Top 10 NZ brands by value and volume in Supermarket in only 6 months (stripping out private label brands)

Achieved in only 6 months and 29% distribution

Graham Norton brand achieving a significant (15-20%) premium vs average bottle price of New Zealand wine

Number 2 New Zealand Rosé (last 12 weeks 18 August, 2018)



NEW ZEALAND

In the superior category \$13 - \$17 last quarter 2018

5th biggest Sauvignon Blanc

6th biggest Rosé

9th biggest Shiraz

Countdown confirmed to list GN Prosecco in every store



IRELAND

In 2017, 1 in every 10 bottles of NZ wine sold is Graham Norton wine (achieved in 2 years)

Awarded Ireland consumer launch of the year

Annual forecast received of 30,000 cases of GN Prosecco for Ireland's leading retailer



AUSTRALIA

Graham Norton Prosecco to launch in 1100 stores across Australia in September

A champagne bottle is shown from the bottom right, angled upwards. The cork has just popped, and a large spray of bubbles and liquid is erupting from the neck of the bottle, filling the upper half of the frame. The background is solid black, making the white and gold bubbles stand out. The bottle has a purple foil wrap around the neck and a white label with a purple 'NG' logo and the word 'PRO' partially visible.

HOW ARE WE TRACKING

YTD SEPTEMBER.30, 2018

PERFORMANCE

YEAR TO DATE SEPT.30, 2018

Invivo management accounts (Unaudited)

	YTD FY18/19	YTD FY17/18	YTD Variance
Total Income	6,625	4,907	1,718
Total COGS	5,009	3,472	1,537
Gross Margin	1,615	1,435	180
Total Direct Costs	693	634	59
Other Income	266	178	87
Total Operating Expenses	1,132	1,174	-43
EBITDA	56	-195	251
Total Non Operating Expenses	156	172	-17
NET PROFIT	-100	-368	268



Invivo Launch Event
with Nigel Barker,
Glambassador/former
judge America's Next
Top Model



TOTALS SALES FOR 6 MONTHS OF

\$6.63
MILLION

35% UP VS. SEPT.30, 2017

TOTAL EXPORT SALES

\$5.54
MILLION

YTD SEPT.30, 2018

EXPORT SALES ARE UP

42%

VS SEPT. 30, 2017

EXPORTS NOW AT

86%

OF TOTAL SALES
YTD SEPT.30, 2018

**INVIVO
WINES
BOTTLE
SALES**

(000'S) (UNAUDITED)

2017 **1,016**

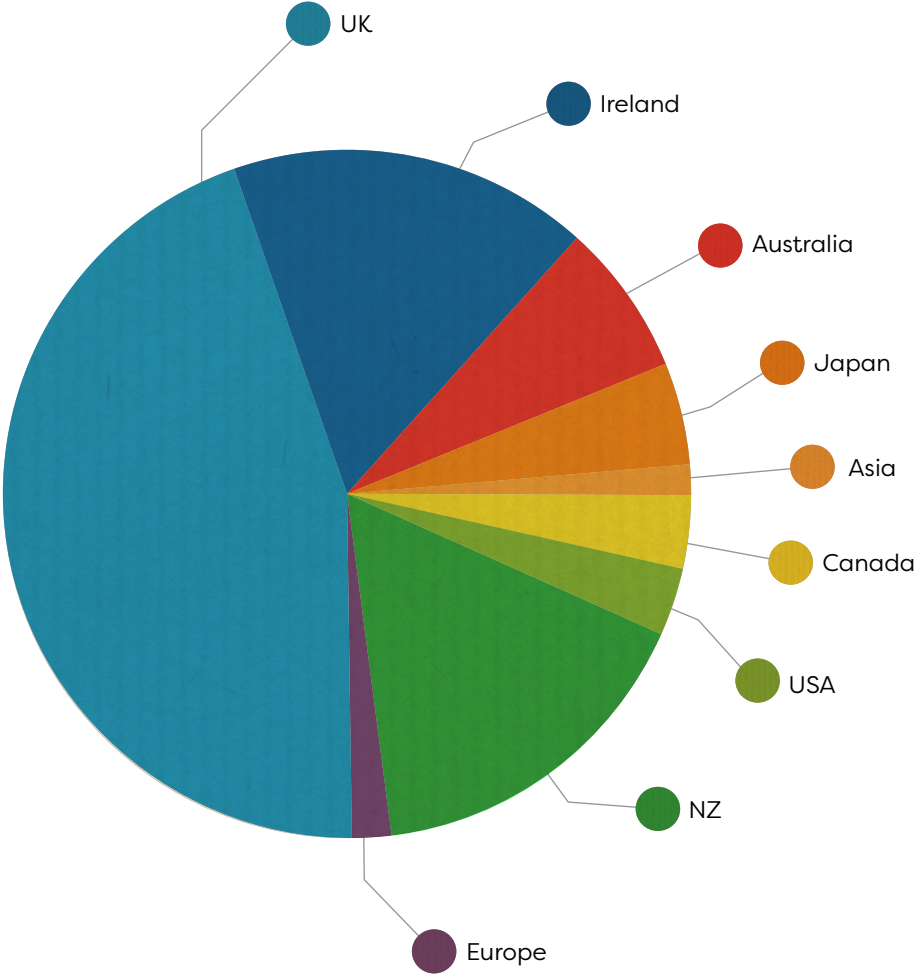
YTD SEPT.30, 2017

2018 **1,337**

YTD SEPT.30, 2018

WHERE ARE OUR SALES COMING FROM?

YTD SEPTEMBER.30, 2018 (UNAUDITED)



LOCATION	AMOUNT (\$)
UK	2963
Ireland	1,124
Australia	476
Japan	318
Asia	95
Canada	228
USA	211
NZ	1,088
Europe	122

