



FOLEY FAMILY WINES

HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014



FOLEY FAMILY WINES
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FOLEY FAMILY WINES

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

		Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
Revenue	3	15,604	30,954	13,743
Expenses				
Excise duty		(1,768)	(2,621)	(1,283)
Cost of sales		(9,547)	(20,631)	(9,674)
Operating and other expenses		(2,817)	(4,983)	(2,408)
Non-recurring expenses		-	(327)	-
Expenses excluding interest		(14,132)	(28,562)	(13,365)
Profit before interest, impairment, revaluations and income tax		1,472	2,392	378
Interest revenue		20	33	15
Interest expense	4	(843)	(1,721)	(868)
Net finance costs		(823)	(1,688)	(853)
Profit/(loss) before impairment, revaluations and income tax		649	704	(475)
Impairment				
Impairment of trade and other receivables		4	57	57
Impairment of inventory		8	440	322
Impairment of investments		-	-	-
Profit/(loss) before revaluations and income tax		661	1,201	(96)
Revaluation gains and losses				
Unrealised gain/(loss) in fair value of financial asset/liabilities – held for trading	9	97	537	643
Unrealised gain/(loss) on biological assets		-	232	-
Unrealised (loss)/gain on harvested grapes		-	1,464	-
Realised (loss)/gain on harvested grapes		(169)	948	892
Revaluation of property, plant & equipment		-	(48)	-
Profit before income tax	3	589	4,334	1,439
Income tax expense		(189)	(1,045)	(403)
Profit for the period		400	3,289	1,036
Share of associate profit/(loss)		-	35	-
Gain on purchase		-	1,020	-
Profit for the period net of tax, attributable to Shareholders of the Parent Company		400	4,344	1,036
Basic Earnings per share cps (after tax)	5	0.77	10.01	2.39
Diluted Earnings per share cps (after tax)	5	0.67	8.48	2.02

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
Note			
Profit for the period	400	4,344	1,036
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment	-	1,039	-
Income tax on items taken directly to or transferred from equity	-	(142)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	-	-	-
Other comprehensive income for the period, net of tax	-	897	-
Total comprehensive income/(expense) for the period, net of tax	400	5,241	1,036

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Note	Fully Paid Ordinary Shares \$'000	Asset Revaluatio n Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Attributed to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total \$'000
Unaudited 6 Months 31 December 2014 Group							
Equity at 1 July 2014	66,428	2,162	-	9,557	78,147	90	78,237
Total comprehensive income/(expense) for the period	-	-	-	400	400	-	400
Contributions by owners 9	90	-	-	-	90	(90)	-
Transactions with owners during period	90	-	-	-	-	-	-
Added to equity during the period	90	-	-	400	490	(90)	400
Equity at 31 Dec 2014	66,518	2,162	-	9,957	78,637	-	78,637
Dividends paid per share cps 6							0.0

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluatio n Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Attributed to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total \$'000
Audited 12 Months 30 June 2014 Group								
Equity at 1 July 2013		54,063	1,349	64	5,065	60,541	-	60,541
Total comprehensive income/(expense) for the year		-	813	(64)	4,492	5,241	-	5,241
Contributions by owners	9	12,365	-	-	-	12,365	90	12,455
Transactions with owners during the year		12,365	-	-	-	12,365	90	12,455
Added to equity during the year		12,365	813	(64)	4,492	17,606	90	17,696
Equity at 30 June 2014		66,428	2,162	-	9,557	78,147	90	78,237
Dividends paid per share cps								0.0
Unaudited 6 Months 31 December 2013 Group								
Equity at 1 July 2013		54,063	1,349	64	5,065	60,541	-	60,541
Total comprehensive income/(expense) for the period		-	-	-	1,036	1,036	-	1,036
Translation gains/(losses)		-	-	(45)	45	-	-	-
Transactions with owners during period		-	-	(45)	45	-	-	-
Added to equity during the period		-	-	(45)	1,081	1,036	-	1,036
Equity at 31 Dec 2013		54,063	1,349	19	6,146	61,577	-	61,577
Dividends paid per share cps								0.0

