



FOLEY FAMILY WINES

HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013



FOLEY FAMILY WINES
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FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

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FOLEY FAMILY WINES

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Note	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
Revenue	3	13,743	30,910	17,292
Expenses				
Excise duty		(1,283)	(2,647)	(1,747)
Cost of sales		(9,674)	(21,761)	(11,361)
Operating and other expenses		(2,408)	(5,556)	(3,198)
Non-recurring expenses		-	(650)	(149)
Expenses excluding interest		(13,365)	(30,614)	(16,455)
Profit before interest, impairment, revaluations and income tax		378	296	834
Interest revenue		15	82	27
Interest expense	4	(868)	(1,709)	(809)
Net finance costs		(853)	(1,627)	(782)
Profit/(loss) before impairment, revaluations and income tax		(475)	(1,331)	55
Impairment				
Impairment of trade and other receivables		57	1,076	34
Impairment of inventory		322	746	(146)
Impairment of investments		-	(999)	1
Profit/(loss) before revaluations and income tax		(96)	(508)	(56)
Revaluation gains and losses				
Unrealised gain/(loss) in fair value of financial asset/liabilities – held for trading	9	643	390	10
Unrealised gain/(loss) on biological assets		-	1,353	-
Unrealised (loss)/gain on harvested grapes		-	(124)	-
Realised (loss)/gain on harvested grapes		892	1,381	530
Revaluation of property, plant & equipment		-	(76)	-
Profit before income tax	3	1,439	2,416	484
Income tax expense		(403)	(728)	(155)
Profit for the period		1,036	1,688	329
Share of associate profit/(loss)		-	37	-
Profit for the period net of tax, attributable to Shareholders of the Parent Company		1,036	1,725	329
Basic Earnings per share cps (after tax)	5	2.39	3.93	0.73
Diluted Earnings per share cps (after tax)	5	2.02	3.33	0.62

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 2013

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
Profit for the period	1,036	1,725	329
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment	-	2,021	-
Income tax on items taken directly to or transferred from equity	-	(294)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	-	64	(3)
Other comprehensive income for the period, net of tax	-	1,791	-
Total comprehensive income/(expense) for the period, net of tax	1,036	3,516	326

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Unaudited 6 Months 31 December 2013 Group					
Equity at 1 July 2013	54,063	1,349	64	5,065	60,541
Total comprehensive income/(expense) for the period	-	-	-	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
Equity at 31 Dec 2013	54,063	1,349	19	6,146	61,577
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 2013 (CONTINUED)

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Audited 12 Months 30 June 2013 Group						
Equity at 1 July 2012		38,518	-	-	2,962	41,480
Total comprehensive income/(expense) for the year		-	1,349	64	2,103	3,516
Contributions by owners		15,545	-	-	-	15,545
Transactions with owners during the year		15,545	-	-	-	15,545
Added to equity during the year		15,545	1,349	64	2,103	19,061
Equity at 30 June 2013		54,063	1,349	64	5,065	60,541
Dividends paid per share cps	6					0.0
Unaudited 6 Months 31 December 2012 Group						
Equity at 1 July 2012		38,518	-	-	2,962	41,480
Total comprehensive income/(expense) for the period		-	-	(3)	329	326
Contribution by owners		15,545	-	-	-	15,545
Transactions with owners during period		-	-	-	-	-
Added to equity during the period		-	-	(3)	329	326
Equity at 31 December 2012		54,063	-	(3)	3,291	57,348
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 FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
Note			
CURRENT ASSETS			
Cash and cash equivalents	354	2,215	5,142
Trade and other receivables	7,398	6,217	6,563
Other financial assets	400	40	53
Inventories	19,288	23,294	18,021
Biological work in progress	2,965	550	3,011
Current tax assets	(91)	317	570
Prepaid expenses	606	238	348
	<u>30,920</u>	<u>32,871</u>	<u>33,708</u>
NON-CURRENT ASSETS			
Property, plant and equipment	39,986	39,652	35,995
Biological assets	12,641	12,641	11,288
Intangible assets	10,066	10,066	9,585
Investments in associates	424	424	387
Deferred tax assets	1,060	1,060	-
Other financial assets	186	104	-
	<u>64,363</u>	<u>63,947</u>	<u>57,255</u>
TOTAL ASSETS	<u>95,283</u>	<u>96,818</u>	<u>90,963</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 FINANCIAL POSITION

AS AT 31 DECEMBER 2013 (CONTINUED)