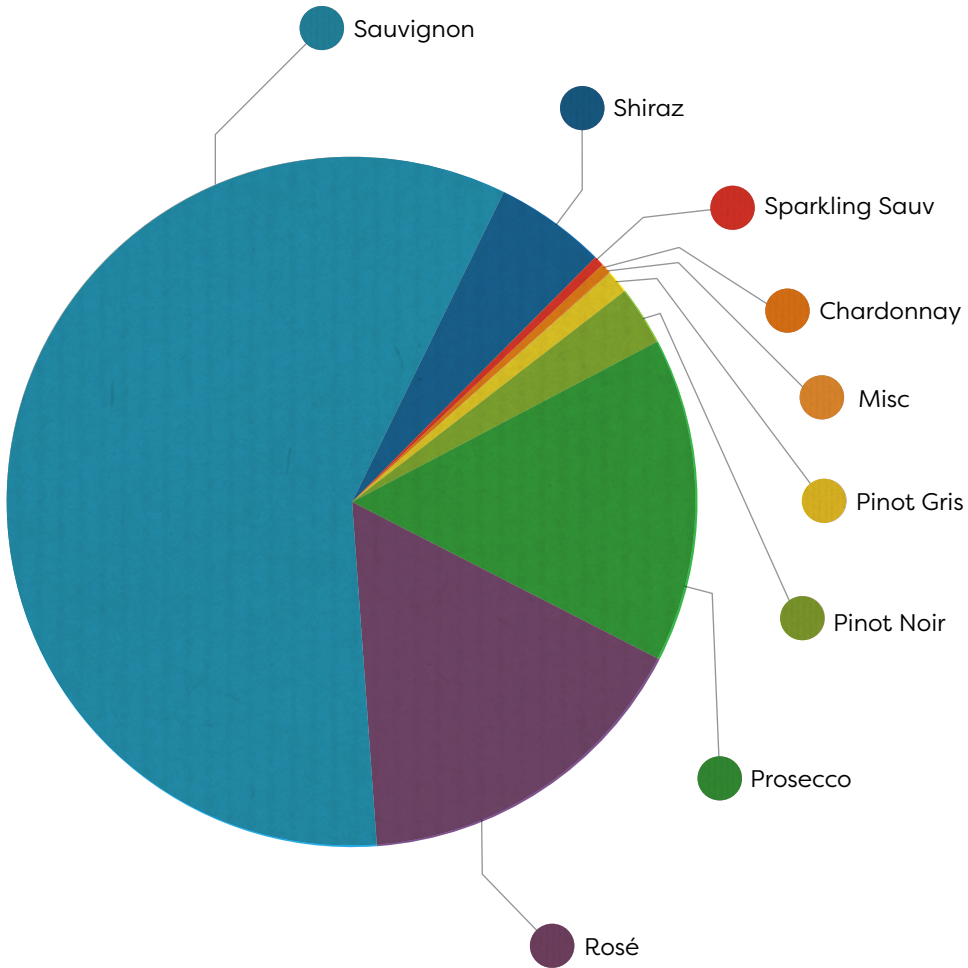


Invivo
Te Kauwhata Winery



GRAPE VARIETALS

YTD SEPTEMBER.30, 2018 (UNAUDITED)



PROSECCO
ALREADY
15.2%
OF SALES

ROSÉ AT
16.3%
OF SALES

SAUVIGNON
BLANC AT
58%
OF SALES

WINE TYPE	AMOUNT (\$)
Sauvignon	3,868
Shiraz	345
Sparkling Sauv	31
Chardonnay	32
Misc	3
Pinot Gris	71
Pinot Noir	184
Prosecco	1,010
Rosé	1,081



100% BS FREE SINCE 2008

**NEW
INVIVO
PACKAGING
LAUNCH**





THE WHY

Invivo's story began when the two of us - Rob and Tim - got together in a bar in London to talk wine. How to make it better. How to cut through the fluff that the traditional wine companies seem to love so much.

We always believed in the power of a strong brand so we decided then and there to build a business that let us create one, and have fun along the way. And you know what? It worked.

Invivo is one of New Zealand's leading producers - we have won 150 medals and six trophies since we launched in 2008, including World's Best Sauvignon Blanc. By focusing on our customers' needs and on innovation, we have managed to grow our business rapidly and we continue pick up fans from Cork to New York.





SAUVIGNON BLANC

Making great New Zealand wine that people like us would love to drink took every cent we had - and every cent our friends and family had too, when we became NZ's first crowdfunded winery! Many vintages down the track our banker still gets cranky, but our wine-loving shareholders reckon it's been worth every penny. This Sauvignon Blanc is proof. Marlborough grapes and Rob's winemaking knowhow combine to create a tropical, full-bodied wine that some would call priceless, but we very much hope you will pay for.



Crafted by two
good mates & one
cranky banker

PINOT GRIS

There's nothing like a chilled bottle of Pinot Gris when you're dining al fresco, but making one as good as this is no picnic! We put so much time and money into getting our Marlborough Pinot Gris rights that we didn't have any left to spend on the fancy descriptions you usually find on wine labels. So, in Rob's words, "Even after years of making the stuff I'd still choose it over a beer... and that's saying something."



Like a delicious
cold beer, only
made from wine

PINOT NOIR

First we crushed the grapes... then we squeezed our credit cards! Great New Zealand Pinot Noir doesn't happen by cutting corners, so when Rob made our first vintage he put grapes ahead of spreadsheets and just went for broke. Many years in, Invivo Central Otago Pinot Noir is still pleasing palates worldwide... and our credit cards are still taking a pounding.

JUST RELEASED



Made from grapes,
time & two maxed
out credit cards

INVIVO ACCOLADES NEW 2018 VINTAGE

Four golds at The China Wine and Spirit Competition:



Graham Norton Sauvignon Blanc 2018 DOUBLE GOLD medal

Graham Norton Prosecco DOUBLE GOLD medal

Invivo Sauvignon Blanc 2018 GOLD medal

Invivo Pinot Gris 2018 GOLD medal

Graham Norton's Own Prosecco



GOLD medal at the Melbourne International Wine Competition 2018

Silver, The Global Sparkling Masters 2018

Bronze International Wine Challenge 2018

Invivo Marlborough Pinot Gris 2018



91 points, Wine Orbit

Graham Norton's Own Sauvignon Blanc 2018



93 points, Wine Orbit

Invivo Marlborough Sauvignon Blanc 2018



93 points & 5 stars Wine Orbit

4 stars Raymond Chan





Offering top value, this “full on” Aussie red was blended by “chief winemaker Graham Norton” and produced by New Zealand winery Invivo. Dark, robust, rich and flowing (14.5% alc/vol), with vibrant plum, spice and liquorice flavours, it’s delicious now. \$19.

*Michael Cooper, The Listener,
Graham Norton’s Own Shiraz 2015 4.5 stars*



GRAHAM NORTON'S RANGE IS NOW SPARKLIGN

Introducing the most sparkling Italian you'll ever share an evening with!

The Graham Norton Prosecco has finally launched. We have received over \$1million of orders in the first couple of months from Ireland, Australia, New Zealand and Japan. In our part of the world, through our New Zealand distributor Lion and Woolworths in Australia, we see a huge amount of opportunity to become a leading brand of Prosecco - the fastest growing sparkling wine in both countries. Woolworths have ranged the Prosecco in 900 stores and Countdown in New Zealand have listed in all their 184 stores.

We have secured an ongoing production partnership with one of Italy's leading producers and very pleased with the quality. Graham Norton's Prosecco is made from 100% Glera grapes grown in the Veneto and Friuli Venezia Giulia regions in Northern Italy.

In terms of quality, the Graham Norton Prosecco in the first few months since release has been awarded a Gold medal at the 2018 Melbourne International Wine Show, Double Gold medal from the China Wine & Spirit Competition, Silver medal at the Global Prosecco Masters in London, 91 Points from Wine Orbit, 4 stars from Bob Campbell MW and 4 stars and Best Buy in Cuisine magazine's upcoming issue (media embargoed until November).