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
Note			
CURRENT ASSETS			
Cash and cash equivalents	1,927	3,824	354
Trade and other receivables	5,964	7,583	7,398
Other financial assets	478	305	400
Inventories	25,937	29,471	19,288
Biological work in progress	3,646	649	2,965
Current tax assets	302	413	(91)
Prepaid expenses	512	315	606
	<hr/>	<hr/>	<hr/>
	38,766	42,560	30,920
NON-CURRENT ASSETS			
Property, plant and equipment	49,510	47,667	39,986
Biological assets	13,182	14,140	12,641
Intangible assets	10,841	10,805	10,066
Investments in associates	-	-	424
Deferred tax assets	443	443	1,060
Other financial assets	-	87	186
	<hr/>	<hr/>	<hr/>
	73,976	73,142	64,363
TOTAL ASSETS	<hr/> 112,742	<hr/> 115,702	<hr/> 95,283

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 (CONTINUED)

	Note	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
CURRENT LIABILITIES				
Trade and other payables		2,589	5,456	2,390
Loans and borrowings		745	745	745
Finance lease		77	154	107
Convertible notes		10,900	10,900	10,900
Other financial liabilities		29	18	54
		<u>14,340</u>	<u>17,273</u>	<u>14,196</u>
NON-CURRENT LIABILITIES				
Loans and borrowings		11,703	12,076	12,449
Finance lease		32	57	19
Other financial liabilities		104	125	177
Deferred tax liabilities		7,926	7,934	6,865
		<u>19,765</u>	<u>20,192</u>	<u>19,510</u>
TOTAL LIABILITIES		<u>34,105</u>	<u>37,465</u>	<u>33,706</u>
EQUITY				
Share capital	7	66,518	66,428	54,063
Reserves		2,162	2,162	1,368
Retained earnings		9,957	9,557	6,146
Non-controlling interest		-	90	-
TOTAL EQUITY		<u>78,637</u>	<u>78,237</u>	<u>61,577</u>
TOTAL LIABILITIES AND EQUITY		<u>112,742</u>	<u>115,702</u>	<u>95,283</u>

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers	18,358	31,834	13,416
Interest received	20	33	15
Payments to suppliers and employees	(16,593)	(28,993)	(12,568)
Interest and other costs of finance paid	(836)	(1,717)	(868)
Income tax paid	(70)	9	(7)
Net cash flow from operating activities	8	1,166	(12)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment	16	130	45
Purchase of property, plant and equipment and biological assets	(2,281)	(2,735)	(1,471)
Purchase of intangible assets	(36)	(239)	-
Net cash flow from investing activities	(2,301)	(2,844)	(1,426)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided for (applied to)			
Equity contribution	-	10,709	-
Loans repaid	(475)	(7,422)	(423)
Net cash flow from financing activities	(475)	3,287	(423)
Net increase (decrease) in cash held	(1,897)	1,609	(1,861)
Cash and cash equivalents/(Bank overdraft) at beginning of period	3,824	2,215	2,215
(Bank overdraft) from reverse acquisition/Cash from amalgamation		-	
Cash and cash equivalents/(Bank overdraft) at end of period	1,927	3,824	354
Comprising: Cash and cash equivalents	1,927	3,824	354
Bank overdraft	-	-	-
	1,927	3,824	354

These financial statements should be read in conjunction with the Notes to the financial statements on pages 12 to 15.



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

1. ACCOUNTING PERIOD

The unaudited financial statements presented are for Foley Family Wines Limited (the Parent) and its subsidiaries (the Group) and cover the six month period to 31 December 2014. These condensed financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Statements and should be read in conjunction with Foley Family Wines Limited's Annual Report for the year ended 30 June 2014. The financial statements were authorised for issue by the Directors on 10 March 2015.

2. ACCOUNTING POLICIES

The same accounting policies and methods of computation are followed in the interim financial statements as were followed in the annual financial statements for the year ended 30 June 2014 with the exception of taxation.

Taxation

Income tax expense has been recorded in these financial statements on the basis of 28% of profit/(loss) before income tax. Any deferred benefits have not been brought to account. This is consistent with the prior year.

There have been no changes in accounting policies during the period.

Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
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3. PROFIT/(LOSS) FOR THE PERIOD

Included in profit/(loss) before income tax for the period are the following:

REVENUE:

Sales revenue	15,604	30,954	13,743
Net foreign exchange gains/(losses) on contract close outs	-	-	-
Total revenue	15,604	30,954	13,743

EXPENSES:

Bad debts (net of bad debts recovered)	-	(15)	-
Depreciation	1,385	2,255	1,087
Directors' fees	75	150	75
Employee benefits expense:			
- Short-term employee benefits	2,406	4,434	1,964
Fees paid to auditors (PwC):			
- Audit of the financial statements (fees and disbursements)	33	67	37
- For other services – accounting technical advice	-	-	-
Fees paid to auditors (Grant Thornton):			
- Audit of the share registry	(1)	4	-



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONTINUED)

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
4. INTEREST EXPENSE			
Loan interest and other costs of finance paid	843	1,721	868

5. EARNINGS PER SHARE

Basic Earnings per share (\$)	0.77	10.01	2.39
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$400,000 (30Jun14 \$4,344,000; 31Dec13 \$1,307,000) and the weighted average of 52,185,500 ordinary shares on issue during the period (30Jun14 43,385,995; 31Dec13 43,385,995).

