

— EST 1947 —
DELEGAT

UP WITH THE WORLD'S BEST



Oyster Bay Sauvignon Blanc and Barossa Valley Estate Shiraz received 90/100 Points, from two of the world's leading wine publications, placing them amongst the very best in the world. This incredible achievement showcases the quality and style of the wines that continue to drive category growth, and support our goal of building a leading global Super Premium wine company.



CONTENTS

2	Executive Chairman's Report
7	Statement of Financial Performance
8	Statement of Other Comprehensive Income
9	Statement of Changes in Equity
11	Statement of Financial Position
13	Statement of Cash Flows
15	Statement of Accounting Policies
16	Notes to the Financial Statements
21	Directory

EXECUTIVE CHAIRMAN'S REPORT

DELEGAT GROUP LIMITED – PERFORMANCE HIGHLIGHTS

- Record global case sales of 1,267,000.
- Record operating NPAT of \$21.5 million.
- Capital investment of \$55.9 million in growth assets including vineyard development and the Hawke's Bay Winery.
- Net tangible assets per share up 13% on previous year to \$2.77.
- Oyster Bay received the 'Hot Brand' award from New York's highly regarded Impact Magazine for a sixth consecutive year.
- Barossa Valley Estate Cabernet Sauvignon 2014 was awarded a Gold medal at the Sydney International Wine Competition.

“Delegat achieved record global case sales and Operating NPAT in the first half of the 2016 financial year.”

JIM DELEGAT

Executive Chairman

Delegat Group Limited (the Group) presents its unaudited operating and financial results for the six months ended 31 December 2015.

The Group presents its financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards

(NZ IFRS). The Directors continue to be of the view that the results reported under NZ IFRS do not provide adequate insight into the Group's underlying operational performance, primarily due to a number of fair value adjustments that are required to be reported on.

OPERATING PERFORMANCE

NZ\$ millions	Dec 2015 Actual	Dec 2014 Actual	% change vs 2014
Operating Revenue ¹	128.6	108.3	19%
Operating Gross Profit²	72.6	63.1	15%
Operating Gross Margin	56%	58%	
Operating Expenses ³	(38.2)	(30.2)	-26%
Operating EBIT⁴	34.4	32.9	5%
Operating EBIT % of Revenue	27%	30%	
Interest and Tax	(12.9)	(12.4)	-4%
Operating NPAT⁴	21.5	20.5	5%
Operating NPAT % of Revenue	17%	19%	
Operating EBITDA⁴	40.8	38.9	5%
Operating EBITDA % of Revenue	32%	36%	

Notes: ¹ Operating Revenue is before fair value movements on biological assets and derivative instruments (if gains). Operating Revenue includes certain sales promotional payments to customers that have been reclassified from Operating Expenses in the current period, along with the comparatives for the prior period. ² Operating Gross Profit is before the net fair value movements on biological produce (harvest adjustment) and the NZ IFRS adjustments excluded in Note 1. ³ Operating Expenses are before fair value movements on derivative instruments (if losses) and share-based payments. ⁴ Operating EBIT, EBITDA and NPAT are before any fair value adjustments.

To better understand the operating performance, the Group has published an Operating Performance report and reconciliation of Operating Profit to Reported Profit. This reconciliation eliminates from each line in the Statement of Financial Performance all fair value adjustments.

OPERATING PERFORMANCE

A record Operating NPAT of \$21.5 million was generated compared to \$20.5 million for the same period the previous year. Operating EBIT of \$34.4 million is \$1.5 million higher than for the same period the previous year.

Delegat achieved Operating Revenue of \$128.6 million on global case sales of 1,267,000 in the six month period. Revenue is up \$20.3 million on the same period last year, due to global case sales being 12% higher and the favourable impact of foreign exchange rate changes.

The Group's case sales performance and foreign currency rates achieved are detailed below.

Operating Gross Profit is up 15% on the same period last year and was impacted by higher cost of goods per case arising from the lower yielding 2015 vintage. Operating Expenses at \$38.2 million are \$8.0 million higher than the same period the previous year. This is due to the impact of a weaker New Zealand currency on the translation of off-shore expenditure together with increased investment in in-market sales offices and marketing to drive long-term growth.

NZ IFRS FAIR VALUE ADJUSTMENTS

In accordance with NZ IFRS the Group is required to account for certain of their assets at fair value rather than at historic cost. All movements in these fair values are reflected in and impact the Statement of Financial Performance. The Group records adjustments

CASE SALES AND FOREIGN CURRENCY

	Dec 2015 Actual	Dec 2014 Actual	% change vs 2014
Case Sales (000s)			
UK, Ireland and Europe	384	327	17%
North America (USA and Canada)	476	425	12%
Australia, NZ and Asia Pacific	407	377	8%
Total Cases	1,267	1,129	12%
Oyster Bay ¹	1,234	1,121	10%
Barossa Valley Estate	33	8	313%
Total Cases	1,267	1,129	12%
Foreign Currency Rates			
GB£	0.4451	0.4829	8%
AU\$	0.9224	0.9099	-1%
US\$	0.6503	0.7865	17%
CA\$	0.8759	0.8986	3%

