



FOLEY FAMILY WINES

HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015



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FOLEY FAMILY WINES

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
Revenue	3	17,492	37,159	15,604
Expenses				
Cost of sales		(11,851)	(26,204)	(11,315)
Selling, marketing and promotion expenses		(1,700)	(3,380)	(1,656)
Administration and corporate governance expenses		(1,105)	(2,444)	(1,160)
Non-recurring expenses		-	(1)	(1)
Expenses excluding interest		(14,656)	(32,029)	(14,132)
Profit before interest, impairment, revaluations and income tax		2,836	5,130	1,472
Interest revenue		41	40	20
Interest expense	4	(693)	(1,634)	(843)
Net finance costs		(652)	(1,594)	(823)
Profit/(loss) before impairment, revaluations and income tax		2,184	3,536	649
Impairment				
Impairment of trade and other receivables		-	1	4
Impairment of inventory		(12)	(3)	8
Profit/(loss) before revaluations and income tax		2,172	3,534	661
Revaluation gains and losses				
Unrealised gain/(loss) in fair value of financial asset/liabilities	9	365	(591)	97
Unrealised gain on biological assets		-	555	-
Unrealised (loss)/gain on harvested grapes		-	(600)	-
Realised reversal of (gain)/loss on harvested grapes		(270)	(740)	(169)
Revaluation of property, plant & equipment		-	(132)	-
Profit before income tax	3	2,267	2,026	589
Income tax expense		(635)	(780)	(189)
Profit for the period net of tax, attributable to Shareholders of the Parent Company		1,632	1,246	400
Basic Earnings per share cps (after tax)	5	3.12	2.39	0.77
Diluted Earnings per share cps (after tax)	5	2.72	2.07	0.67

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 2015

	Note	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
Profit for the period		1,632	1,246	400
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment		-	1,313	-
Income tax on items taken directly to or transferred from equity		-	(131)	-
Reversal of part of prior year gain on purchase		-	(33)	-
Other comprehensive income for the period, net of tax		-	1,149	-
Total comprehensive income for the period, net of tax		1,632	2,395	400

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Attributed to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total \$'000
Unaudited 6 Months 31 December 2015 Group							
Equity at 1 July 2015		66,518	3,227	10,887	80,632	-	80,632
Total comprehensive income/(expense) for the period		-	-	1,632	1,632	-	1,632
Contributions by owners	9	-	-	-	-	-	-
Distributions to owners		-	-	(1,044)	(1,044)	-	(1,044)
Transactions with owners during period		-	-	(1,044)	(1,044)	-	(1,044)
Added to equity during the period		-	-	588	588	-	588
Equity at 31 Dec 2015		66,518	3,227	11,475	81,220	-	81,220
Dividends paid per share cps	6						2.0

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 2015 (CONTINUED)

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Attributed to Owners of the Parent \$'000	Non- controlling Interests \$'000	Total \$'000
Audited 12 Months 30 June 2015 Group							
Equity at 1 July 2014		66,428	2,162	9,557	78,147	90	78,237
Total comprehensive income/(expense) for the year		-	1,065	1,330	2,395	-	2,395
Contributions by owners	9	90	-	-	90	(90)	-
Transactions with owners during the year		90	-	-	90	(90)	-
Added to equity during the year		90	1,065	1,330	2,485	(90)	2,395
Equity at 30 June 2015		66,518	3,227	10,887	80,632	-	80,632
Dividends paid per share cps							0.0
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		90	-	-	90	(90)	-
Transactions with owners during period		90	-	-	90	(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							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 2015

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
CURRENT ASSETS			
Cash and cash equivalents	5,289	4,292	1,927
Trade and other receivables	6,700	8,161	5,964
Other financial assets	130	-	478
Inventories	22,421	27,435	25,937
Biological work in progress	3,643	581	3,646
Current tax assets	-	-	302
Prepaid expenses	490	282	512
	<u>38,673</u>	<u>40,751</u>	<u>38,766</u>
NON-CURRENT ASSETS			
Property, plant and equipment	49,283	49,640	49,510
Biological assets	14,926	14,777	13,182
Intangible assets	10,841	10,841	10,841
Deferred tax assets	171	171	443
	<u>75,221</u>	<u>75,429</u>	<u>73,976</u>
TOTAL ASSETS	<u>113,894</u>	<u>116,180</u>	<u>112,742</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 2015 (CONTINUED)

	Note	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
CURRENT LIABILITIES				
Trade and other payables		2,314	4,174	2,589
Loans and borrowings		1,000	745	745
Finance lease		26	39	77
Convertible notes		10,900	10,900	10,900
Current tax liabilities		45	227	-
Other financial liabilities		21	253	29
		<u>14,306</u>	<u>16,338</u>	<u>14,340</u>
NON-CURRENT LIABILITIES				
Loans and borrowings		10,500	11,331	11,703
Finance lease		6	15	32
Other financial liabilities		86	89	104
Deferred tax liabilities		7,776	7,775	7,926
		<u>18,368</u>	<u>19,210</u>	<u>19,765</u>
TOTAL LIABILITIES		<u>32,674</u>	<u>35,548</u>	<u>34,105</u>
EQUITY				
Share capital	7	66,518	66,518	66,518
Reserves		3,227	3,227	2,162
Retained earnings		11,475	10,887	9,957
TOTAL EQUITY		<u>81,220</u>	<u>80,632</u>	<u>78,637</u>
TOTAL LIABILITIES AND EQUITY		<u>113,894</u>	<u>116,180</u>	<u>112,742</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 2015