Salute!



It's as if Graham Norton was listening to our prayers when he announced this news."

RSVP Live - 29.03.2018

[event pics]



Rob Cameron and Colin Mathura-Jeffree



Rob Cameron and Tim Lightbourne
from Invivo Wines

What: The Graham Norton and Invivo Wines new vintage launch
Where: Lion, Auckland
When: 3 August 2018

Industry experts (and a few celebs) descended upon Lion last month to check out the fifth vintage of Graham Norton's Own collection with Kiwi producers Invivo Wines, plus their brand new Prosecco. With plenty of Graham's Sauvignon Blanc, Rosé, Shiraz and, of course, Prosecco (extra dry) to sip on, plus cupcakes featuring GN's moniker, it was a merry way to spend a Friday afternoon.



Mel Homer and Samantha McKenna



Greg Sinclair and Will Wood
from M2 and Tim Lightbourne

Photography by: Sacha Stejko



David and Rachel Liversidge



Colin Mathura-Jeffree and
Sonia Sutherland





Chief Winemaker for a Day Graham Norton
Also in Unfiltered: Former Mets greats celebrate playoffs with stadium food wine pairings



INDUSTRY NEWS



US 'Glam Ambassador' for Invivo

INVIVO HAS partnered with American media personality Nigel Barker, with the former fashion model, turned actor, host, model, judge and photographer on America's Next Top Model (now their US Glam Ambassador) Barker was introduced to Invivo's Pinot Noir five years ago while in New Zealand shooting America's Next Top Model. He struck up a friendship with owners Tim Lightbourne and Rob Cameron who saw him in the wine whenever they could. When Invivo launched in the US earlier this year with Invivo Sauvignon Blanc, Invivo Pinot Noir and Graham Norton's special edition Sauvignon Blanc, the pair brought Barker on board in an official capacity.

FOR A COMPLEX OAK NOSE, TRY PINOCCHIO
FOR A SUPERB PINOT, DRINK INVIVO

INVIVOWINES.COM
Please drink Invivo responsibly

sparks Norton's
on leading UK show

...and Rob Cameron are joining off to meet the likes of Ella Macpherson and Snoop Dogg on the television show *Masterchef*.

...the show came about after Norton said in an interview how much he liked Cameron's car. Lightbourne sent some mail to the show's production company they were keen to become official suppliers. Invivo has been marketing wine in the US for two years now. Lightbourne

Mimi Avery talks to the wine world's men of the moment

Rob Cameron and Tim Lightbourne are old school friends who set up Invivo in 2008. Avery and Telegraph Wine were the first to import their wine to the UK since then, they have gone on to win a multitude of medals and trophies. Mimi Avery met up with Rob and Tim to learn more about this dynamic duo and the wines of Invivo.

Do you have a winemaking philosophy at Invivo?
Tim: Our philosophy is really broad. First, to make a range of wines from the most unique vineyards in New Zealand and in doing so, showcase the varied terroir we have to offer.

The second is a sincere pledge to everyone who drinks one of our wines that by doing so they will feel that the glass or bottle they drink has the intensity, focus, concentration and balance that will make it highly enjoyable and hopefully memorable.

You have won loads of medals and trophies - which ones are you most proud of?
Tim: A couple spring to mind. Winning the Champion Sauvignon Blanc and then



Invivo's Rob Cameron and Tim Lightbourne

Tell us about the future for Invivo?
Tim: We're very excited about the future. As we've grown, we've been able to take more and more of the fruit from our best vineyards giving us much more ability to experiment in the vineyard and winery. We often find the accuracy from picking earlier are more precise and often more tropical.

What's your ultimate wine match?
[Tim] Hot summer's fresh oysters in their shells and ice-cold Marlborough Sauvignon Blanc. [Rob] Wild rabbit, meat in thyme and cherries a slow braised served with Central Otago pinot and Orchardspire and a kind of fat Greek.

Finally, what would be your "secret island" wine?
Rob: It would be hot, so I would definitely need a bag to begin, closely followed Pinifolds Sauvignon, 46. Tim: I was thinking along the lines of [Pinifolds] Sauvignon, as I enjoy some of the big Aussie wines that every day in the early vineyard cut from the early vineyard cut from the early vineyard would go down a treat on the island.

Rob: We got asked this question frequently and it all comes down to the vineyard. With some vineyard sites in Marlborough you can achieve incredible things - you can get flavour and features out of grapes that would not be considered the norm. You can do all this by managing them slightly differently throughout the season. We've found that to get the best out of the vineyard, you need to do this, and if the site is good and the vine healthy, you don't always lose flavour and different character that can be worked with in the winery.

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The New Zealand Herald

Search keywords...

National World Business Sport Technology Entertainment Life & Style

Entertainer has a taste for Kiwi sav blanc

By Brendan Manning
5:30 AM Monday Aug 12, 2013

Entertainment Wine

Invivo Wines' Tim Lightbourne and Rob Cameron share a drink with Graham Norton. Photo / Invivo Wines

THE 2018 BLEND WITH GRAHAM!

Five years in, Graham's experience as a winemaker shows, and he's not afraid to put his foot down when a blend doesn't work for him. Sniffing one of the samples Invivo has flown up from New Zealand he turns to Invivo winemaker Rob Cameron: "The nose of this one is erm... challenging... there were some duds."

Cameron is only half joking when he says, "You're just getting too good at this, Graham."

As the afternoon wears on, the room gets noisier and the discussions more animated. While the ice buckets for spat-out wine next to the Invivo duo get plenty of use, Graham prefers to enjoy his wine as nature intended.

As the end of the session approaches, it's down to the wire, and Graham narrows the 2018 blend down to three pressings from the Wairau and Awatere Valleys in New Zealand's Marlborough wine growing region. Cameron jots down the percentages in his notebook to use as a recipe when he gets back home to the winery.

Finally, Rob pours Graham the first full glass of the 2018 blend. He holds it up to the light, gives it a sniff and gives it a very generous taste, before delivering his verdict:

"You can't imagine not liking it... it's a very appealing, easy to drink wine... get it out of the fridge, crack it open. I like it! And most of all you can drink a lot of it. And that's what you're looking for in a wine."

Graham, Tim and Rob raise a glass... and the Graham Norton blend is in the bag for another year.



INVIVO KEY DISTRIBUTORS

United Kingdom

Benchmark Drinks

Benchmark Drinks Ltd is a private limited company, with Paul Schaafsma as its founder and managing director. Paul is also an independent director at Invivo Wines. Benchmark Drinks has strong relationships across all multiple grocers, convenience, independent groups and regional wholesalers, and its team has managed and grown some of the leading New Zealand brands in the UK.

