



PALLISER ESTATE

ANNUAL REPORT YEAR ENDING 30 JUNE 2025



Directory

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Chief Executive Officer.....	P M Goodwin
Winemaker and Viticulturist	M G D McMaster
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Harvest team in Palliser's Pinnacles Vineyard



PALLISER ESTATE

KEY PERFORMANCE INDICATORS JUNE YEAR END 2025

FINANCIALS

Revenue:	\$5.1m	▼	3%	2024
Gross Profit:	\$1.2m	▼	14%	2024
Operating Profit (before revaluations):	-\$0.2m	▼		2024
Total comprehensive income attributable to owners	-\$0.3m	▼		2024



SALES

Domestic	Export
10,899 cases ▼ 7%	16,046 cases ▼ 3%
\$2.5m ▼ 7%	\$2.1m ▼ 3%

SALES BY MARKET

21% NZ Negotiants	\$1m	3%	▼	6% UK	\$0.3m	292%	▲
34% NZ Direct	\$1.6m	9%	▼	4% South Korea	\$0.3m	31%	▼
8% Australia Negotiants	\$0.4m	25%	▼	12% USA	\$0.6m	3%	▼

2025 VINTAGE BREAKDOWN

490 Tonnes	22%	▲	~35,600 cases		
Riesling	13T	2%	▲	900 cases	3%
Pinot Gris	49T	20%	▲	3,300 cases	9%
Chardonnay	79T	36%	▲	5,000 cases	14%
Pinot Noir	182T	40%	▲	11,000 cases	31%
Sauvignon Blanc	162T	1%	▲	12,600 cases	35%
Syrah	5T	▲			
Bubbly				1,300 cases	4%
Rosé				1,500 cases	4%



Spring menu at the Palliser Kitchen

Directors' and Chief Executive's Report for the Year Ended 30 June 2025

Your Directors are pleased to present the annual report for Palliser Estate Wines of Martinborough Ltd, which includes the company's financial statements for the year ended 30 June 2025.

FINANCIAL PERFORMANCE

Heading into the 2024/25 financial year, we were optimistic sales would improve upon the challenging 2023/24 financial year, and accordingly we forecasted a return to profitability. However, the ongoing global economic downturn continued to severely impact our sales, which were the lowest since Covid impacted trading in 2020.

Despite a tight rein on expenditure, which remained below budget, our operating costs remain significant, given our labour- and capital-intensive business. This has meant that for the second year in a row we have made an operating loss (of \$206,458) which is disappointing and unsustainable.

We acknowledge this is well below expectations but we want to reassure shareholders that we have a clear strategy, strong management and excess assets to sell and hence are in a better position than most, to weather this storm. Our industry is currently facing real issues caused by reduced demand, increased supply, cost pressures and tariff uncertainty so we are not alone and in fact faring better than most with our strong base.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

Revaluations /accounting adjustments

Again, we are required to make several non-cash accounting adjustments to our financial statements as follows:

1. Fair value grape write-up (+\$220,646)

With yields well above previous years and some vineyard costs down due to cost savings initiatives, our cost per tonne was lower than what we are required to adopt as fair value. The write-up was the result.

2. Revaluation loss for biological vines, vineyard development and wind machines (-146,623)

Assets can be valued at either fair value or cost as per International Accounting Standard (IAS) 41. Last year the Board decided to change the accounting methodology for all assets to fair value to ensure consistency with the biological asset treatment and reflect Palliser's asset value more accurately.

Real estate appraiser Logan Stone was commissioned to conduct a desktop valuation of our vineyard, including vines. The result was lower than that of the last year which is a reflection of the industry which has resulted in this write-down.

3. Revaluation loss for property (-\$196,330)

Biological assets and property, plant and equipment can be valued at either fair value or cost, as per IAS 41. As advised, Palliser changed methodology last year to fair value to ensure consistency with the biological asset treatment and reflect Palliser's asset value more accurately.

The net result of all these non-cash adjustments is a reported total comprehensive loss for the year of (-\$311,390).

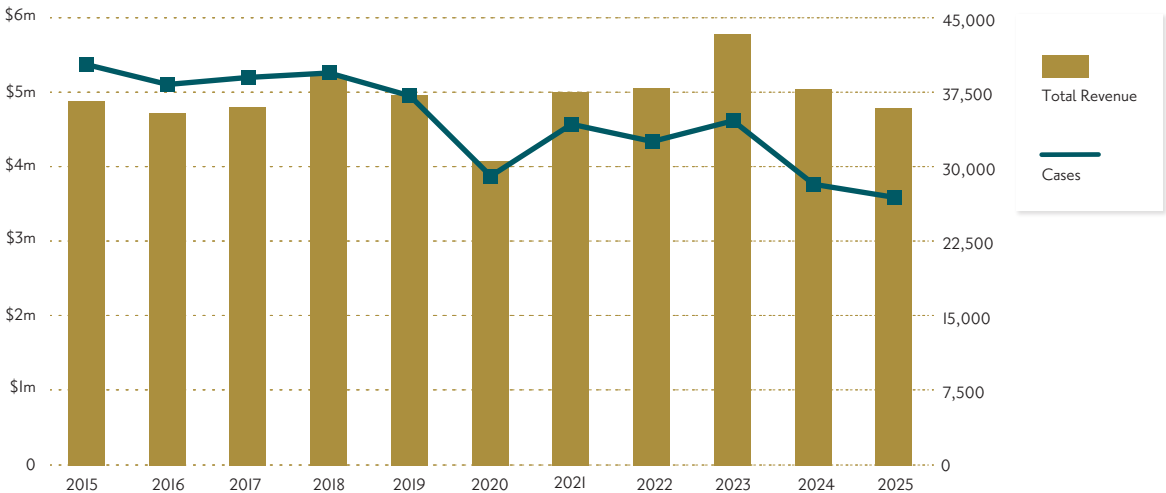
Directors’ and Chief
Executive’s Report
for the Year Ended
30 June 2025 *cont.*

Sales

2024/25 sales were down 3% on the previous financial year. All markets were down, except for the UK and some small export markets. The New Zealand market was hardest hit with all channels down, most significantly the shareholder channel, Cellar Door and through our distributor, Negotiants New Zealand (NNZ). On a positive note, visitor numbers were up at Cellar Door to our highest level yet, however, the spend per person was well down, consistent with spends across the hospitality sector. This reflects the economy, where many are unable to spend on luxury, discretionary products like ours.

Although of little consolation, our results again mirrored those of our industry, with New Zealand Winegrowers (the national organisation for New Zealand’s grape and wine sector) reporting that wine exports were down 10% (in volume) in the year ended 30 June 2025.

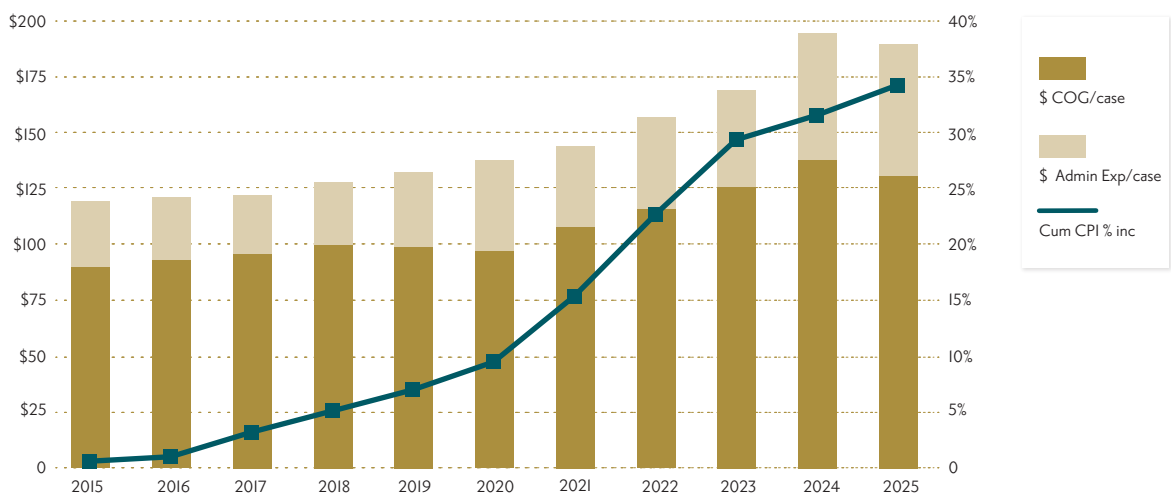
Although this was a disappointing result, with sale volumes down, it should be noted that sale values remained stable, demonstrating the benefit of our lower-volume-higher-value premiumisation strategy and the effort of our sales team.



Directors’ and Chief
Executive’s Report
for the Year Ended
30 June 2025 *cont.*

Expenditure

Over the last five years, the inflationary environment, a 24% increase in the minimum wage, plus a 20% increase to the excise tax rate, has caused a dramatic increase in our operating costs. The per case cost increase has largely mirrored the CPI cumulative increase, as highlighted by the graph below.