Diluted Earnings per share (\$)	0.67	8.48	2.02
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$400,000 (30Jun14 \$4,344,000; 31Dec13 \$1,307,000) and the weighted average of 60,048,525 ordinary shares on issue during the period (30Jun14 51,249,020; 31Dec13 51,249,020).

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31Dec2014 Number of shares	30Jun2014 Number of shares	31Dec2013 Number of shares
Weighted average number of ordinary shares (Basic)	52,185,500	43,385,995	43,385,995
Convertible notes outstanding at period end	7,863,025	7,863,025	7,863,025
Weighted average number of ordinary shares (Diluted)	60,048,525	51,249,020	51,249,020

6. DIVIDENDS PAID PER SHARE

The calculation of dividends per share in respect of the interim 2015 period is based on no final dividend for 2014 being paid (31Dec13 \$Nil).

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
7. SHARE CAPITAL			
FULLY PAID UP ORDINARY SHARES			
Balance at beginning of period	66,428	54,063	54,063
Movements in share capital	90	12,365	-
Balance at end of period	66,518	66,428	54,063
Number of fully paid ordinary shares	52,222,534	52,159,047	43,385,995

7. SHARE CAPITAL

FULLY PAID UP ORDINARY SHARES

Balance at beginning of period	66,428	54,063	54,063
Movements in share capital	90	12,365	-
Balance at end of period	66,518	66,428	54,063
Number of fully paid ordinary shares	52,222,534	52,159,047	43,385,995

There were 63,487 ordinary shares issued at \$1.40 during July 2014 to complete the compulsory acquisition of the remaining 5.13% of the shares in MVEL (30Jun14 and 31Dec13: Refer note 9 and 10 Annual Report).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONTINUED)

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
8. NET CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT AFTER INCOME TAX FOR THE PERIOD	400	4,344	1,037
NON-CASH ITEMS:			
Depreciation	1,385	2,255	1,087
Increase/(decrease) in deferred tax	(8)	1,128	(12)
Impairment loss/(gain) recognised on trade and other receivables	(2)	(57)	(57)
Impairment loss/(gain) recognised on inventories	(8)	(440)	(576)
Adjustments resulting from revaluation of grapes	169	(2,412)	(892)
(Gain)/loss on revaluation of biological assets	-	(232)	-
(Gain)/loss on disposal of property, plant and equipment	(5)	(15)	4
(Gain)/loss on asset revaluations	-	48	-
Share of profit of associate company	-	(35)	-
Gain on purchase		(1,020)	
	1,931	3,564	591
MOVEMENTS IN WORKING CAPITAL BALANCES:			
Trade and other receivables	1,621	(930)	(1,124)
Inventories	3,373	(1,443)	5,474
Biological work in progress	(2,997)	(29)	(2,415)
Prepaid expenses	(197)	(77)	(368)
Trade and other payables	(2,867)	711	(1,935)
Other financial assets/liabilities	(96)	(537)	(643)
Current tax assets/liabilities	111	(93)	408
	(1,052)	(2,397)	(603)
NET CASH FLOW FROM OPERATING ACTIVITIES	879	1,166	(12)
9. FINANCIAL INSTRUMENTS			
Change in fair value of financial assets/liabilities consists of:			
Foreign currency forward contracts	75	248	442
Foreign currency option contracts	12	-	-
Interest rate swaps	10	289	201
	97	537	643



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONTINUED)

	Unaudited 6 Months 31 Dec 2014 Group \$	Audited 12 Months 30 Jun 2014 Group \$	Unaudited 6 Months 31 Dec 2013 Group \$
10. NET TANGIBLE ASSETS			
Net tangible assets per share	1.30	1.29	1.19

11. RELATED PARTY TRANSACTIONS

(a) Material transactions with related parties during the period are set out below (\$'000):