Tesco UK

With more than 3500 stores and 310,000 employees, Tesco UK is the largest part of the Tesco Group. From its Tesco Extra superstores to the small Tesco Metro convenience shops, Tesco delivers compelling offers for customers with sharp prices and strong ranges.

Asda

Asda is part of the Wal-Mart family and therefore part of the world's biggest retailer. It has more than 165,000 employees, with over 18 million customers shopping in store each week. Asda was founded in Yorkshire and is committed to offering shoppers Every Day Low Prices to 'Save Money. Live Better'.

Majestic Wine

An independent retailer, Majestic Wine has over 200 stores in the UK and sells mainly by the case. They offer an impressively large and diverse range, specialising in wines that can be hard to find in supermarkets. Every customer-facing member of the staff at Majestic has been professionally accredited by the Wine and Spirit Education Trust (WSET).

Averys:

Founded in 1793 and a much-respected stalwart of the UK wine trade, Avery's was the first importer to introduce the Invivo brand to the UK market in 2009. It was also the first UK wine merchant to introduce New Zealand wine to the UK market, in 1978. Invivo enjoys a very good relationship with the team at Averys, and our wines are consistently among their best-sellers.

Ireland

Musgraves

Musgrave Group plc is an Irish food wholesaler, founded in Cork in 1876. It is Ireland's largest grocery distributor, with operations in Ireland and Spain. It is the largest private company in Ireland by turnover, with annual sales of over €4 billion. Musgraves is a family-run business - one of very few Irish companies owned by its employees and family shareholders.

Tesco Ireland

Tesco is one of the biggest private sector employers in Ireland with over 13,000 colleagues across the country and 148 stores. Tesco is the biggest buyer of Irish food and drink in the world and contributes €3.2 billion to the Irish economy every year.

Canada

BC and Alberta

Summit Fine Wines is a wholly owned subsidiary of Jackson Family Wines (one of the USA's largest privately-owned wineries). It was established in 2004 as the distributor for the family portfolio, which includes more than 28 wineries. Summit has grown to be the number one distributor for the premium California Wine Company in Western Canada. Invivo signed with Summit in 2012.

Ontario

Nicholas Pearce manages the relationship between The Liquor Control Board of Ontario (LCBO) and Invivo. Due to government regulations preventing companies importing alcohol products, the LCBO is the largest single purchaser of alcohol in the world. Invivo was listed with the LCBO in 2016.

Quebec

Invivo's Québec distributors are Vintrinsec, based in Montréal. They are a wine and spirits agency that promotes over 200 products from around the world and are the benchmark for representation in their market. They are fans of the Invivo Central Otago Pinot Noir and have helped to get it listed with the SAQ monopoly - Quebec's version of the LCBO.



INVIVO KEY DISTRIBUTORS

USA

Seaview Imports

Founded in 2013, Seaview is a national importer of fine wines from France, Spain, Italy, Australia, New Zealand, Argentina and Chile. Headquartered in Port Washington, NY, the company distributes its products nationwide with wholesalers and state boards. Their producers are leaders in their regions with portfolios that are exceptional in quality and value.

Australia

Woolworths (BWS stores)

BWS, owned by Woolworths is a convenient standalone liquor outlet offering consumers a wide range of products. BWS opened its first store in 2001 and now operates 1100 stores across Australia.

Victoria

Woods Wines services several thousand cafes, restaurants, bars and independent bottle shops. Invivo is Woods Wines' only New Zealand brand and has been a distribution partner since 2009.

New Zealand

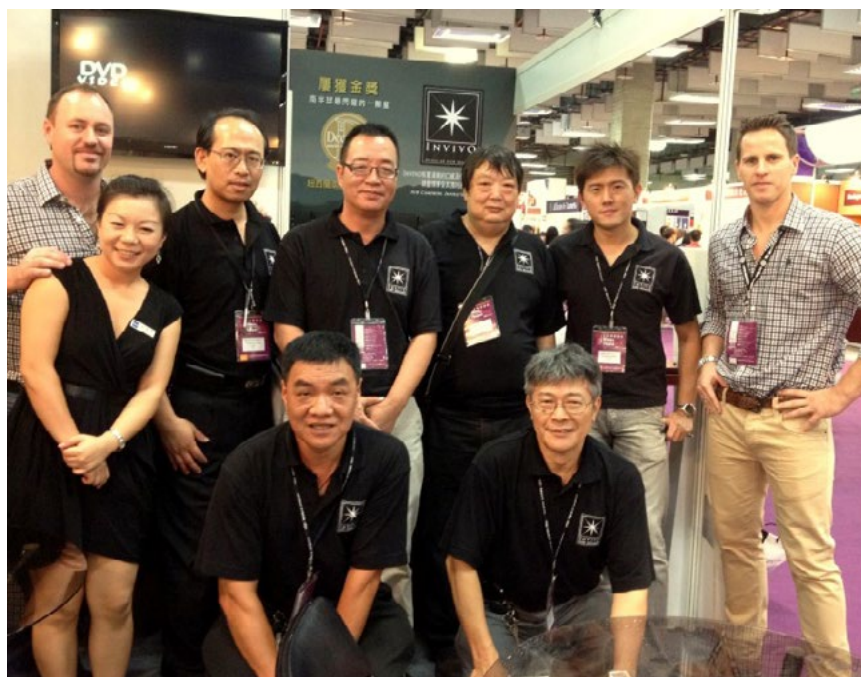
Lion

Lion is one of Australasia's largest food and beverage companies, employing 6,700 people across Australia and New Zealand. Founded in 1840, Lion now markets premium brands in the dairy, juice, beer, cider, fine wine, spirits, alcoholic ready-to-drink and non-alcohol beverages categories. This diverse portfolio collectively generates revenues of around NZ\$5 billion each year.

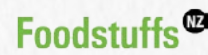
Japan

Southern Cross

Invivo's Japanese distributor, Southern Cross, has helped Invivo to become one of the fastest growing New Zealand wine brands currently in Japan, being particularly strong in Tokyo on-premise accounts (restaurants and bars). Further significant growth is planned with Southern Cross in 2018.



INVIVO CUSTOMERS



INVIVO BOARD



Rob Cameron,

Makes the wine you want

Winemaker, Director & Shareholder

Rob is one of our two co-founders. After learning his craft in New Zealand with Villa Maria and Rapaura Vintners he worked extensively in Europe before deciding to apply his skills to the best grapes in the world back home. Even though his wines have won medals and trophies at some of the world's most prestigious wine shows, Rob is no fan of wine snobbery or the language that goes with it. "I'm very happy making wine that tastes like wine... if you want something that tastes like gooseberries, go see a greengrocer."



Paul Schaafsma,

Independent Director

Former CEO of Accolade Wines, the fifth largest wine company in the world. Under Paul's leadership Accolade Wines exceeded AUD\$1billion in revenue with a team of 1700 employees across Australia, New Zealand, UK, China, Japan, South East Asia, USA, Chile, Canada and South Africa. His contribution to the industry saw Paul being awarded "Man of the Year" by Drinks Business magazine in 2015.