We have kept a tight rein on expenditure, including reducing or not replacing staff where possible. However, Palliser is a labour- and capital-intensive business that we are trying to evolve, which is a difficult balancing act.

Over the last year we have made a significant investment in the American market, now our largest export market. We aim to build further momentum in this important market, however, the introduction of tariffs has created uncertainty and margin erosion.

Servicing our debt this year has been very costly, as has the increase to some of our large, fixed costs namely insurance and rates. Other fixed costs, including audit and costs associated with our status as an unlisted public company have all increased well beyond the inflation rate.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

Cashflow

Managing cashflow remained a challenge, with sales down \$665,000 on forecasts and expenditure remaining steady. We had to utilise more of our bank facility which, as noted, is very costly.

As previously reported, we have identified some of our vineyard land that is unsuitable for premium wine production, therefore not providing adequate returns. We are in the process of selling part (or all) of this surplus land in alignment with our long-term strategic focus to enhance the overall quality and exclusivity of our wines, maximising returns to our shareholders. Some investment has been required to prepare these lots for sale and meet consent requirements, however other capital expenditure has been minimised.

We aim to sell at least one of our lots before the calendar year end, with the proceeds used to cover outstanding debts and to continue investment in our premiumisation strategy. If there is a surplus, we will also consider balancing shareholder returns with the long-term sustainability of our business.

HIGHLIGHTS AT A GLANCE

- A very successful 2025 harvest both in quantity and quality – highest yields off our own vineyards since 2004.
- \$/case maintained at \$175 - pleasing in this incredibly tough, price-sensitive market.
- Cellar Door visitor numbers up 7% to our highest ever levels. Sales were ahead of budget, although down on the previous year.
- UK sales through our distributor Justerini & Brooks were significantly up on both previous year and budget, the second highest in the last five years.
- Direct sales channel remained strong and although down 5% on the previous year, remained above expectations in this tough market.
- Launched Pencarrow wines in the wider American market through our new distributor Massonoi.
- Launched our first in-house Palliser Kitchen venture led by the acclaimed and talented chef Norka Mella Munoz.
- Vineyard expenses were 7% below budget and 10% below the previous year.
- Administration staff costs were down - 12% on the previous year and 6% on budget.
- Successful events including the Symphonic Feast, an alternate Toast Martinborough event, and a Wellington On A Plate event.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

- Brand evolution work has begun, which is an exciting step for our premiumisation journey, with plans to roll out in 2026.
- We have retained and attracted some great staff and continue to have a great team culture, despite the tough operating environment.
- Great recognition for our wines, including World's Best Sommeliers' Selection 2025 for the 2021 'Hua Nui' Pinot Noir; gold in the Korean Wine Competition for the 2023 Estate Pinot Noir and Chardonnay; 2023 Estate Chardonnay selected for Air NZ Business Class; 2023 Estate Sauvignon Blanc wins Air India tender; 95 points (Gold) from James Halliday for the 2022 'Hua Nui' Pinot Noir and 'Om Santi' Chardonnay.

2025 VINTAGE REPORT

The predicted return to a La Niña weather pattern had everyone concerned, but fortunately it arrived late and was weaker than expected.

The weather until Christmas was warm, only slightly below our warmest year in 2021 and we were optimistic about a fantastic season. However January was unseasonably cold and wet so any hope of putting the vines under some weather stress to minimise berry size disappeared and spray rounds increased to mitigate the potential disease pressure. In February summer finally arrived, providing perfect conditions for ripening fruit - the 'Indian summer' of Martinborough summers' past had returned.

Accordingly, we had relatively clean fruit across all varieties, with super-sized bunch weights in response to the January rain. The main pick started March 11 finishing on the April 14 - 490 tonnes were picked, the largest off our own vineyards since 2004. We are very excited about the quality of the 2025 wines across all varieties, and that we have plenty of it. It isn't often that we have both quantity and quality, so 2025 is a highlight in this regard.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

ENVIRONMENTAL AND SOCIAL PERFORMANCE

Sustainable success rests on more than financial performance alone. Businesses that balance environmental responsibility, social impact, and long-term resilience are best placed to thrive.

While the past year has been financially challenging, we have remained committed to progressing non-financial initiatives where possible. Building on the foundations laid in previous years, we continue to strengthen our focus on the environment, our people, and our community.

The following section highlights key outcomes and progress we've made toward a more sustainable future.

Environmental

- Our Palliser Estate Single Vineyard 'Om Santi' Chardonnay 2023 was awarded a gold medal in the 2024 Aotearoa NZ Organic Wine Awards.
- Palliser Vineyard Manager Ivor Allmand continued his role as the regional Wairarapa representative for Organic Winegrowers NZ, with both Ivor and Assistant Winemaker Pierre Louw attending the 2025 Organic & Biodynamic Winegrowing Conference in Blenheim in June.
- 60% of our vines (four of our six vineyards) are BioGro-certified organic, maintaining our position as the largest organic wine grower in the Wairarapa region as at 30 June 2025, although this position will be contested by Craggy Range's growing organics programme.
- Diesel usage was down to 20,225 litres from 30,942 litres in FY23/24. This reflected slightly fewer frost events, where we have no choice but to operate the frost fans and overhead sprinklers.
- Water usage totalled 40,962 cubic litres, a sizeable drop from 72,718 cubic metres in FY23/24, which was more of a 'typical' summer. The drop was attributed to the very wet January, so less irrigation was required, and fewer frosts requiring water for the overhead sprinklers.
- Waste to landfill, at 765 kilograms reduced significantly from 1,584 kilograms in FY23/24. Simple initiatives including encouraging our contractors and team to use recyclable packaging when they bring personal items and food to work, and halting use of plastic clips for patching holes in vine netting helped reduce our waste somewhat.
- Palliser team members participated in native tree planting activities with the South Wairarapa Biodiversity Group and Martinborough School, which we will continue more frequently during FY25/26 to help improve waterway health and biodiversity in our community.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

Social

- We formalised our partnership with the Life Flight Trust in July 2024, helping fund its Westpac Rescue Helicopter and rescue planes for time-critical rescue missions – something our region and industry rely on in times of need. The concept was simple – ‘Wine Flights for Life Flight’ – donating \$5 from each wine flight sold at Cellar Door. The target was 1,000 flights, or \$5,000 – the minimum amount pledged for a Life Flight Community Partnership, and the approximate cost for one life-saving mission. For FY24-25, we sold 1,814 flights, raising \$9,070, of which \$5,000 was donated, with the rest donated in wine and cellar door experiences for their events and fundraising drives.
- Palliser continued to support the Greytown Festival of Christmas, a growing community event for locals and visitors to the region. Our financial support helps keep the festival free and accessible, and allows us to connect and collaborate with local trade businesses that stock our wines, and lift our profile.
- We started a minor partnership with ‘Girls Who Grow’ – an NZ initiative focussed on engaging the next generation of female leaders, change makers and environmental guardians to connect with the land, and create meaningful career pathways within agriculture, horticulture and viticulture. Palliser Winemaker & Viticulturist Guy McMaster participated in a mentor programme with female college students within the region, which we supported with a small scholarship for local participation in the programme.
- We continue to support other community groups and causes, where we can make a small but positive contribution. These include Martinborough Foodbank, Cancer Society, Wellington Phoenix and local schools and clubs.
- Our Chief Executive, Pip Goodwin, continues to sit on the New Zealand Winegrowers’ Brand Committee, representing and advocating for our Wairarapa wine region.
- We continue to employ 16 full-time-equivalent employees. 19% are shareholders in the business. Our team are committed to positive diversity and inclusion, maintaining a 60:40 ratio of female:male team members, and a diverse range of cultures, backgrounds, ages and interests, bringing unique perspectives to our team. Staff are encouraged to embrace national initiatives, such as Māori Language Week (Te Wiki o te Reo Māori) and New Zealand Sign Language (NZSL) Week, adding to the inclusive hospitality we provide visitors to our Cellar Door.

Directors' and Chief Executive's Report for the Year Ended 30 June 2025 *cont.*

HEALTH AND SAFETY

Palliser's Directors' and Chief Executive (as Officers under the Health and Safety at Work Act 2015) remain committed to the health and safety of our employees, contractors and visitors. We are pleased to report that there were no significant health and safety incidents during the year. We have a robust health and safety system which we continually improve, and a strong culture of health and safety that we're proud of.

DIRECTORS

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

OUR THANKS TO THE TEAM

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

We look forward to seeing as many of you as possible at our AGM this year, the first to be catered by our own in-house Chef and kitchen team. It is to be held at 11am on Sunday 9th November 2025.

For, and on behalf of, the Board



Andrew Meehan ONZM
Chairman



Pip Goodwin
Chief Executive

Despite another challenging year, Palliser is in a stronger position than most. The Palliser Kitchen relaunch with chef Norka Mella Munoz and Hua Nui's accolade in the World's Best Sommeliers' Selection 2025 have reinforced our premiumisation journey. These achievements and the expertise of our team give me confidence in the path ahead.