	Note	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
CURRENT LIABILITIES				
Trade and other payables		2,390	4,326	3,101
Loans and borrowings		745	745	745
Finance lease		107	103	99
Convertible notes		10,900	10,900	-
Other financial liabilities		54	2	43
		<u>14,196</u>	<u>16,076</u>	<u>3,988</u>
NON-CURRENT LIABILITIES				
Loans and borrowings		12,449	12,821	13,193
Finance lease		19	73	125
Convertible notes		-	-	10,900
Other financial liabilities		177	430	678
Deferred tax liabilities		6,865	6,877	4,731
		<u>19,510</u>	<u>20,201</u>	<u>29,627</u>
TOTAL LIABILITIES		<u>33,706</u>	<u>36,277</u>	<u>33,615</u>
EQUITY				
Share capital	7	54,063	54,063	54,063
Reserves		1,368	1,413	(3)
Retained earnings		6,146	5,065	3,288
TOTAL EQUITY		<u>61,577</u>	<u>60,541</u>	<u>57,348</u>
TOTAL LIABILITIES AND EQUITY		<u>95,283</u>	<u>96,818</u>	<u>90,963</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 2013

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2013 Group \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers	13,416	37,113	20,599
Interest received	15	82	27
Payments to suppliers and employees	(12,568)	(29,962)	(14,831)
Interest and other costs of finance paid	(868)	(1,709)	(809)
Income tax paid	(7)	76	-
Net cash flow from operating activities	8 (12)	5,600	4,986
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment	45	14	-
Purchase of property, plant and equipment and biological assets	(1,471)	(3,432)	(344)
Purchase of intangible assets	-	(4)	(4)
Net cash flow from investing activities	(1,426)	(3,422)	(348)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided for (applied to)			
Equity contribution	-	6,000	6,000
Convertible notes issued	-	10,900	10,900
Loans advanced	-	15,792	15,792
Loans repaid	(423)	(34,592)	(35,698)
Net cash flow from financing activities	(423)	(1,900)	(3,006)
Net increase (decrease) in cash held	(1,861)	278	1,632
Cash and cash equivalents/(Bank overdraft) at beginning of period	2,215	3,510	3,510
(Bank overdraft) from reverse acquisition/Cash from amalgamation		(1,573)	-
Cash and cash equivalents/(Bank overdraft) at end of period	354	2,215	5,142
Comprising: Cash and cash equivalents	354	2,215	5,142
Bank overdraft	-	-	-
	354	2,215	5,142

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 2013

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 2013. 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 2013. The financial statements were authorised for issue by the Directors on 21 February 2014.

The comparatives for the six month period to 31 December 2012 include Foley Family Wines NZ Limited (the accounting acquirer) for the six months and Foley Family Wines Limited (formerly The New Zealand Wine Company Limited) (the legal Parent, accounting acquiree) for four months.

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 2013 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 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 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	13,743	30,910	17,292
Net foreign exchange gains/(losses) on contract close outs	-	-	-
Total revenue	13,743	30,910	17,292

EXPENSES:

Bad debts (net of bad debts recovered)	-	926	458
Depreciation*	1,087	1,912	626
Directors' fees	75	125	48
Employee benefits expense:			
- Short-term employee benefits	1,964	4,186	2,067
Fees paid to auditors (PricewaterhouseCoopers):			
- Audit of the financial statements	37	64	26
- For other services	-	8	-



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
4. INTEREST EXPENSE			
Loan interest and other costs of finance paid	868	1,709	809

5. EARNINGS PER SHARE

Basic Earnings per share (\$)	2.39	3.93	0.73
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$1,037,000 (30Jun13 \$1,725,000; 31Dec12 \$329,000) and the weighted average of 43,385,995 ordinary shares on issue during the period (30Jun13 43,892,773; 31Dec12 44,399,552).

Diluted Earnings per share (\$)	2.02	3.33	0.62
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$1,037,000 (30Jun13 \$1,725,000; 31Dec12 \$329,000) and the weighted average of 51,249,020 ordinary shares on issue during the period (30Jun13 51,755,798; 31Dec12 52,262,577).

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:

	31Dec2013 Number of shares	30Jun2013 Number of shares	31Dec2012 Number of shares
Weighted average number of ordinary shares (Basic)	43,385,995	43,892,773	44,399,552
Convertible notes outstanding at period end	7,863,025	7,863,025	7,863,025
Weighted average number of ordinary shares (Diluted)	51,249,020	51,755,798	52,262,577

6. DIVIDENDS PAID PER SHARE

The calculation of dividends per share in respect of the interim 2014 period is based on no final dividend for 2013 being paid (31Dec12 \$Nil).