Tim Lightbourne,

Makes you want the wine

Marketing, Director & Shareholder

Tim went to school in Auckland with Rob before embarking on a mostly UK-based career in marketing with Group Danone, L'Oreal and HJ Heinz. As a marketer, Tim's eye for opportunities has seen Invivo partner with New Zealand fashion brand Zambesi, graffiti artists and of course Graham Norton. Like Rob, Tim is a big fan of talking to customers in language they understand and has helped Invivo launch marketing campaigns that have received almost as much press attention as the wine itself.



Vern Dark,

Director & Shareholder

Recently awarded Queens honour's list MNZM for Services to Business and Education, Vern has experience as chief executive of a number of successful New Zealand businesses and has more than 20 years' experience in senior roles with leading New Zealand companies, including managing director of Fletcher Challenge Petrochemical, chief executive of the Northland Dairy Cooperative and chief executive of the Northland Port Corporation. Vern also owns and operates an avocado orchard.



INVIVO KEY STAFF & ADVISORS



Graham Norton,

Shareholder & Winemaker

Host of UK's number.1 chat show, The Graham Norton Show, which has won five BAFTA TV Awards. Graham sold his successful production company, So Television, to ITV for around £17m in 2012.



Alan Gregory,

Winemaker and Production Manager

Alan is a hugely experienced winemaker with many vintages under his belt here and in the US. Alan also has extensive experience working at the winery under previous management.



Mark Boardman,

Sales Manager

Mark has extensive experience over 20 years as a key account manager in wine both in the UK and in Australia.



Gina Bricklebank,

Brand Manager

Gina has worked for many years in Communications, Marketing and events in the UK wine trade and has a WSET Diploma in Wines and Spirits.



Stuart Whitney,

Chief Financial Officer

Qualified chartered accountant (ACCA, UK) since 1997. Stuart has over 20 years of accounting experience, initially in practice, then in corporations operating mostly at senior level which have been involved in banking, media, retail and FMCG.



The Goat Farm,

Agency

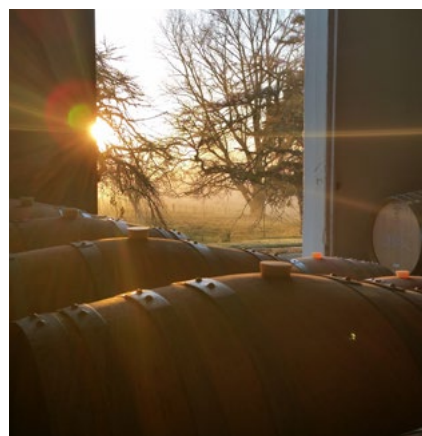
The Goat Farm is an advertising and social media agency based in Auckland. Like Invivo, it was born from a desire to do great work without the fluff that usually comes with the category. TGF was founded by big agency refugee Vaughn Davis.



AND JUST SOME OF OUR 600+ SHAREHOLDERS!



OUR LOCATIONS



Invivo Wines New Zealand:

Invivo Te Kauwhata Winery, Waikato, New Zealand:
Wine production and bottling

Auckland office:

Marketing and Finance team.

Invivo Wines Australia:

Adelaide office: Sales.





INVIVO

Invivo Wines
New Zealand Limited
Annual Report

FOR THE YEAR ENDED 31 MARCH 2018

COMPANY DIRECTORY AS AT 31 MARCH 2018



NATURE OF BUSINESS

Wine making and
distribution

INDEPENDENT AUDITOR

BDO Auckland
4 Graham Street
Auckland

REGISTERED OFFICE

1/19A Eaton Road
Hillsborough
Auckland

BANKERS

ANZ Bank

DIRECTORS

Rob Cameron
Tim Lightbourne
Vernon Dark
Paul Schaafsma

SHARE CAPITAL

10,010,582 Ordinary Shares



ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2018



The Board of Directors present their annual report including the financial statements of the Group for the year ended 31 March 2018 and the independent auditor's report thereon.

The shareholders of the Company have exercised their rights under Section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) of the Act.

For and on behalf of the Board of Directors who approved these financial statements for issue on 28 July 2018.

Director

28.7.2018

Date

Director

28.7.2018

Date



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group	Group	Parent	Parent
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Revenue	3	9,604	9,460	9,263	8,339
Cost of sales		(6,800)	(6,688)	(6,483)	(5,963)
Gross profit		2,804	2,772	2,780	2,376
Other income	4	371	1,061	393	929
Administrative expenses	5	(2,155)	(1,755)	(1,770)	(1,397)
Distribution expenses		(1,343)	(1,147)	(1,313)	(1,096)
Operating profit		(323)	931	90	812
Net finance costs	6	(235)	(188)	(147)	(115)
Profit before tax		(558)	743	(57)	697
Less tax expense	7	-	-	-	-
Net profit after tax		(558)	743	(57)	697
Other comprehensive income Translation of foreign operations		16	5	-	-
Total comprehensive income for the year		(542)	748	(57)	697



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group	Group	Group	Group	Parent	Parent	Parent
		Share capital	Foreign currency translation reserves	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2017		2,233	5	(922)	1,316	2,233	(496)	1,737
Dividends		-	-	(7)	(7)	-	(7)	(7)
Total transactions with owners, recognised directly in equity		2,233	5	(929)	1,309	2,233	(503)	1,730
Net profit after tax		-	-	(558)	(558)	-	(57)	(57)
Total other comprehensive income		-	16	-	16	-	-	-
Balance as at 31 March 2018	13	2,233	21	(1,487)	767	2,233	(560)	1,673

	Note	Group	Group	Group	Group	Parent	Parent	Parent
		Share capital	Foreign currency translation reserves	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016		2,319	-	(1,648)	671	2,319	(1,176)	1,143
Prior period restatement	25	(86)	-	-	(86)	(86)	-	(86)
Balance at 1 April 2016 (restated)		2,233	-	(1,648)	585	2,233	(1,176)	1,057
Dividends	-	-	-	(17)	(17)	-	(17)	(17)
Total transactions with owners, recognised directly in equity		2,233	-	(1,665)	568	2,233	(1,193)	1,040
Net profit after tax		-	-	743	743	-	697	697
Total other comprehensive income		-	5	-	5	-	-	-
Balance as at 31 March 2017 (restated)	12	2,233	5	(922)	1,316	2,233	(496)	1,737