— Palliser Estate CEO, Pip Goodwin



Palliser Estate CEO Pip Goodwin, Global Sales Manager Sandy Moore and Winemaker and Viticulturist Guy McMaster

Viticulture and Winemaking

Report for the Year ended

30 June 2025

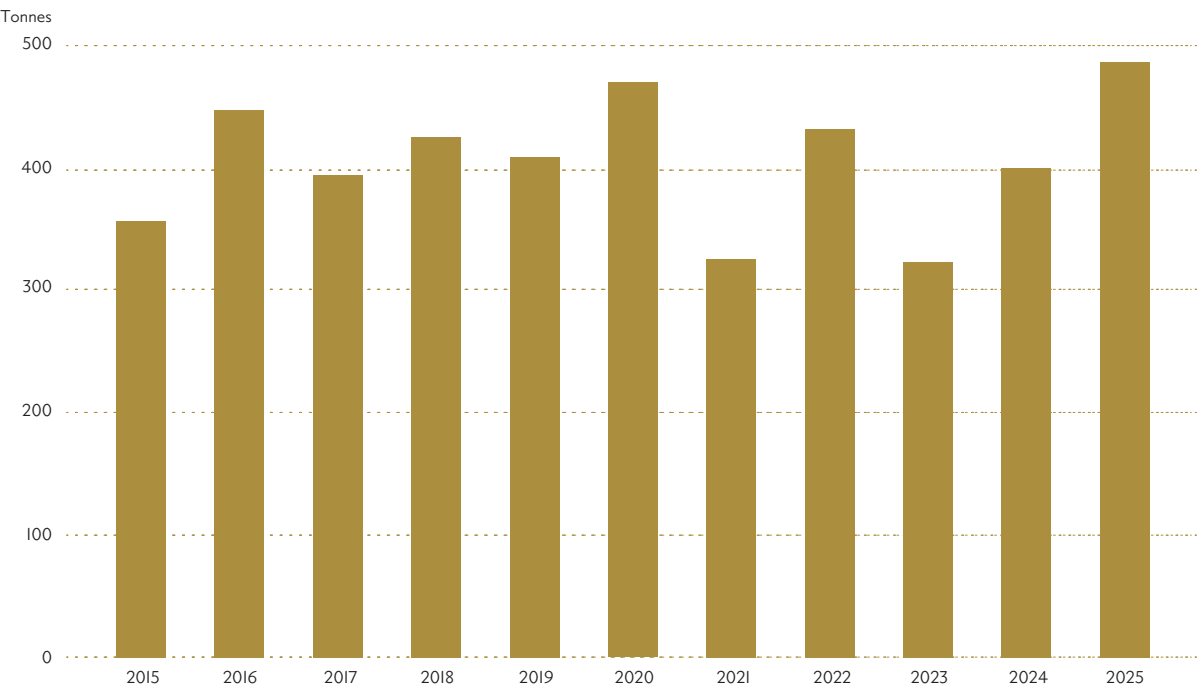
PALLISER’S 2024/25 WINE-GROWING SEASON

The predicted return to La Niña weather pattern had all growers and winemakers on edge, but fortunately it arrived late and was weaker than expected.

Up until Christmas, conditions were tracking just below our warmest year on record (2021). Following a settled flowering period, optimism was high. However, early January brought 160 mm of rain — compared with just 16 mm in the same period the year before. Any chance of putting the vines under water stress to limit berry size disappeared, and spray rounds increased to manage potential disease pressure. The vineyard team worked hard to keep grass growth in check.

Total from 1st September to 18th April		
Year	Growing degree days	Rainfall (mm)
2024/25	1373	415
2023/24	1338	260
2022/23	1326	675
2021/22	1420	564
2020/21	1231	458
Long Term Average	1222	454

Viticulture and Winemaking
Report for the Year Ended
30 June 2025 *cont.*



Thankfully, summer finally arrived in February, bringing ideal ripening conditions. An “Indian summer” reminiscent of Martinborough’s earlier years followed, delivering relatively clean fruit across all varieties. Bunch weights were generous after the January rain, delaying harvest as Chardonnay and Pinot Noir struggled to ripen their heavy loads. Disease pressure began to mount from bunch tightness and some sour rot, and it became a balancing act — accepting a little berry deterioration in pursuit of full flavour and tannin ripeness. Harvest began on 11 March and finished on 14 April, with 490 tonnes picked — our largest since 2004.

Viticulture and Winemaking Report for the Year Ended 30 June 2025 *cont.*

THE WINES

The standout of 2025 is undoubtedly the Chardonnay, closely followed by Pinot Noir. Both now give us two solid years of strong wines in the cellar. The Chardonnay shows lovely depth and length, with acidity providing balance and drive. Pinot Noir is more approachable than the 2024 vintage, with plenty of flesh and supple tannins.

The aromatic wines — Rosé, Pinot Gris and Riesling — are vibrant, while Sauvignon Blanc reflects the warmer summer with tropical passionfruit and melon notes. The Syrah was picked earlier than ideal due to forecast rain and fragile skins. It is more elegant than our inaugural 2024 vintage, with attractive black pepper spice and a modest 12.5% alcohol that will make it a hit at Cellar Door.

Two new small-batch wines are also underway: an organic, hand-picked, barrel-fermented Pinot Gris, and a skin-contact Riesling co-fermented with Sauvignon Blanc. Both will be watched with interest as they develop.

VINEYARD COSTS

Reducing vineyard costs has been a major focus, falling from \$20,332 per hectare in 2024 to \$18,173 in 2025 — a 10% decrease. While the 2024 figure was inflated by higher-than-budgeted equipment repairs (\$605 per hectare above plan), 2025 saw no surprises. The vineyard team deserve recognition for containing costs in an inflationary environment.

Benchmarking shows premium local growers operate between \$20,000 and \$35,000 per hectare, so remaining competitive while still producing premium fruit is an ongoing challenge. Ultimately, sales growth will be critical to enable further investment in the vineyard and fruit quality.

As in 2024, no capital expenditure was made in 2025. Crop sprayers and the trimmer are overdue for replacement, but given the economic climate, it was prudent to delay. Inevitably, this may increase repairs and maintenance costs in the short term.

Viticulture and Winemaking Report for the Year Ended 30 June 2025 *cont.*

WINE REVIEWS

Wine Writers & Competitions	Om Santi Chardonnay 23	Palliser Estate Chardonnay 23	Hua Nui Pinot Noir 22	Palliser Estate Pinot Noir 23
Decanter awards	90	93	90	Not assessed
Bob Campbell	94	91	90	93
Cameron Douglas	95	93	95	93
Wine Orbit	97	96	97	95
Rebecca Gibb	92	90	92	Not assessed
Robert Parker	93	Not assessed	92	Not assessed
Average	93.5	92.6	92.8	93.7

Despite the difficult 2023 vintage — in which no Hua Nui Single Vineyard wine was released — recent reviews have been strong, with average scores across key wines all above 92 points.

- Om Santi Chardonnay 2023: Gold medal, Organic Wine Awards
- Palliser Estate Chardonnay 2024: 3rd out of 140 Chardonnays in Cuisine Magazine’s latest tasting
- Hua Nui 2022 Pinot Noir: Featured in Jamie Goode’s (Wineanorak, Global Wine Journal) “New Zealand is making some of the world’s best Pinot Noir, and this is my roll-call of the best” at Pinot Noir 2025, Christchurch (95/100)
- Alder Yarrow’s (Vinography) “The Emerging Glory of New Zealand Chardonnay” listed Palliser alongside Ata Rangi, Dry River and Escarpment as one of Martinborough’s top Chardonnay producers

Viticulture and Winemaking Report for the Year Ended 30 June 2025 *cont.*

LOOKING AHEAD

The large 2025 harvest, softer sales, and ageing vines prompted some vineyard changes:

- ♦ **Woolshed Vineyard:** 6.9 ha of old-vine Sauvignon Blanc and 0.8 ha Pinot Gris removed. Declining vine health and quality, coupled with land earmarked for sale, made cropping uneconomic.
- ♦ **Pencarrow Vineyard:** 8 ha of Pinot Noir mothballed for one year. This block will return to production when market demand improves.

Enhancing biodiversity remains a priority. At Hua Nui, more native trees and flaxes are being planted to strengthen the wetland area, while the Woolshed embankment is being restored. Chickens will also be introduced at Hua Nui to help control mealy bug and reduce Grapevine 3-Leafroller virus.

Future plans include replanting parts of Om Santi Vineyard with two new Chardonnay clones to meet growing demand and improve wine quality across both the Single Vineyard and Estate ranges.

To continue raising the quality of our Pinot Noir and Chardonnay, as part of our premiumisation strategy, further capital investment will be needed. Priorities include acquiring fermenters to build complexity, installing heating and cooling in the barrel hall, and purchasing a press suited to smaller fermenters. These initiatives will be actioned in future when funding permits.