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers	19,995	39,051	18,358
Interest received	41	40	20
Payments to suppliers and employees	(14,770)	(32,403)	(16,593)
Interest and other costs of finance paid	(693)	(1,627)	(836)
Income tax paid	(816)	(142)	(70)
Net cash flow from operating activities	8 <u>3,757</u>	<u>4,919</u>	<u>879</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment	78	46	16
Purchase of property, plant and equipment and biological assets	(1,196)	(3,559)	(2,281)
Purchase of intangible assets	-	(36)	(36)
Net cash flow from investing activities	<u>(1,118)</u>	<u>(3,549)</u>	<u>(2,301)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided for (applied to)			
Equity contribution	-	-	-
Dividends paid	(1,044)	-	-
Loans repaid	(598)	(902)	(475)
Net cash flow from financing activities	<u>(1,642)</u>	<u>(902)</u>	<u>(475)</u>
Net increase (decrease) in cash held	997	468	(1,897)
Cash and cash equivalents/(Bank overdraft) at beginning of period	4,292	3,824	3,824
(Bank overdraft) from reverse acquisition/Cash from amalgamation		-	
Cash and cash equivalents/(Bank overdraft) at end of period	<u>5,289</u>	<u>4,292</u>	<u>1,927</u>
Comprising: Cash and cash equivalents	<u>5,289</u>	<u>4,292</u>	<u>1,927</u>

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 2015

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 2015. 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 2015. The financial statements were authorised for issue by the Directors on 16 February 2016.

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 2015 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 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
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3. PROFIT FOR THE PERIOD

Included in profit before income tax for the period are the following:

REVENUE:

Sales revenue – sale of goods – bottled wine	16,492	31,503	14,278
Sales revenue - other	1,000	5,656	1,326
Total revenue	<u>17,492</u>	<u>37,159</u>	<u>15,604</u>

EXPENSES:

Bad debts (net of bad debts recovered)	-	-	-
Depreciation	1,357	2,637	1,385
Directors' fees	75	150	75
Employee benefits expense:			
- Short-term employee benefits	2,604	5,300	2,406
Excise duty and ALAC levy	1,562	3,061	1,768
Fees paid to auditors (PwC):			
- Audit of the financial statements (fees and disbursements)	36	61	33
- For other services – accounting technical advice	-	-	-
Fees paid to auditors (Grant Thornton):			
- Audit of the share registry	-	2	(1)



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (CONTINUED)

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
4. INTEREST EXPENSE			
Loan interest and other costs of finance paid	693	1,634	843

5. EARNINGS PER SHARE

Basic Earnings per share (\$)	3.12	2.39	0.77
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$1,632,000 (30Jun15 \$1,246,000; 31Dec14 \$400,000) and the weighted average of 52,222,534 ordinary shares on issue during the period (30Jun15 52,217,243; 31Dec14 52,185,500).

Diluted Earnings per share (\$)	2.72	2.07	0.67
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The calculation is based on NZIFRS earnings/(loss) of the Group of \$1,632,000 (30Jun15 \$1,246,000; 31Dec14 \$400,000) and the weighted average of 60,085,559 ordinary shares on issue during the period (30Jun15 60,080,268; 31Dec14 60,048,525).

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:

	31Dec2015 Number of shares	30Jun2015 Number of shares	31Dec2014 Number of shares
Weighted average number of ordinary shares (Basic)	52,222,534	52,217,243	52,185,500
Convertible notes outstanding at period end	7,863,025	7,863,025	7,863,025
Weighted average number of ordinary shares (Diluted)	60,085,559	60,080,268	60,048,525

6. DIVIDENDS PAID PER SHARE

The calculation of dividends per share in respect of the interim 2016 period is based on the final dividend for 2015 paid in September totalling \$1,044,000 (30Jun15: \$Nil; 31Dec14 \$Nil).