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group 2018 \$'000	Group 2017 Restated \$'000	Parent 2018 \$'000	Parent 2017 Restated \$'000
Current assets					
Cash and cash equivalents (excluding bank overdraft)	12	502	33	488	9
Inventories	10	2,384	1,254	1,989	1,089
Trade and other receivables	11	3,002	4,206	2,934	3,947
Prepayments		314	446	314	446
Amounts owed by related parties	-	-	-	1,302	783
Total current assets		6,202	5,939	7,027	6,274
Non-current assets					
Intangible assets	9	72	38	70	35
Property, plant and equipment	8	918	813	918	813
Total non-current assets		990	851	988	848
Total assets		7,192	6,790	8,105	7,122
Current liabilities					
Bank overdrafts	12	630	436	627	434
Trade and other payables	17	2,735	2,196	2,654	2,109
Taxation payable	8	1	1	1	1
Loans and borrowings	14	2,706	2,433	2,707	2,433
Finance lease liabilities	15	34	13	34	13
Investor wine liability*	18,25	11	11	11	11
Total current liabilities		6,117	5,090	6,034	5,001



INVIVO WINES NEW ZEALAND LIMITED
**CONSOLIDATED STATEMENT
 OF FINANCIAL POSITION**
 FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group 2018 \$'000	Group 2017 Restated \$'000	Parent 2018 \$'000	Parent 2017 Restated \$'000
Non-current liabilities					
Finance lease liabilities	15	33	67	33	67
Related party loans	20	200	200	200	200
Shareholder loans	21	-	42	-	42
Investor wine liability*	18,25	75	75	75	75
Total non-current liabilities		308	384	308	384
Equity					
Share capital	14,25	2,233	2,233	2,233	2,233
Other reserves		21	5	-	-
Retained earnings		(1,487)	(922)	(560)	(496)
Total equity		767	1,316	1,673	1,737
Total liabilities and equity		7,192	6,790	8,015	7,122

* RESTATEMENT RELATES TO INVESTOR WINE LIABILITY. DETAILS AND THE RESTATEMENT ARE INCLUDED IN NOTE 25.

APPROVED FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.



Director

28.7.2018
Date



Director

28.7.2018
Date



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group	Group	Parent	Parent
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Cash receipts from customers		11,179	8,255	10,669	6,992
Cash paid to suppliers and employees		(10,712)	(8,671)	(9,744)	(7,344)
Interest received		1	1	87	72
Interest paid		(235)	(187)	(235)	(188)
Income taxes paid		1	56	1	56
Net cash inflow/(outflow) from operating activities		234	(546)	778	(412)
Cash flows from investing activities					
Net proceeds from movements in property, plant and equipment		(144)	(165)	(144)	(164)
Net proceeds from movements in intangibles		(40)	(18)	(40)	(18)
Net cash inflow/ (outflow) from investing activities		(184)	(183)	(184)	(182)
Cash flows from financing activities					
Proceeds from (payment to) loans to related parties		(43)	(142)	(561)	(295)
Net proceeds from borrowings		273	1,024	273	1,024
Net proceeds from movements in finance lease liabilities		(14)	38	(13)	38
Dividends paid		(7)	(17)	(7)	(17)
Net cash inflow/(outflow) from financing activities		209	903	(308)	750
Net increase/(decrease) in cash and cash equivalents		259	174	286	156
Effect of exchange rate fluctuations on cash held		16	5	-	-
Cash and cash equivalents at beginning of year		(403)	(582)	(425)	(581)
Cash and cash equivalents at end of year	13	(128)	(403)	(139)	(425)



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

Invivo Wines New Zealand Ltd (the “Company”) is a company registered under the Companies Act 1993.

The consolidated financial statements of Invivo Wines New Zealand Ltd as at and for the year ended 31 March 2018 comprise the Company and its subsidiary (together referred to as the ‘Group’) and individually as ‘Group entities’.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (‘NZ GAAP’). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (‘IFRS RDR’).

The Group is a Tier 2 For-profit entity. The Group is eligible to report in accordance with IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public-sector entity.

These financial statements were authorised for issue by the Board of Directors on 28 July 2018.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Derivative financial instruments

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Company’s functional and Group’s presentation currency, rounded to the nearest thousand. Invivo Australia Pty Limited has AUD functional currency.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(d) Changes in accounting policies

(i) Application of the Reduced Disclosure Regime

The Group, previously a Tier 3 entity reporting under Special Purpose Financial Reporting, has adopted the Reduced Disclosure Regime applicable for Tier 2 entities. This has resulted in an increase of disclosures in the previous and current year. Accounting and measurement principles adopted in the previous financial statements followed NZ IFRS. Accordingly, there has been no changes made to values reported in the comparative financial statements due to this transition. The Group now presents a cashflow statement and deferred tax (Note 7).

(e) Comparative financial information

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities. Certain comparative amounts in the statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation.

A prior period restatement has been made to account for an investor wine liability not previously reported (Note 25).



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. REVENUE

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Sales	9,604	9,460	9,263	8,339
Total operating revenue	9,604	9,460	9,263	8,339

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement and is deemed to have occurred at the time the goods are delivered to the customer. For the majority of international shipments transfer occurs upon loading the goods onto the relevant carrier at the port. Generally for such products the buyer has no right of return.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

4. OTHER INCOME

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Wine equalisation tax rebate	134	408	156	276
Other revenue	66	32	66	32
NZTE funding	171	-	171	-
Gain on bargain purchase	-	621	-	621
Total other income	371	1,061	393	929

Wine equalisation tax rebate

The wine equalisation tax (WET) is a value-based tax paid on certain dealings with wine sold in Australia.

The WET rebate is receivable as the Group is a producer of wine in New Zealand. The rebate scheme entitles the Group to a rebate of 29% of the selling price of the wine up to a maximum amount of sales net of expenses unrelated to the production of the wine in New Zealand and becomes receivable once WET tax has been paid by the customer in Australia at the clearing port or when the customer on sells the wine and pays the WET tax.

NZTE funding

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable and any conditions associated with its eligibility are met.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. ADMINISTRATIVE EXPENSES

Administrative expenses include the following specific expenses:

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Accountancy fees	97	80	82	46
AGM expenses	11	30	11	30
Amortisation	6	3	5	2
Depreciation	131	102	131	102
Directors' fees	100	100	100	100
Employee benefit expenses	786	607	577	456
Foreign exchange loss	62	11	102	1
Insurance	61	43	61	42
Legal fees	43	24	40	23
Marketing	544	434	408	317
Office costs	54	54	51	51
Other operating expenses	68	108	51	100
Travel expenses	192	159	150	127
Total administrative expenses	2,155	1,755	1,770	1,397

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. NET FINANCE COSTS

Administrative expenses include the following specific expenses:

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest income on amounts owed by related parties	-	-	87	72
Interest income other	1	1	1	1
Finance income	1	1	88	73
Interest paid	-	-	-	-
Bank interest	196	182	195	181
Interest other	40	7	40	7
Finance expenses	236	189	235	188
Net finance costs	235	188	147	115

Finance income and finance costs – accounting policy

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Any gains or loss arising on transaction are recorded in the Profit or Loss. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. INCOME TAX