In what remains challenging times, special thanks go to our vineyard and winery teams for their hard work, and to Pip Goodwin and the Board for their ongoing leadership and support.



Guy McMaster
Winemaker and Viticulturist

The 2025 harvest, our largest in over 20 years, produced standout Chardonnay and Pinot Noir. I'm proud of how the team balanced our premium, organic goals with keeping vineyard costs under control in a tough financial climate, and the accolades our wines are receiving give real optimism for the quality ahead.

— Palliser Estate Winemaker and Viticulturist, Guy McMaster



Palliser Vineyard Manager Ivor, Winemaker & Viticulturist Guy and Assistant Winemaker Pierre Louw

Independent Auditor's Report



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To the Shareholders of Palliser Estate Wines of Martinborough Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Palliser Estate Wines of Martinborough Limited ("the Company") on pages 28 to 64 which comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board.

Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Company. In addition to this, partners and employees of our firm may deal with the Company on normal terms within the ordinary course of its trading activities.

Material Uncertainty Related to Going Concern

We draw attention to Note I of the financial statements, which indicates that the Company has incurred a net loss of \$311,390 and experienced negative operating cashflow of \$463,156 for the year ended 30 June 2025. In addition, the Company has a loan balance of \$854,690 with the facility due to expire in March 2026, and it has an overdraft of \$639,601 (with a facility limit of \$1,000,000).

Independent Auditor's Report

As stated in Note I, these events or conditions, along with other matters as set forth in Note I, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We summarise our key audit procedures, to address that matter in order that the Company's shareholders, as a body, may better understand the process by which we arrived at our audit opinion.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Property Plant and Equipment As disclosed in Notes II and 2I of the financial statements, the Company has a policy of revaluing its land, buildings, vineyard development, irrigation, wind machines and vines to fair value. The inclusion of land, buildings, vineyard development, irrigation, wind machines and vines valuation as a key audit matter arises from the substantial judgment involved in the valuations. As at 30 June 2025, all land, buildings, vineyard development, irrigation, wind machines and vines were valued by an independent registered valuer. The total value of the Company's land, buildings, vineyard development, irrigation, wind machines and vines as at 30 June 2025 is \$11.95 million.	Our procedures, amongst others, included: • Obtained and agreed the schedule of revalued property to the respective independent valuation reports, performed by valuation experts; • Evaluated the qualifications and work of management's external valuation experts; • We engaged our own external valuation specialist to review management's expert's valuation to ensure the overall valuation, and its associated valuation inputs, were reasonable and appropriate; • Confirmed each property valuation is performed in accordance with the valuation standards that are accepted as suitable by accounting standards for use in determining the carrying values as at 30 June 2025; • Recalculated the revaluation adjustment to be recorded for the year of each revalued asset as at 30 June 2025; and • Audited the disclosures in the financial statements to ensure they are compliant with the requirements of the relevant accounting standards.

Independent Auditor's Report

Information other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the Key Performance Indicators, Directors' and Chief Executive's Report, Viticulture and Winemaking Report, Comparative Financial Review, Statutory Information and Distributors.

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

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

Directors' responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

Independent Auditor's Report

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited

Grant Thornton

Yasin Mohammed
Partner, Auckland

29 September 2025

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Statement of Comprehensive Income for the Year Ended 30 June 2025

This statement is to be read in conjunction with the notes on pages 32 to 64.

	2025 \$	2024 \$
Revenue (Note 3)	5,124,508	5,302,645
Cost of Sales	3,933,908	3,906,421
Gross Profit	1,190,600	1,396,224
Other Income (Note 4)	311,726	343,609
	1,502,326	1,739,833
Less Expenses:		
Administration and Marketing	1,395,823	1,435,673
Net Finance Costs	102,764	96,474
Other	210,198	217,138
Operating Expenses (Note 5)	1,708,785	1,749,286
Operating Loss before Revaluations	(206,458)	(9,453)
Revaluation Loss - Biological Vines	(115,000)	(369,738)
Revaluation Loss - Vineyard Development, Irrigation and Wind Machines	(31,623)	(739,098)
Operating Loss after Revaluations	(353,081)	(1,118,289)
Fair Value Grape Write Up/(Down)	220,646	(280,600)
Loss Before Taxation	(132,436)	(1,398,889)
Income Tax Benefit (Note 6)	(17,376)	(402,484)
Loss for the Year Attributable to Owners of the Company	(115,060)	(996,405)
Other Comprehensive income that may subsequently be classified to the Profit or Loss		
Revaluation loss - Biological Vines - Net of Tax	-	(58,463)
Revaluation gain/(loss) - Land and Buildings - Net of Tax	(196,330)	7,956,798
Total Comprehensive Income/(Loss) for the Year Attributable to Owners of the Company	(311,390)	6,901,930
Earnings per share (Note 7)		
Basic and fully diluted earnings per share (cents)	(2.73)	(23.63)

Statement of Changes in Equity for the Year Ended 30 June 2025

This statement is to be read in conjunction with the notes on pages 32 to 64.

	Share Capital \$	Retained Earnings \$	Revaluation Reserve \$	Total Equity \$
Balance 1 July 2023	6,491,435	7,989,860	58,463	14,539,758
Loss for the year	-	(996,405)	-	(996,405)
Other Comprehensive Income - Net of Tax	-	-	7,898,335	7,898,335
Total Comprehensive Income/(Loss) for the Year	-	(996,405)	7,898,335	6,901,930
Balance 30 June 2024 (Note 18)	6,491,435	6,993,455	7,956,798	21,441,687
Balance 1 July 2024	6,491,435	6,993,455	7,956,798	21,441,687
Loss for the year	-	(115,060)	-	(115,060)
Other Comprehensive Loss - Net of Tax	-	-	(196,330)	(196,330)
Total Comprehensive Loss for the Year	-	(115,060)	(196,330)	(311,390)
Balance 30 June 2025 (Note 18)	6,491,435	6,878,395	7,760,468	21,130,298

Statement of Financial Position as at 30 June 2025

This statement is to be read in conjunction with the notes on pages 32 to 64.

	2025 \$	2024 \$
Current Assets		
Cash and Cash Equivalents	18,578	21,205
Income Tax Receivable	252	5,336
Trade and Other Receivables (Note 8)	998,843	723,336
Forward Currency Contracts (Note 9)	-	2,531
Work in Progress	279,046	263,871
Stock on Hand (Note 10)	4,558,545	3,994,483
Assets Held For Sale (Note 12)	4,870,000	-
	10,725,264	5,010,761
Non Current Assets		
Trade and Other Receivables (Note 8)	-	836
Property, Plant and Equipment (Note 11)	13,026,409	18,503,717
Intangible Assets (Note 14)	48,345	51,377
Investments	7,038	7,038
	13,081,792	18,562,968
Total Assets	23,807,056	23,573,729

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Statement of Financial Position as at 30 June 2025 *cont.*

This statement is to be read in conjunction
with the notes on pages 32 to 64.

	2025 \$	2024 \$
Current Liabilities		
Bank Overdraft	639,601	16,883
Trade and Other Payables (Note 15)	569,896	557,827
Current Portion Term Loans (Note 16)	854,690	-
Current Portion Lease Liability (Note 17)	43,075	56,276
	2,107,263	630,986
Non Current Liabilities		
Term Loans (Note 24)	-	856,204
Lease Liability (Note 24)	11,039	54,115
Deferred Tax (Note 6)	558,456	590,738
	569,495	1,501,056
Total Liabilities	2,676,758	2,132,042
Equity		
Share Capital (Note 18)	6,491,435	6,491,435
Retained Earnings	6,878,395	6,993,455
Revaluation Reserve	7,760,468	7,956,798
Total Equity	21,130,298	21,441,687
Total Liabilities & Equity	23,807,056	23,573,729

Director
A R Meehan



Director
S R Tyler



The Board of Directors of Palliser Estate Wines of Martinborough Limited authorised these financial statements on 29 September 2025.

Statement of Cashflows for the Year Ended 30 June 2025

This statement is to be read in conjunction
with the notes on pages 32 to 64.

	2025 \$	2024 \$
Cash Flows From Operating Activities		
Cash was received from:		
Receipts from customers	4,667,487	5,265,607
Interest received	860	834
Income tax received	5,084	-
Sundry receipts	489,225	434,757
GST received	10,070	31,573
	5,172,725	5,732,772
Cash was applied to:		
Payments to suppliers and employees	(5,544,037)	(5,688,517)
Income tax paid	-	(109,865)
Interest paid	(91,845)	(76,880)
	(5,635,881)	(5,875,262)
Net Cash to Operating Activities	(463,156)	(142,491)
Cash Flows From Investing Activities		
Cash was received from:		
Disposal of Property, Plant and Equipment	350	-
	350	-
Cash was applied to:		
Purchases of Property, Plant and Equipment	(100,629)	(342,229)
Net Cash to Investing Activities	(100,279)	(342,229)

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Statement of Cashflows for the Year Ended 30 June 2025 *cont.*

This statement is to be read in conjunction
with the notes on pages 32 to 64.