- (i) Sales were made to Foley Family Wines, Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Family Wines Limited. Sales for the period were \$1,777 for the Group (Jun14: \$6,472; Dec13: \$2,546).
- (ii) Marketing support services were provided by Foley Family Wines Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Family Wines Limited. Marketing support charges for the period were \$74 for the Group (Jun14: \$144; Dec13: \$74).
- (iii) Interest was paid/payable to Foley Family Wines Holdings, New Zealand Limited the parent of the Foley Family Wines Limited under the convertible note. Interest paid/payable for the period was \$357 for the Group (Jun14: \$709; Dec13: \$357).
- (iv) Sales were made to EuroVintage Limited, a 50% associate of the parent company of Foley Family Wines Limited. Sales for the period were \$5,724 for the Group (Jun14: \$6,951; Dec13: \$3,303). Management fees and the funding of promotional activity such as bonus stock relating to these sales of \$475 were charged by EuroVintage during the period (Jun14: \$713; Dec13: \$316).
- (v) Sales were made to, and administration services provided to, Wharekauhau Country Estate Limited, a luxury lodge 74.6% owned by Bill Foley, the majority shareholder of the ultimate parent. Sales for the period totalled \$14 for the Group (Jun14: \$20; Dec13: \$9). Administration Charges for the period totalled \$1 for the Group (Jun14: \$1; Dec13 \$Nil). Accommodation and function facilities provided by Wharekauhau to the Company during the period totalled \$39 (Jun14 \$65; Dec13 \$8).
- (vi) New Zealand Wine Growers (USA) Limited is a group of 21 wine growers in New Zealand established to promote New Zealand wines at the premium end of the market. Foley Family Wines Limited (Vavasour) has a 5% interest in the Company and makes payment of \$6 per quarter as membership fees. Total amount paid during the period was \$Nil for the Group (Jun14: \$23; Dec13: \$11).
- (vii) Lighthouse Gin was purchased for international distribution from Lighthouse Distillery Limited, a company owned by Mark Turnbull, CEO and Director of Foley Family Wines Limited. Purchases during the period totalled \$108 (Jun14 \$53; Dec13: Nil). Administration and contract distilling services were provided to Lighthouse Distillery Limited during the period of \$20 (Jun14: \$7; Dec13: Nil).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (CONTINUED)

	Unaudited 6 Months 31 Dec 2014 Group \$'000	Audited 12 Months 30 Jun 2014 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
(b) Amounts owing to related parties at balance date:			
Foley Family Wines Inc.	50	49	7
Foley Family Wines Holdings, New Zealand Limited – convertible note	10,900	10,900	10,900
EuroVintage Limited	109	66	72
Wharekauhau Country Estate Limited	1	-	-
McLeod Vineyard Limited	-	111	201
(c) Amounts owing from related parties at balance date:			
Foley Family Wines Inc.	958	2,454	1,790
EuroVintage Limited	1,488	1,092	2,009
Wharekauhau Country Estate Limited	4	2	4
McLeod Vineyard Limited	-	-	60
Lighthouse Distillery Limited	23	25	-

11. SUBSEQUENT EVENTS

No material events have occurred since balance date.

12. SHAREHOLDER INFORMATION

August/September 2015	Annual Report Published
November 2015	Annual Shareholders Meeting



FOLEY FAMILY WINES
HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

DIRECTORS:	WP Foley, II (Chairman) AJ Anselmi JA Jamieson AM Turnbull (CEO)
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POSTAL ADDRESS:	PO Box 67, Renwick 7243, Marlborough, New Zealand
EMAIL:	info@ffw.co.nz
WEBSITES:	www.ffw.co.nz (www.nzwineco.co.nz) www.grovemill.co.nz www.vavasour.com www.tekairanga.com www.martinborough-vineyard.co.nz
NATURE OF BUSINESS:	Production and distribution of wine
AUDITORS:	PricewaterhouseCoopers, Auckland
SOLICITORS:	Bell Gully, Auckland
BANKERS:	Bank of New Zealand, Auckland
REGISTRATION NO.	307139
REGISTERED OFFICE:	13 Waihopai Valley Road, RD 6 Blenheim 7276, Marlborough
SHARE REGISTRAR:	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna, Auckland Private Bag 92119, Auckland 1020 Telephone +64 9 488 8777 Facsimile +64 9 488 8787 Email: enquiry@computershare.co.nz (please quote CSN or shareholder number) Website for shareholders to change address or payment instructions or view investment portfolio: www.computershare.co.nz/investorcentre
SHARE TRADING:	NZX – NZAX Market Security Code “FFW”