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
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7. SHARE CAPITAL

FULLY PAID UP ORDINARY SHARES

Balance at beginning of period	54,063	38,518	38,518
Movements in share capital	-	6,000	6,000
Reverse acquisition share issue	-	9,545	9,545
Balance at end of period	54,063	54,063	54,063
Number of fully paid ordinary shares	43,385,995	43,385,995	43,385,995

There were no shares issued during the period (30Jun13 and 31Dec12: Refer note 9 and 10 Annual Report).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
8. NET CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT AFTER INCOME TAX FOR THE PERIOD	1,037	1,725	329
NON-CASH ITEMS:			
Depreciation	1,087	1,912	626
Increase/(decrease) in deferred tax	(12)	777	(14)
Bad debts written off	-	981	458
Impairment loss/(gain) recognised on trade and other receivables	(57)	(1,060)	(510)
Impairment loss/(gain) recognised on inventories	(576)	(746)	(380)
Impairment loss recognised on investments	-	-	
Adjustments resulting from revaluation of grapes	(892)	(1,257)	530
(Gain)/loss on revaluation of biological assets	-	(1,353)	-
(Gain)/loss on disposal of property, plant and equipment	4	68	-
(Gain)/loss on asset revaluations	-	76	-
Share of profit of associate company	-	(37)	-
Unrealised foreign exchange movements/other	-	64	(3)
	<hr/> 591	<hr/> 1,150	<hr/> 1,036
MOVEMENTS IN WORKING CAPITAL BALANCES:			
Trade and other receivables	(1,124)	4,072	3,160
Inventories	5,474	1,547	4,664
Biological work in progress	(2,415)	298	(2,163)
Prepaid expenses	(368)	317	695
Trade and other payables	(1,935)	(961)	(2,190)
Other financial assets/liabilities	(643)	(562)	(182)
Current tax assets/liabilities	408	(261)	(34)
	<hr/> (603)	<hr/> 4,450	<hr/> 3,950
NET CASH FLOW FROM OPERATING ACTIVITIES	<hr/> (12)	<hr/> 5,600	<hr/> 4,986



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
9. FINANCIAL INSTRUMENTS			
Change in fair value of financial assets/liabilities consists of:			
Foreign currency forward contracts	442	39	(64)
Foreign currency option contracts	-	1	1
Interest rate swaps	201	350	73
	643	390	10
	Unaudited 6 Months 31 Dec 2013 Group \$	Audited 12 Months 30 Jun 2013 Group \$	Unaudited 6 Months 31 Dec 2012 Group \$
10. NET TANGIBLE ASSETS			
Net tangible assets per share	1.19	1.16	1.10

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 \$2,546 for the Group (Jun13: \$4,188; Dec12: \$1,668).
- (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 (Jun13: \$148; Dec12: \$72).
- (iii) Sales were made to Foley Family Wines Holdings, New Zealand Limited, the parent of Foley Family Wines Limited. Sales for the period were \$Nil for the Group (Jun13: \$(83); Dec12 \$Nil).
- (iv) Interest was accrued on the intercompany loan from Foley Family Wines Holdings, New Zealand Limited the parent of the Foley Family Wines Limited (2012: Foley Family Wines NZ Limited). Interest accrued during and offset against the intercompany balance owing during the period was \$Nil for the Group (Jun13: \$120; Dec12: \$120).
- (v) 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 (Jun13: \$582; Dec12: \$231).
- (vi) Sales were made to EuroVintage Limited, a 50% associate of the parent company of Foley Family Wines Limited. Sales for the period were \$3,303 for the Group (Jun13: \$6,982; Dec12: \$5,603). Management fees and sales rebates of \$316 were charged by EuroVintage during the period (Jun13: \$688; Dec12: \$506).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

- (vii) Sales were made to, and administration services provided to, Wharekauhau Country Estate Limited, a luxury lodge 75% owned by Bill Foley, the majority shareholder of the ultimate parent. Sales for the period totalled \$9 for the Group (Jun13: \$16; Dec12: \$9). Administration Charges for the period totalled \$Nil for the Group (Jun13: \$10; Dec12 \$10).
- (viii) Administration services were provided to, Wharepapa Station Limited, a subsidiary 61.8% owned by Wharekauhau Country Estate Limited. Administration Charges for the period totalled \$Nil for the Group (Jun13: \$2; Dec12: \$2).
- (ix) 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 \$11 for the Group (Jun13: \$23; Dec12: \$8).

	Unaudited 6 Months 31 Dec 2013 Group \$'000	Audited 12 Months 30 Jun 2013 Group \$'000	Unaudited 6 Months 31 Dec 2012 Group \$'000
(b) Amounts owing to related parties at balance date:			
Foley Family Wines Inc.	7	46	36
Foley Family Wines Holdings, New Zealand Limited – convertible note	10,900	10,900	10,900
EuroVintage Limited	72	32	107
McLeod Vineyard Limited	201	81	-
(c) Amounts owing from related parties at balance date:			
Foley Family Wines Inc.	1,790	1,146	887
EuroVintage Limited	2,009	597	1,559
Wharekauhau Country Estate Limited	4	3	42
McLeod Vineyard Limited	60	-	33

12. SUBSEQUENT EVENTS

No material events have occurred since balance date.

13. SHAREHOLDER INFORMATION

September 2014	Annual Report Published
November 2014	Annual General Meeting



FOLEY FAMILY WINES
HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

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
NATURE OF BUSINESS:	Production and distribution of wine
AUDITORS:	PricewaterhouseCoopers, Auckland
SOLICITORS:	Minter Ellison Rudd Watts, 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”