	2025 \$	2024 \$
Cash Flows From Financing Activities		
Cash was received from:		
Term Loan Advanced	-	850,000
Employee loans repaid	1,170	1,285
	1,170	851,285
Cash was applied to:		
Finance lease loan repayments	(63,080)	(90,036)
	(63,080)	(90,036)
Net Cash from/(to) Financing Activities	(61,910)	761,249
Cash Surplus/(Deficit) for the year	(625,345)	276,530
Represented By:		
Opening cash and cash equivalents	4,322	(272,209)
Closing cash and cash equivalents	(621,023)	4,322
Movement for the year	(625,345)	276,530

Notes to the Financial Statements for the Year Ended 30 June 2025

NOTE 1:

STATEMENT OF ACCOUNTING POLICIES

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

These financial statements were approved for issue by the Board of Directors on 29 September 2025. The company's owners do not have the power to amend these financial statements once issued.

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

Basis of Preparation

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

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

Going Concern

For the year ending 30 June 2025, the Company has incurred a net loss of (\$311,390) and experienced negative operating cashflows. This was due to a decrease in demand caused by the global economic downturn impacting both export and domestic sales. The Company has a loan balance of \$854,690 with the facility due to expire in March 2026. In addition, the Company has an overdraft balance of \$639,601, with a facility limit of \$1,000,000. The Company is in the process of discussing renewal of its banking facilities with the bank. Extension of lending arrangements are yet to be finalised as at the date of these financial statements. The Directors are confident that the facilities will be extended on commercial terms.

In line with the premiumisation strategy and to improve liquidity, the Directors have a plan for the disposal of certain non-core assets, namely the Weld Street and Broadway Street properties. These assets have been classified as "held for sale" in the statement of financial position, and have a carrying value of \$4,870,000. The Directors are confident that a sale will be concluded in a timely manner to generate sufficient cash inflows to meet the Company's obligations as they fall due. If the Company is unable to sell the property in a timely manner, or are unable to renegotiate banking terms, these factors would cause a material uncertainty in respect to going concern as the Company may not be able to settle its obligations as they fall due.

After considering the mitigating actions, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of these financial statements. Therefore, the Directors believe the Company can continue to adopt the going concern basis in preparing these financial statements.

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

Measurement Basis

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

Standards Issued but not yet effective

Several amendments and interpretations apply for the first time from 1 July 2024. This includes NZ IFRS 18 – Presentation and Disclosure in Financial Statements was issued in May 2024 and comes into effect from 1 January 2027. Most of the presentation and disclosure requirements will largely remain unchanged together with other disclosures carries forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- A defined structure for the statement of comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances.
- Disclosure of management defined performance measures in a single note together with reconciliation requirements.
- Additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Other new standards, amendments to standards and interpretations are issued but not yet effective. None of these are expected to have a significant impact on the financial statements of the Company.

Material Accounting Policies

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

Revenue from Sales of Goods

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

Dividend Revenue

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

Interest Income

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

WET rebate

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

Goods and Services Tax

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

Depreciation

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

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

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

	Expected Useful Life	Diminishing Value
Buildings (straight line & diminishing value)	10-100 years	5%-7%
Development, Irrigation & Wind Machines (straight line & diminishing value)	2-17 years	6%-10%
Vineyard Equipment (straight line & diminishing value)	2-17 years	6%-48%
Winery Equipment (straight line & diminishing value)	2-34 years	10%-48%
Motor Vehicles (straight line)	4-8 years	-
Office Equipment (straight line & diminishing value)	1-15 years	10%-50%

Foreign Currency Transactions

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

Foreign Exchange Contracts

Foreign exchange contracts are initially recognised at fair value on the dates the contracts are entered into and are subsequently re-measured at fair value, as determined by the bank's mark-to-market measurement.

Changes in the fair values of these derivative instruments are recognised immediately in profit or loss within the Statement of Comprehensive Income. Hedge accounting has not been applied for foreign exchange contracts.

Capital Risk Management

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

Income Tax

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts without a right of set off are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade Receivables

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

Inventories

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

Unquoted Equity Investments

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

Property, Plant and Equipment

Land, Buildings, Irrigation, Wind Machines, Other Irrigation, Improvements and Non-Biological Trellis have been measured using the revaluation model. This is a change from the 2023 and earlier reporting periods where they have been shown at cost, less any accumulated

depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Bearer plants (vines) fall within the scope of NZ IAS 16 Property, Plant and Equipment. The vines have been measured using the revaluation model. Vines are not depreciated as they are held at fair value with residual values not expected to be less than carrying values.

Where the revaluation results in an increase in the carrying amount, the increase is recognised in Other Comprehensive Income and accumulated in equity under Revaluation Reserve. However, the increase is recognised in profit or loss within the Statement of Comprehensive Income to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Where the revaluation results in a decrease in the carrying amount, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus. The grapes produced remain in the scope of NZ IAS 41 Agriculture and are measured at fair value less costs to sell. Grapes are reclassified as inventory upon harvest.

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

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

Intangible Assets

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

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

Impairment of other assets

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

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

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

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

Impairment of Financial Assets

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

Leases

Under NZIFRS 16 any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

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

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

Financial Liabilities

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

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

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

Employee Benefits

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

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

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

Dividends

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

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

Segment Reporting

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer. The company has only a single reporting segment (see note I9).

Statement of Cash Flows

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

- (a) Cash and cash equivalents are considered to be cash on hand and current accounts in banks.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments.
Investments can include securities not falling within the definition of cash.
- (c) Financing activities are those activities that result in changes to the size and composition of the capital structure of the company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policies

All policies have been applied on bases consistent with those used in the previous reporting period.

NOTE 2:

CRITICAL ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Fair Value of Property, Plant and Equipment and Vines

The fair value of Land, Buildings, Irrigation, Wind Machines, Other Irrigation, Improvements and Non-Biological Trellis and vines has been reviewed by independent valuation as at 30 June 2025 to ensure the carrying fair value is appropriate. The principle of the highest and best use as at balance date has been given first consideration in determining the fair value of the vines. The fair value of land and other vineyard infrastructure is deducted from the fair value of the vineyard to determine the fair value of grape vines. Refer note II.

Fair Value of Agricultural Produce

The Directors carried out an assessment of the fair value per tonne of grapes, which is based on the quality of the grapes produced by the company, with reference to market prices for each variety of grape. This requires judgement and estimation by Directors. Refer note I3.

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 3: REVENUE

	2025	2024
	\$	\$
Bottled Wine New Zealand sales	2,529,524	2,674,233
Bottled Wine Export sales	2,138,549	2,213,014
Toast Martinborough Income	30,722	66,795
Food sales	359,265	316,707
Merchandise sales	32,371	31,896
Symphonic Feast	20,252	-
Wellington on a Plate	13,825	-
Total Revenue	5,124,508	5,302,645

NOTE 4: OTHER INCOME

	2025	2024
	\$	\$
Interest	860	834
WET rebate	108,114	129,990
Foreign exchange gain - net	5,082	4,687
Depreciation Recovered	350	14,184
Other	197,320	193,914
Total other income	311,726	343,609

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 5: OPERATING EXPENSES

	2025 \$	2024 \$
Expenses include the following;		
Depreciation		
Motor vehicles	1,966	7,909
Vineyard equipment	101,879	106,785
Grape harvesting equipment	13,148	30,482
Winery equipment	112,201	122,971
Vineyard development	26	28
Office equipment	49,523	48,262
Buildings	77,503	83,260
Total depreciation	356,246	399,697
Directors' fees	63,000	63,000
Auditor's remuneration		
Audit services	62,000	44,151
Audit services – FY24 additional fee	15,560	-
Other assurance services*	3,000	2,500

*Other assurance services being the Share Registry Audit.

Employee salary and wages paid during the year totalled \$1,682,022 (2024: \$1,680,214).