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 28% (2017: 28%) and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows, also showing major components of tax expense:

a) Income tax recognised in profit or loss and other comprehensive income

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current year income tax	-	-	-	-
Total income tax expense as per the Statement of comprehensive income	-	-	-	-
Income tax recognised in other comprehensive income:				
Aggregate current and deferred tax relating to items in other comprehensive income	-	-	-	-
	-	-	-	-

b) Reconciliation of income tax expense:

Profit / (loss) before income tax expense	(558)	743	(56)	697
Expected tax expense at the domestic tax rate (28%)	(156)	208	(16)	195
Permanent differences	25	(233)	22	(235)
Temporary differences	52	97	52	97
Tax losses unrecognised / (recognised)	79	(72)	(58)	(57)
Total income tax expense	-	-	-	-

c) Current Tax

Asset/(liability) at 1 April	(1)	56	(1)	56
Tax payments / (refunds)	-	(57)	-	(57)
Current year tax expense	-	-	-	-
Asset/(liability) at 31 March	(1)	(1)	(1)	(1)



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. INCOME TAX (CONTINUED)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Tax – accounting policy

Tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax has not been recognised as it is uncertain that the benefits will be utilized in the near future.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Group	Group	Group	Group	Parent	Parent	Parent	Parent
	Plant and equipment	Motor vehicles	Office equipment	Total	Plant and equipment	Motor vehicles	Office equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
Balance at 1 April 2017	782	111	29	922	782	111	29	922
Additions	234	-	-	234	234	-	-	234
Balance at 31 March 2018	1,016	111	29	1,156	1,016	111	29	1,156
Accumulated depreciation and impairment								
Balance at 1 April 2017	69	27	13	109	69	27	13	109
Impairment losses	-	-	-	-	-	-	-	-
Depreciation	111	16	2	129	111	16	2	129
Balance at 31 March 2018	180	43	15	238	180	43	15	238
Net book value								
At 31 March 2017	713	84	16	813	713	84	16	813
At 31 March 2018	836	68	14	918	836	68	14	918

There were no impairment losses recognised for property, plant and equipment in the year (2017: \$Nil).



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased assets

The Group leases motor vehicles under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the motor vehicles at a beneficial price. At 31 March 2018, the net carrying amount of motor vehicles was \$67k (2017: \$84k). The leased motor vehicles secure the Group's lease obligations as detailed in note 15.

Security

As at 31 March 2018, certain plant and equipment with a carrying amount of \$837k (2017: \$714k) are subject to a registered debenture to secure bank loan (see note 14).

Capital Commitments

There was no capital commitments as at 31 March 2018 (2017: \$0).

Property, plant and equipment – accounting policy

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Plant and equipment 7 - 10 years
- Fixtures and fittings 7 - 10 years
- Motor vehicles 10 years
- Computer equipment 4 years

Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

Leased assets – accounting policy

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. INTANGIBLE ASSETS

	Group Software	Group Trademarks	Group Total	Parent Software	Parent Trademarks	Parent Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance at 1 April 2017	12	43	55	12	38	50
Additions	3	38	41	3	38	41
Balance at 31 March 2018	15	81	96	15	76	91
Accumulated amortisation and impairment						
Balance at 1 April 2017	11	6	17	11	4	15
Impairment losses	-	-	-	-	-	-
Depreciation	1	6	7	1	5	6
Balance at 31 March 2018	12	12	24	12	9	21
Net book value						
At 31 March 2017	1	37	38	1	34	35
At 31 March 2018	3	69	72	3	67	70

There are no impairment losses recognised with respect to intangible assets for 31 March 2018 (2017: \$Nil).



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. INTANGIBLE ASSETS (CONTINUED)

Amortisation

The amortisation of trademarks is allocated to administration expenses and recognised in profit or loss.

Intangible assets – accounting policy

(i) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 10 years
- Software 4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. INVENTORIES

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Inventory on hand (Bulk wines and raw materials)	1,595	880	1,219	830
Finished goods	789	374	770	259
Total inventories	2,384	1,254	1,989	1,089

Inventories

Inventories are measured at the lower of cost and net realisable value with due allowance for any damaged and obsolete stock items. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. TRADE AND OTHER RECEIVABLES

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Trade receivables	2,593	3,369	2,569	3,234
Grants receivables	157	464	157	465
Other receivables	252	373	208	248
Total trade and other receivables	3,002	4,206	2,934	3,947

Trade receivables are shown net of impairment losses amounting to \$0 (2017: \$0).

Trade receivables generally have terms of 120 days and are interest free. Trade receivables of a short-term duration are not discounted.

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank or on hand	502	33	488	9
Bank overdraft	(630)	(436)	(627)	(434)
Total cash & cash equivalents including overdraft	(128)	(403)	(139)	(425)

The Group holds a \$650k overdraft facility. This is subject to annual reviews by the Bank and is secured over the Group's assets as disclosed in Note 14.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. EQUITY

Share capital

	Group	Group	Parent	Parent
	2018	2017 Restated	2018	2017 Restated
	\$'000	\$'000	\$'000	\$'000
Ordinary shares				
On issue at 1 April	450	450	450	450
On issue at 31 March	450	450	450	450
Investment shares				
On issue at 1 April	1,783	1,783	1,783	1,783
On issue at 31 March	1,783	1,783	1,783	1,783
Total shares authorised at 31 March	2,233	2,233	2,233	2,233

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

Investment class shares

Investment Class shares have an equal right to a share in any dividends; an equal right to a share in the distribution of surplus assets of the Company; and the right to vote on any proposal or resolution for the disposal of the whole, or a material part, of the property, business and undertaking of the Company; or that affects the rights attaching to the Investment Class shares; and do not have the right to vote in relation to the resolution of the Company, except where expressly permitted by the Subscription and Shareholder Agreement or the Constitution. Investor class shareholders may have an ongoing entitlement to receive wine annually subject to level of investment (Note 18).



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. EQUITY (CONTINUED)

Foreign currency translation reserve

The foreign currency translation reserve under other reserves comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share capital – accounting policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

14. INTEREST-BEARING LOANS AND BORROWINGS

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest bearing loan - current	2,706	2,433	2,707	2,433

The Group's Trade Finance Facilities ('the facilities') are subject to an annual review, which is expected to take place on 31 August 2018. The bank has indicated its intention to continue supporting the working capital facilities on a rolling basis.

The Group has provided a first ranking General Security Agreement overall all present and after acquired property of the Group, unlimited guarantees given by R Cameron and T Lightbourne and a limited guarantee given by V Dark.

The unused portion of the Facility at reporting date is \$293k (2017: \$446k).