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
7. SHARE CAPITAL			
FULLY PAID UP ORDINARY SHARES			
Balance at beginning of period	66,518	66,428	66,428
Movements in share capital	-	90	90
Balance at end of period	66,518	66,518	66,518
Number of fully paid ordinary shares	52,222,534	52,222,534	52,222,534

There were no shares issued during the period (30Jun15 and 31Dec14: 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: Refer note 9 and 10 Annual Report).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (CONTINUED)

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
8. NET CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT AFTER INCOME TAX FOR THE PERIOD	1,632	1,246	400
NON-CASH ITEMS:			
Depreciation	1,357	2,637	1,385
Increase/(decrease) in deferred tax	1	(18)	(8)
Impairment loss/(gain) recognised on trade and other receivables	-	(2)	(2)
Impairment loss/(gain) recognised on inventories	12	(9)	(8)
Adjustments resulting from revaluation of grapes	270	1,339	169
(Gain)/loss on revaluation of biological assets	-	(555)	-
(Gain)/loss on disposal of property, plant and equipment	(31)	(31)	(5)
(Gain)/loss on asset revaluations	-	132	-
	<u>1,609</u>	<u>3,493</u>	<u>1,931</u>
MOVEMENTS IN WORKING CAPITAL BALANCES:			
Trade and other receivables	1,461	(576)	1,621
Inventories	4,732	706	3,373
Biological work in progress	(3,062)	68	(2,997)
Prepaid expenses	(208)	33	(197)
Trade and other payables	(1,860)	(1,282)	(2,867)
Other financial assets/liabilities	(365)	591	(96)
Current tax assets/liabilities	(182)	640	111
	<u>516</u>	<u>180</u>	<u>(1,052)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>3,757</u>	<u>4,919</u>	<u>879</u>
9. FINANCIAL INSTRUMENTS			
Change in fair value of financial assets/liabilities consists of:			
Foreign currency forward contracts	322	(584)	75
Foreign currency option contracts	21	(21)	12
Interest rate swaps	22	14	10
	<u>365</u>	<u>(591)</u>	<u>97</u>



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (CONTINUED)

	Unaudited 6 Months 31 Dec 2015 Group \$	Audited 12 Months 30 Jun 2015 Group \$	Unaudited 6 Months 31 Dec 2014 Group \$
10. NET TANGIBLE ASSETS			
Net tangible assets per share	1.35	1.34	1.30

11. RELATED PARTY TRANSACTIONS

- (a) Material transactions with related parties during the period are set out below:
- (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 \$2,861,000 for the Group (Jun15: \$5,282,000; Dec14: \$1,777,000).
- (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 \$55,000 for the Group (Jun15: \$139,000; Dec14: \$74,000).
- (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 \$357,000 for the Group (Jun15: \$709,000; Dec14: \$357,000).
- (iv) Sales were made to EuroVintage Limited, a 50% associate of the parent company of Foley Family Wines Limited. Sales for the period were \$5,290,000 for the Group (Jun15: \$7,361,000; Dec14: \$5,724,000). Management fees and the funding of promotional activity such as bonus stock relating to these sales of \$505,000 were charged by EuroVintage during the period (Jun15: \$858,000; Dec14: \$475,000).
- (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 \$13,000 for the Group (Jun15: \$25,000; Dec14: \$14,000). Administration Charges for the period totalled \$2,000 for the Group (Jun15: \$4,000; Dec14 \$1,000). Accommodation and function facilities provided by Wharekauhau to the Company during the period totalled \$15,000 (Jun15: \$56,000; Dec14: \$39,000).
- (vi) Sales were made to Epic Ventures, Inc., trading as Epic Wines & Spirits, a company owned by Bill Foley, the majority shareholder in the ultimate parent. Sales for the period were \$36,000 (Jun15: \$65,000; Dec14: \$Nil).
- (vii) Lighthouse Gin was purchased for global distribution from Lighthouse Distillery Limited, a company owned by Mark Turnbull, CEO and Director of Foley Family Wines Limited. Purchases during the period totalled \$125,000 (Jun15: \$287,000; Dec14: \$108,000). Administration and contract distilling services were provided to Lighthouse Distillery Limited during the period of \$15,000 (Jun15: \$10,000; Dec14: \$10,000).



FOLEY FAMILY WINES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (CONTINUED)

	Unaudited 6 Months 31 Dec 2015 Group \$'000	Audited 12 Months 30 Jun 2015 Group \$'000	Unaudited 6 Months 31 Dec 2014 Group \$'000
11. RELATED PARTY TRANSACTIONS (CONTINUED)			
(b) Amounts owing to related parties at balance date:			
Foley Family Wines Inc.	34	34	50
Foley Family Wines Holdings, New Zealand Limited – convertible note	10,900	10,900	10,900
EuroVintage Limited	167	56	109
Wharekauhau Country Estate Limited	-	2	1
(c) Amounts owing from related parties at balance date:			
Foley Family Wines Inc.	1,540	2,373	958
Epic Ventures, Inc.	-	70	-
EuroVintage Limited	1,539	828	1,488
Wharekauhau Country Estate Limited	4	1	4
Lighthouse Distillery Limited	15	-	23

12. SUBSEQUENT EVENTS

No material events have occurred since balance date.

13. SHAREHOLDER INFORMATION

August/September 2016	Annual Report Published
November 2016	Annual Shareholders Meeting



FOLEY FAMILY WINES

HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

DIRECTORS:	WP Foley, II (Chairman) AJ Anselmi JA Jamieson AM Turnbull (CEO)
HEAD OFFICE ADDRESS:	13 Waihopai Valley Road RD 6, Blenheim 7276, Marlborough, New Zealand Telephone +64 3 572 8200 Facsimile +64 3 572 8211
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, New Zealand
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”