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 6: TAXATION

	2025 \$	2024 \$
The taxation provision has been calculated as follows:		
Profit/(Loss) before taxation	(132,436)	(1,398,889)
Taxation on profits for the year@28% (2024: 28%)	(37,082)	(391,689)
Non-Deductible Expenses	3,262	3,854
Tax Adjustments	16,444	(14,648)
Taxation charge as per the Statement of Comprehensive Income	(17,376)	(402,483)
Represented by:		
Current income tax	-	-
Deferred income tax	(17,376)	(402,483)
	(17,376)	(402,483)

DEFERRED TAX

	2025 \$	2024 \$
Opening balance	590,738	839,692
Charged to Revaluation Reserve	(14,906)	153,529
Reversal temporary differences	(17,376)	(402,483)
Closing balance	558,456	590,738
The deferred tax closing balance comprises the following temporary differences:		
Tax Losses	(163,287)	(49,261)
Provisions/Accruals	(44,734)	(30,284)
Property, Plant & Equipment (Including Vines)	819,738	864,670
Inventory	(53,261)	(194,387)
Closing Balance	558,456	590,738

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 7: EARNINGS PER SHARE

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

	2025 \$	2024 \$
Total Profit/(Loss) after taxation	(115,060)	(996,405)
Weighted average number of ordinary shares	4,216,734	4,216,734
Earnings per share (Basic=Diluted) cents	(2.73)	(23.63)

NOTE 8: TRADE AND OTHER RECEIVABLES

	2025 \$	2024 \$
Trade receivables	886,418	573,839
Receivables from related parties	150	-
Employee loans	836	1,170
Other receivables	111,439	148,327
Current trade and other receivables	998,843	723,336
Non-current portion of employee loans	-	836
	998,843	724,172
Neither past due nor impaired	985,096	684,244
Past due but not impaired*	13,747	38,121
Individually impaired	-	1,807
	998,843	724,172
*Past due debtors		
0-30 days	10,769	30,776
31-60 days	163	2,331
Greater than 60 days	2,815	6,821
	13,747	39,928

The current lifetime expected credit loss from trade receivables is nil (2024: nil).

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 9: FORWARD CURRENCY CONTRACTS

	2025 \$	2024 \$
Unrealised gains on forward contracts	-	2,531
The fair value is measured by the ANZ bank's determination of the 30 June mark-to-market values.		
The company has contracts to buy USD Nil (2024: 91,935) and AUD Nil (2024: 9,049).		

NOTE 10: STOCK ON HAND

	2025 \$	2024 \$
Stock on hand comprises:		
Finished stock	1,530,065	1,687,548
Bulk wine	2,879,018	2,145,381
Dry stock	149,462	161,554
	4,558,545	3,994,483

Inventories recognised as an expense during the year amounted to \$2,293,876 (2024: \$2,305,619).

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2025 \$	2024 \$
Land	6,729,000	10,200,000
Land – Subdivision Work in Progress	61,179	14,679
Buildings	2,010,000	2,295,000
Building Addition – Work in Progress	-	57,738
Winemaking equipment	350,591	462,792
Vineyard development, irrigation & wind machines	1,357,000	1,852,000
Grape harvesting equipment	-	13,148
Vineyard equipment	448,645	504,679
Vehicles	2,931	4,898
Vines	1,850,000	2,880,000
Office and cellar sales equipment	217,063	218,783
Total	13,026,409	18,503,717

Refer to note 21 for the key assumptions used for the revaluation completed.

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE II: PROPERTY, PLANT AND EQUIPMENT, cont.

30 June 2025	Land (revaluations) \$	Buildings (revaluations) \$	Winemaking Equip't (cost) \$	Vineyard Develop (revaluations) \$	Grape Harvesting Equip't (cost) \$	Vineyard Equip't (cost) \$
Opening cost	2,637,992	3,211,425	3,324,845	3,784,486	358,611	1,909,914
Opening accumulated revaluation	7,562,008	548,319	-	(739,098)	-	-
Opening accumulated depreciation	-	(1,464,744)	(2,862,051)	(1,193,388)	(345,463)	(1,405,235)
Opening net book value	10,200,000	2,295,000	462,794	1,852,000	13,148	504,678
Additions	-	57,738	-	-	-	12,494
Revaluation this year	(158,000)	(53,236)	-	(31,623)	-	-
Transfer	(3,313,000)	(212,000)	-	(430,000)	-	-
Depreciation	-	(77,502)	(112,201)	(33,377)	(13,148)	(68,528)
Closing net book value	6,729,000	2,010,000	350,591	1,357,000	-	448,645
Closing cost	2,637,992	3,269,163	3,324,845	3,784,486	358,611	1,922,408
Closing accumulated revaluation	7,404,008	495,084	-	(770,721)	-	-
Transfer to Assets Available for Sale	(3,313,000)	(212,000)	-	(430,000)	-	-
Closing accumulated depreciation	-	(1,542,246)	(2,974,252)	(1,226,765)	(358,611)	(1,473,763)
Closing net book value	6,729,000	2,010,000	350,591	1,357,000	-	448,645
30 June 2024	Land (revaluations) \$	Buildings (revaluations) \$	Winemaking Equip't (cost) \$	Vineyard Develop (revaluations) \$	Grape Harvesting Equip't (cost) \$	Vineyard Equip't (cost) \$
Opening cost	2,637,992	3,211,425	3,216,503	2,385,468	358,611	3,012,683
Transfer	-	-	-	1,322,017	-	(1,322,017)
Opening accumulated revaluation	-	-	-	-	-	-
Transfer	-	-	-	(1,128,433)	-	1,128,433
Opening accumulated depreciation	-	(1,381,484)	(2,739,080)	(30,925)	(314,981)	(2,460,886)
Opening net book value	2,637,992	1,829,941	477,423	2,548,128	43,630	358,213
Additions	-	-	108,342	77,000	-	230,064
Revaluation this year	7,562,008	548,319	-	(739,098)	-	-
Net disposal	-	-	-	-	-	(10,816)
Depreciation	-	(83,260)	(122,971)	(34,030)	(30,482)	(72,782)
Closing net book value	10,200,000	2,295,000	462,794	1,852,000	13,148	504,678
Closing cost	2,637,992	3,211,425	3,324,845	3,784,486	358,611	1,909,914
Closing accumulated revaluation	7,562,008	548,319	-	(739,098)	-	-
Closing accumulated depreciation	-	(1,464,744)	(2,862,051)	(1,193,388)	(345,463)	(1,405,235)
Closing net book value	10,200,000	2,295,000	462,794	1,852,000	13,148	504,678

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

30 June 2025	Vehicle (cost) \$	Vines (revaluations) \$	Office & Cellar Sales Equipment (cost) \$	Building Work in Progress (cost) \$	Land Work in Progress (cost) \$	Total \$
Opening cost	92,934	3,249,739	562,000	57,737	14,679	19,204,362
Opening accumulated revaluation	-	(369,738)	-	-	-	7,001,491
Opening accumulated depreciation	(88,036)	-	(343,218)	-	-	(7,702,136)
Opening net book value	4,898	2,880,000	218,782	57,737	14,679	18,503,717
Additions	-	-	47,802	-	46,500	164,534
Revaluation this year	-	(115,000)	-	-	-	(357,858)
Transfer	-	(915,000)	-	(57,738)	-	(4,927,738)
Depreciation	(1,966)	-	(49,523)	-	-	(356,246)
Closing net book value	2,931	1,850,000	217,062	(0)	61,179	13,026,410
Closing cost	90,760	2,334,739	609,802	-	61,179	18,393,985
Closing accumulated revaluation	-	430,262	-	-	-	7,558,633
Transfer to Assets Available for Sale	-	(915,000)	-	-	-	(4,870,000)
Closing accumulated depreciation	(87,828)	-	(392,742)	-	-	(8,056,207)
Closing net book value	2,931	1,850,000	217,062	-	61,179	13,026,409
30 June 2024	Vehicle (cost) \$	Vines (revaluations) \$	Office & Cellar Sales Equipment (cost) \$	Building Work in Progress (cost) \$	Land Work in Progress (cost) \$	Total \$
Opening cost	92,934	3,231,282	512,955	38,471	7,004	18,705,330
Opening accumulated revaluation	-	58,463	-	-	-	58,463
Opening accumulated depreciation	(80,127)	-	(294,957)	-	-	(7,302,440)
Opening net book value	12,807	3,289,746	217,999	38,471	7,004	11,461,353
Additions	-	18,457	49,045	19,266	7,675	509,848
Revaluation this year	-	(428,201)	-	-	-	6,943,028
Net disposal	-	-	-	-	-	(10,816)
Depreciation	(7,909)	-	(48,262)	-	-	(399,696)
Closing net book value	4,897	2,880,000	218,782	57,738	14,679	18,503,717
Closing cost	92,934	3,249,739	562,000	57,737	14,679	19,204,362
Closing accumulated revaluation	-	(369,738)	-	-	-	7,001,491
Closing accumulated depreciation	(88,036)	-	(343,218)	-	-	(7,702,136)
Closing net book value	4,898	2,880,000	218,783	57,738	14,679	18,503,717

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 12: ASSETS AVAILABLE FOR SALE

	Land	Buildings	Other Improvements	Vines	Total
Weld Street	2,985,000	160,000	430,000	915,000	4,490,000
Broadway Street - Coolstore	328,000	52,000	-	-	380,000
	3,313,000	212,000	430,000	915,000	4,870,000

During the 2025 Financial Year, specific properties were classified as held for sale under IFRS 5 following the commitment by the Board of Directors.

The Board of Directors have committed to sell the Coolstore property at 17 Broadway Street and 68 Weld Street. The Weld Street property has completed a successful subdivision of its 35.49-hectare area into eight distinct lots.