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. FINANCE LEASE LIABILITIES

The future minimum lease payments in the finance lease liabilities are as follows:

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Less than one year	34	13	34	13
Between one and five years	33	67	33	67
More than five years	-	-	-	-
	67	80	67	80

Finance lease liabilities are secured over the motor vehicles.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. EMPLOYEE BENEFITS

The future minimum lease payments in the finance lease liabilities are as follows:

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Liability for annual leave	42	29	42	29

Employee benefits – accounting policy

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render

(ii) Short term employee benefits

the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date. The Parent and Group recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

17. TRADE AND OTHER PAYABLES

The future minimum lease payments in the finance lease liabilities are as follows:

		Group	Group	Parent	Parent
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
Trade payables		2,094	1,615	2,048	1,546
Employee benefits	16	42	29	42	29
Sundry creditors and accruals		599	552	564	534
Total trade and other payables		2,735	2,196	2,654	2,109

Trade payables generally have terms of 30 days and are interest free.

Trade payable of a short-term duration are not discounted.

18. INVESTOR WINE LIABILITY

The Group has recognised a liability which exists in relation to an ongoing commitment to provide certain wine entitlements to certain investors who become shareholders in previous capital raises. After its initial recognition as a provision and corresponding cost of raising capital, the provision is to be re-measured at each reporting date. At such point, all estimates and judgements applied in the discounted cash flow model (refer below) will be revisited and updated if required. Changes to the provision are recognised in profit or loss.

The Group has used a discounted cash flow model to calculate the present value of expected future outflows associated with the above commitment discounted back at a cost of capital rate deemed most appropriate for the Company, by Management.

Key assumptions include expected annual cash out flows representing the cost of shareholders wine, estimated over a 5-year period. The calculation applies a 2% long term growth rate and a weighted average cost of capital of 14%.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are comprised of trade and other receivables, cash and cash equivalents, debt securities, related party receivables and payables, other financial assets, trade and other payables, borrowings, other financial liabilities and derivative financial instruments.

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and liability simultaneously. The right of set off must not be contingent on a future event and must be legally enforceable in the normal course of business, and in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

(i) Non derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, and loans and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets designated at fair value through profit or loss comprise forward exchange contracts.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans to subsidiaries and other related parties.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss.

Impairment – Financial Instruments

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. FINANCIAL INSTRUMENTS (CONTINUED)

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

20. RELATED PARTIES

The ultimate Parent of the Group is Invivo Wines New Zealand Limited.

Invivo Wines Australia Pty Limited is 100% owned and principal activity is distribution of wine. The parent company, Invivo Wines New Zealand Limited, traded with Invivo Wines Australia Pty Limited, its subsidiary. During the year, the Parent company provided advances to Invivo Wines Australia Pty Limited of \$518k. The advance is repayable on demand and interest is charged at 9% per annum.

The directors of the Group have advanced a sum of \$200k (2017: \$200k) which is repayable upon demand. The interest bearing at 8% per annum. The repayment on this advance will not be called upon within next 12 months. Accordingly this balance has been classified as non-current.

Total directors' fees paid during the year were \$100k.

Total salaries paid to Key Management Personnel during the year was \$150k.

Shareholder loans were repaid in full during the year. (2017: \$43k).

The Group's shareholders are entitled to discounts on wine purchases. Certain shareholders receive annual wine allocations (Note 18).

No related party debts have been written off or forgiven during the year.

The Company has provided a loan of \$1,302k (2017: \$783k) to the Subsidiary 'Invivo Wines Australia Pty Limited'. The loans are working capital advances to assist the subsidiary with any cash flow shortfalls as they are in expansion phase. The loans are repayable on demand and interest bearing. The company will continue to provide future advances to the subsidiary when they are needed. The Company and Group have considered the recoverability of this loan having regard to existing assets held by its subsidiary and sales and growth strategies and therefore earnings expectations forecast for future years. This judgement and estimate is reviewed annually.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

21. OPERATING LEASES

	Group	Group	Parent	Parent
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Leases as lessee				
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	156	160	151	152
Between one and five years	606	612	606	606
More than five years	429	581	429	581
	1,191	1,353	1,186	1,339

During the year ended 31 March 2018, \$150k was recognised as an expense in profit or loss in respect of operating leases (2017: \$150k).

22. COMMITMENTS AND CONTINGENT LIABILITIES

At reporting date, the Group has a commitment to grape suppliers in respect of grape purchases after harvest. At reporting date, the Group has committed to \$2,479k but had not yet taken possession of \$1,771k (2017 \$1,790k).

23. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to reporting date, the Group was successful in raising \$2.2 million in equity from institutional investors and a crowd fund.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

Impairment - Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

24. OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Highest and best use has been determined as each of the asset's current use and therefore fair value has been determined as follows:

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimates amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Basis of consolidation

Subsidiaries

Investments in subsidiaries held by the Parent are accounted for at cost less any impairment. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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24. OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand Dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to New Zealand Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

25. PRIOR PERIOD RESTATEMENT - INVESTOR WINE LIABILITY

As per NZ IAS 8, paragraphs 42 and 49 the Group has restated comparative amounts for the prior year. The liability spans across three financial years and impact the value of equity and total liabilities.

This is due to a liability which exists in relation to an ongoing commitment to provide wine entitlements to certain investors who become shareholders in previous capital raises (Note 18). This cost is deemed a cost of raising equity. The impact of the restatement on the Parent and Group financial statement for the prior periods impacted are set out below.

	Group	Group	Group	Parent	Parent	Parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Share Capital	Current liability	Non current liability	Share Capital	Current liability	Non current liability
Balance reported at 1 April 2016	2,319	2,949	421	2,319	2,949	421
Effect of provision for investor wine	(86)	11	75	(86)	11	75
Restated balance at 1 April 2016	2,233	2,960	496	2,233	2,960	496
Balance reported at 31 March 2017	2,319	5,079	309	2,319	4,990	309
Effect of provision for investor wine 31 March 2017	(86)	11	75	(86)	11	75
Restated balance at 31 March 2017	2,233	5,090	386	2,233	5,001	386



NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

26. GOING CONCERN

Invivo Wines reports a consolidated loss of \$542k. The Directors continue to adopt the going concern assumption in the preparation of these financial statements for the following reasons:

- Subsequent to reporting date the Group completed a capital raise with \$0.7m received from wholesale investors and \$1.5m raised from retail and existing shareholders.
- The above capital has funded the remainder of the 2018 harvest and provides additional capital for the business to deploy in executing its strategy.
- As disclosed in Note 14, our Group's Bankers, the ANZ are due to review the facilities on 31st August. Based on the additional capital raised and communications with the Bank, with whom the Group has a longstanding relationship, the Directors are confident the trade facilities that the business requires will continue and that the trading obligations of the business can be managed within available funds.
- Invivo's long range cash flow forecasts show it can meet all liabilities as they fall due for the foreseeable future, being no less than 12 months from the date of signing of these financial statements, and the business is currently performing ahead of budget for the first quarter of the FY 19.