The status of these assets at Balance Date is detailed below:

Coolstore, 17 Broadway Street	Actively marketed for sale
68 Weld Street - Lot 2, 3 and 7	Actively marketed for sale
68 Weld Street – Lot 1, 4, 5, 6 and 8	Available for immediate sale with a firm intention to complete the disposal

As required by IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, these properties are measured at the lower of their carrying amount and fair value less costs to sell.

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 13: BIOLOGICAL ASSETS

	2025	2024
	\$	\$
Carrying amount of Vines if cost model had been used	1,551,368	1,701,430
Number of vines owned	184,165	184,165
Tonnes of grapes crushed – own vineyards	490	403

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

The fair value less estimated point-of-sale costs of grapes harvested during the period, determined at point of harvest, is \$1,687,379 (2024: \$1,403,214).

WORK IN PROGRESS

	2025	2024
	\$	\$
	279,046	263,871

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

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 14: INTANGIBLE ASSETS

	Trademark Protection	Website	Total
	\$	\$	\$
30 June 2025			
Opening cost	48,345	58,853	107,198
Opening accumulated amortisation	-	(55,821)	(55,821)
Opening net book value	48,345	3,032	51,378
Additions	-	-	-
Net disposals	-	-	-
Amortisation	-	(3,032)	(3,032)
Closing net book value	48,345	-	48,345
Closing cost	48,345	58,853	107,198
Closing accumulated amortisation	-	(58,853)	(58,853)
Closing net book value	48,345	-	48,345
30 June 2024			
Opening cost	48,345	58,853	107,198
Opening accumulated amortisation	-	(51,778)	(51,778)
Opening net book value	48,345	7,075	55,421
Additions	-	-	-
Net disposals	-	-	-
Amortisation	-	(4,043)	(4,043)
Closing net book value	48,345	3,032	51,378
Closing cost	48,345	58,853	107,198
Closing accumulated amortisation	-	(55,821)	(55,821)
Closing net book value	48,345	3,032	51,377

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 15: TRADE AND OTHER PAYABLES

	2025 \$	2024 \$
Trade creditors	335,077	331,983
Related party payables	80,072	79,170
Other payables	154,747	146,675
	569,896	557,828

NOTE 16: TERM LOAN

	2025 \$	2024 \$
Current portion of term loans		
ANZ Term Loan	854,690	-
	854,690	-

During the 2024 Financial Year the Company entered into a ANZ Business Plus Loan Agreement The facility limit is \$850,000 with a facility term date of 31 March 2026. Repayment is currently interest only

Bank Securities

The ANZ Bank holds the following securities:

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

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

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 17: LEASES

	2025 \$	2024 \$
Current portion of finance lease		
AGCO Finance	43,075	56,276
	43,075	56,276

During the 2022 year the company entered into a Finance Lease with AGCO Finance for a Fendt 211V Tractor. The repayment period is 36 months with monthly repayments of \$2,984.72. Interest cost is .99%p.a. This was fully repaid 8 November 2024.

During the 2023 year the company entered into a Finance Lease with AGCO Finance for a Fendt 209V G3 Tractor. The repayment period is 36 months with monthly repayments of \$3,704.37. Interest cost is 3.99%p.a. Final repayment will be 30 September 2026.

NOTE 18: SHARE CAPITAL

	2025 \$	2024 \$	2025 \$	2024 \$
Opening share capital	4,216,734	4,216,734	6,491,435	6,491,435
Share capital issued	-	-	-	-
Closing share capital	4,216,734	4,216,734	6,491,435	6,491,435

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

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

There were no shares issued during the year.

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 19: SEGMENTAL REPORTING

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

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

	2025 \$	2024 \$
New Zealand	2,591,305	2,674,233
Australia	600,816	695,595
United States America	587,321	595,392
United Kingdom	277,989	70,998
Korea	198,360	287,367
Singapore	99,298	-
Denmark	58,250	79,340
Japan	59,029	67,494
Hong Kong	46,715	88,379
Netherlands	38,110	52,025
Fiji	30,940	25,572
Italy	24,050	22,310
Switzerland	16,934	38,846
Canada	15,957	25,102
Germany	15,150	-
Malta	7,849	-
United Arab Emirate	-	47,900
Other	-	116,694
Total	4,668,073	4,887,247

All non-current assets are located in New Zealand.

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

	2025 \$	2024 \$
Customer A	974,055	1,007,279
Customer B	-	507,073

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 20: IMPUTATION CREDIT ACCOUNT

Imputation credits available for distribution to shareholders as at 30 June.

	2025	2024
	\$	\$
Amount available as at 1 July	2,688,834	2,578,975
Net movement during the reporting period	5,597	109,859
Amount available as at 30 June	2,694,431	2,688,834

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 2I: FINANCIAL INSTRUMENTS

2025

	Financial Assets at Amortised Cost \$	Financial Assets at Fair Value through Profit and Loss \$	Total \$
Cash and cash equivalents	18,578	-	18,578
Trade and other receivables	998,843	-	998,843
Investments	-	7,038	7,038
Total Financial Assets	1,017,422	7,038	1,024,460

	Financial Liabilities at Fair value through Profit or Loss \$	Financial Liabilities at Amortised Cost \$	Total \$
Bank Overdraft	-	639,601	639,601
Trade and other payables	-	548,469	548,469
Term Loans	-	854,690	854,690
Finance Lease Loans	-	54,115	54,115
Total Financial Liabilities	-	2,096,875	2,096,875

2024

	Financial Assets at Amortised Cost \$	Financial Assets at Fair Value through Profit and Loss \$	Total \$
Cash and cash equivalents	21,205	-	21,205
Trade and other receivables	724,172	-	724,172
Investments	-	7,038	7,038
Forward Currency Contracts	-	2,531	2,531
Total Financial Assets	745,377	9,569	754,945

	Financial Liabilities at Fair value through Profit or Loss \$	Financial Liabilities at Amortised Cost \$	Total \$
Bank Overdraft	-	16,883	16,883
Trade and other payables	-	551,880	551,880
Term Loans	-	856,204	856,204
Finance Lease Loans	-	110,391	110,391
Total Financial Liabilities	-	1,535,357	1,535,357

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

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

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

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

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

2025	Level 1 \$	Level 2 \$	Level 3 \$
Current Assets			
Investments			
Unquoted equity instruments	-	-	7,038
Property Plant and Equipment			
Vines	-	-	1,850,000
Land, Buildings, Other Improvements	-	-	10,096,000
Net Fair Value	-	-	11,953,038
2024	Level 1 \$	Level 2 \$	Level 3 \$
Current Assets			
Forward Currency Contracts	-	2,531	-
Investments			
Unquoted equity instruments	-	-	7,038
Property Plant and Equipment			
Vines	-	-	2,880,000
Land, Buildings, Other Improvements	-	-	14,347,000
Net Fair Value	-	2,531	17,234,038

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

Land, Buildings, Vineyard Development, Irrigation, Wind Machines and Vines have been revalued to their estimated market value. The fair value of these was determined by an independent valuer, Boyd A Gross, Logan Stone. The valuation was dated 30 June 2025. This excludes the Weld Street and Broadway Street properties.

The valuer considers three different approaches to arrive at the fair values:

1. Market Approach - Sales comparison – considers sales of other comparable properties
2. Cost or Depreciated Replacement Cost Approach – this uses the market approach for land and then considers the cost to replace the buildings and other improvements less an appropriate allowance for depreciation. It has been based on the budgeted costs to construct the winery and has been compared to other actual winery builds, expansions and winery support buildings that have occurred throughout Marlborough and Hawke's Bay.
3. Income Approach - Discounted Cash Flow – this method requires a forecast of the periodic net cashflow and is discounted at a market derived rate that reflects the risk, opportunity, cost of capital and the investor desired returns to compute its present value. The valuer allowed for a cashflow timeframe of 18 years with a terminal value assessed at expiry, if applicable.

Other influencing factors were location, improvements, varieties, industry conditions, size, organic philosophies, market depth. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The independent valuation for fair value of the assets valued was \$11.9m, comprising land \$6.7m, buildings \$2m, vines \$1.8, other \$1.4m. These assets are carried at fair value in the financial statements.

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

Credit Risk

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

Foreign Exchange Risk

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

Liquidity Risk

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

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

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

2025	Total \$	NZD \$	AUD \$	GBP \$	Euro \$	USD \$
Cash and Cash Equivalents	18,578	14,033	3,836	572	17	121
Trade and Other Receivables	998,843	351,544	276,936	91,254	-	279,108
Investments	7,038	7,038	-	-	-	-
Total Financial Assets	1,024,460	372,615	280,772	91,826	17	279,230
Bank Overdraft	639,601	639,601	-	-	-	-
Finance Lease Loans	54,115	54,115	-	-	-	-
Trade and Other Payables	548,469	535,509	12,960	-	-	-
Term Loans	854,690	854,690	-	-	-	-
Total Financial Liabilities	2,096,875	2,083,916	12,960	-	-	-
Net Financial Position	(1,072,416)	(1,711,301)	267,813	91,826	17	279,230
2024	Total \$	NZD \$	AUD \$	GBP \$	Euro \$	USD \$
Cash and Cash Equivalents	21,205	4,071	23	50	4,099	12,962
Trade and Other Receivables	724,172	237,927	221,953	70,998	-	193,294
Investments	7,038	7,038	-	-	-	-
Forward Exchange Contracts	2,569	-	-	-	-	2,569
Total Financial Assets	754,983	249,037	221,976	71,047	4,099	208,824
Bank Overdraft	16,883	16,883	-	-	-	-
Finance Lease Loans	110,391	110,391	-	-	-	-
Forward Exchange Contracts	38	-	38	-	-	-
Trade and Other Payables	551,880	529,084	13,244	-	9,552	-
Term Loans	856,204	856,204	-	-	-	-
Total Financial Liabilities	1,535,394	1,512,561	13,281	-	9,552	-
Net Financial Position	(780,411)	(1,263,524)	208,695	71,047	(5,453)	208,824

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

Price Risk

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

	2025	2024
	\$	\$
Actual Revenue	5,124,508	5,302,645
5% Decrease	4,868,283	5,037,512
5% Increase	5,380,733	5,567,777

b) Fair Values

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

NOTE 22: RISK MANAGEMENT STRATEGIES
RELATED TO AGRICULTURE ACTIVITY

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

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 23: RISK SENSITIVITY

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

2025	Carrying Amount \$	Currency Risk -10%	10%
Cash and cash equivalents	18,578	1,945	1,592
Trade and other receivables	998,843	58,257	71,203
Investments	7,038	-	-
Total Financial Assets	1,024,460	60,202	72,794
Bank Overdraft	639,601	-	-
Trade and other payables	548,469	1,166	1,426
Term Loan	854,690	-	-
Finance Lease Loans	54,115	-	-
Total Financial Liabilities	2,096,875	1,166	1,426
Net Financial Position	(1,072,416)	59,036	71,369
2024	Carrying Amount \$	Currency Risk -10%	10%
Cash and cash equivalents	4,322	1,904	1,558
Trade and other receivables	724,172	43,762	53,487
Investments	7,038	-	-
Forward Exchange Contracts	2,531	17,886	14,634
Total Financial Assets	738,063	63,551	69,678
Trade and other payables	551,880	1,792	2,190
Term Loan	856,204	-	-
Finance Lease Loans	110,391	-	-
Total Financial Liabilities	1,518,474	1,792	2,190
Net Financial Position	(780,411)	61,759	67,488

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 24: MATURITY ANALYSIS

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

2025	less than 6 months \$	6 - 12 months \$	greater than 12 months \$
Trade and other payables	548,373	96	-
Term Loans	-	854,690	-
Finance Lease Loans	21,538	21,538	11,039
Total Financial Liabilities	569,911	876,324	11,039
2024	less than 6 months \$	6 - 12 months \$	greater than 12 months \$
Trade and other payables	550,568	641	671
Term Loans	-	-	856,204
Finance Lease Loans	35,373	20,903	54,115
Total Financial Liabilities	585,941	21,544	910,989

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 25: RELATED PARTY TRANSACTIONS

The company purchased fuel, road user charges, vehicle maintenance and other minor purchases from Martinborough Automotive 2020 Limited, of which Ms P M Goodwin's husband is related. These transactions amount to \$13,677 (2024: \$10,370).

During the year the company reimbursed Mr J D Auld travel and other expenses of \$Nil (2024: \$2,562).

During the year there were shareholder sales of \$520,934 (2024: \$567,963).

	2025 \$	2024 \$
Trade and other receivables include:		
Key management personnel	150	-
Other related parties	-	-
Trade and other payables include:		
Key management personnel	67,361	62,719
Other related parties	12,711	15,930
Key Management Compensation	2025 \$	2024 \$
Short-term employee benefits	441,794	444,703
Directors Fees	63,000	63,000

Notes to the Financial Statements for the Year Ended 30 June 2025 *cont.*

NOTE 26: COMMITMENTS

There were no commitments for capital expenditure at the reporting date (2024: Nil).

NOTE 27: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or contingent assets are known to exist at the reporting date (2024: Nil).

NOTE 28: DIVIDEND

For the reporting date there was no dividend declared by the Board of Directors (2024: No dividend declared).

NOTE 29: MANAGING CAPITAL

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

Notes to the
Financial Statements
for the Year Ended
30 June 2025 *cont.*

NOTE 30: RECONCILIATION OF OPERATING SURPLUS/(LOSS) WITH CASHFLOWS FROM OPERATING ACTIVITIES

	2025 \$	2024 \$
Total Comprehensive Income/(Loss) for the Year	(311,390)	6,901,930
Adjust for Non-Cash Items		
Depreciation & Amortisation	357,104	353,890
Depreciation Recovered on disposal of Property, Plant & Equipment	(350)	(14,184)
Change in Fair Value of Vines	115,000	428,201
Change in Fair Value of Vineyard Development, Irrigation and Wind Machines	31,623	739,098
Change in Fair Value - Land and Buildings - Net of Tax	196,330	(7,956,798)
	388,317	452,137
(Increase)/Decrease in Assets		
Trade & Other Receivables	(274,671)	75,273
Forward Currency Contracts	2,531	(3,078)
Stock & Work in Progress	(579,237)	(129,443)
	(851,377)	(57,248)
Increase/(Decrease) in Liabilities		
GST	15,479	37,167
Trade & Other Payables	(42,773)	(215,734)
Taxation Payable	27,198	(358,813)
	(96)	(537,380)
Net Cash flows used in Operating Activities	(463,156)	(142,491)

Comparative Financial Review for the Years Ending 30 June 2025

	2025	2024	2023	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement Data					
Total Sales Revenue	5,125	5,303	5,984	5,150	5,067
Surplus from Operations	1,191	1,396	1,631	1,371	1,346
Taxation	(17)	(402)	(7)	73	(28)
Net Surplus/(Deficit) for the Year	(311)	6,902	(119)	211	23
Earnings per Share (cents)	(2.73)	(23.63)	(2.82)	5.01	0.55
Dividends per Share (cents)	-	-	-	-	5.00
Statement of Financial Position Data					
Current Assets	10,725	5,011	4,958	5,202	5,244
Current Liabilities	2108	631	1089	986	908
Working Capital Ratio	5.09	7.94	4.55	5.28	5.78
Non-Current Assets	13,082	18,563	11,526	11,455	11,014
Total Assets	23,807	23,574	16,483	16,657	16,257
Non-Current Liabilities	569	1,501	855	1,012	920
Total Liabilities	2,677	2,132	1,944	1,998	1,828
Total Shareholder's Equity	21,130	21,442	14,540	14,659	14,430
Net Surplus/(Deficit) % of Shareholder's Equity	-1.47%	32.19%	-0.82%	1.44%	0.16%
Total Loans	1548	967	50	85	2
Gearing Ratio % ¹	6.50%	4.10%	0.30%	0.51%	0.01%
Shareholder's Equity % of Total Assets	88.76%	90.96%	88.21%	88.01%	88.76%
Number of Shares at year end	4,216,734	4,216,734	4,216,734	4,216,734	4,216,734

Notes:

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

Statutory Information for the Year Ended 30 June 2025

1. CHANGES IN CAPITAL

There was no change in capital during the year.

2. DIVIDEND

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

3. DIRECTORS

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

4. AUDITOR

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

5. INTERESTS REGISTER

Transactions

Various related party transactions were conducted during the year as more particularly described in Note 25 on page 62 of the annual report.

The company has Directors' and Officers' Liability Insurance.

Loans to Directors

There were no loans by the company to Directors.

Statutory Information
for the Year Ended
30 June 2025

6. DIRECTORS' REMUNERATION

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

	2025	2024
	\$	\$
A R Meehan	21,356	21,356
S R Tyler	13,881	13,881
J D Auld	13,881	13,881
S L Meikle	13,881	13,881

7. EMPLOYEES' REMUNERATION

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

	No. of Employees
\$120,001-\$130,000	2
\$190,001-\$200,000	1
\$240,001-\$250,000	1

Statutory Information for the Year Ended 30 June 2025

8. SHAREHOLDING BREAKDOWN

Shareholding as at 30 June 2025	Number of Shareholders	Total Shares Held	% of Share Capital
1-9,999	195	897,120	21.27%
10,000-49,999	46	801,899	19.02%
50,000-99,999	5	370,566	8.79%
100,000-499,999	8	2,147,149	50.92%
	254	4,216,734	100.0%

9. DIRECTORS' SHAREHOLDING

Shares held at 30 June 2025 (including beneficial interests):

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

International Distributors

AUSTRALIA

Negociants Australia
205 Grote St Adelaide
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BRAZIL

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