Note: ¹ Includes Delegat brand in New Zealand.

in respect of three significant items at the half-year reporting date:

- Biological Assets (Vines) – This represents the fair value of grapes that are growing on the vines before harvest less the associated growing costs. The net effect is a fair value write-down of \$3.3 million (December 2014: \$3.1 million);
- Harvest Provision Release (Grapes) – Inventory is valued at market value, rather than costs incurred, at harvest. Any fair value adjustment is excluded from Operating Performance for the year, by creating a Harvest Provision. This Harvest Provision is then released through Cost of Sales when inventory is sold in subsequent years. The adjustment provides a write-down of \$5.3 million (December 2014: \$7.5 million);
- Derivative Instruments held to hedge the Group's foreign currency and interest

rate exposure. The mark-to-market movement of these instruments at balance date resulted in a fair value write-up of \$5.4 million (December 2014: write-down of \$4.3 million).

These together with minor adjustments in respect of share-based payments, net of taxation, amount to a write-down of \$2.3 million (December 2014: \$10.7 million).

RECONCILIATION OF REPORTING TO OPERATING PERFORMANCE

Accounting for all fair value adjustments under NZ IFRS, the Group's reported unaudited financial performance for the six months ended 31 December 2015 is reconciled to Operating Profit on page 6.

CASH FLOW

The Group generated Cash Flows from Operations of \$15.1 million in the current

IMPACT OF 'FAIR VALUE' ADJUSTMENTS

NZ\$ millions	Dec 2015 Actual	Dec 2014 Actual	% change vs 2014
Operating NPAT	21.5	20.5	5%
Operating NPAT % of Revenue	17%	19%	
NZ IFRS Fair Value Items			
Biological Assets (Vines)	(3.3)	(3.1)	-6%
Biological Produce (Grapes) ¹	(5.3)	(7.5)	29%
Derivative Instruments	5.4	(4.3)	n/m ³
Other ²	(0.0)	(0.0)	0%
Total Fair Value Items	(3.2)	(14.9)	79%
Less: Tax	0.9	4.2	-79%
Fair Value Items after Tax	(2.3)	(10.7)	78%
Reported NPAT	19.2	9.8	96%

Notes: ¹ Biological Produce (Grapes) is the difference between market value paid for grapes versus the cost to grow grapes. The Harvest Provision is reversed and only recognised when the finished wine is sold. ² Other Fair Value Items include accounting for share-based payments. ³ n/m means not meaningful.

RECONCILIATION OF REPORTING TO OPERATING PERFORMANCE

NZ\$ millions	Six months ended 31 December 2015			Six months ended 31 December 2014		
	Operating	Fair Value Adjustment	Reported	Operating	Fair Value Adjustment	Reported
Operating Revenue	128.6	11.7	140.3	108.3	5.7	114.0
Cost of Sales	(56.0)	(14.9)	(70.9)	(45.2)	(16.3)	(61.5)
Gross Profit	72.6	(3.2)	69.4	63.1	(10.6)	52.5
Operating Expenses	(38.2)	(0.0)	(38.2)	(30.2)	(4.3)	(34.5)
EBIT¹	34.4	(3.2)	31.2	32.9	(14.9)	18.0
Interest and Tax	(12.9)	0.9	(12.0)	(12.4)	4.2	(8.2)
NPAT²	21.5	(2.3)	19.2	20.5	(10.7)	9.8
EBIT ¹	34.4	(3.2)	31.2	32.9	(14.9)	18.0
Depreciation and Amortisation	6.4	–	6.4	6.0	–	6.0
EBITDA³	40.8	(3.2)	37.6	38.9	(14.9)	24.0

Notes: ¹ EBIT means earnings before interest and tax. ² NPAT means net profit after tax. ³ EBITDA means earnings before interest, tax, depreciation and amortisation.

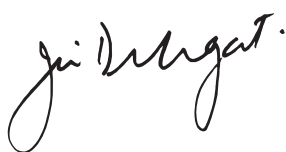
half-year, which is a decrease of \$3.6 million on the same period last year, primarily due to the timing of tax payments. A total of \$55.9 million was invested in additional property, plant and equipment during the period, including vineyard development in New Zealand and the Barossa Valley, and development of the Hawke's Bay winery, which will provide earnings growth into the years ahead. The Group distributed \$11.1 million to shareholders in dividends. Additional borrowings of \$54.6 million were drawn down to fund the increased capital investment during the six months.

The Group has Net Debt of \$251.5 million, compared to \$202.0 million at 30 June 2015

– an increase of 25% and well within the Group's long term bank debt facilities.

LOOKING FORWARD

The results achieved in the six months to December 2015 are testament to the strength of the Group's business model. Delegat Group is well positioned to pursue its strategic goal to build a leading global Super Premium wine company and deliver sustainable earnings growth in the years ahead. The Group is on target to achieve global case sales for the full year of 2,379,000, up 8% on last year, and achieve full year Operating Net Profit After Tax in line with market consensus of \$36.0 million, up 5% on last year.



JIM DELEGAT

Executive Chairman

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	Unaudited Dec 2015 6 Months \$'000	Audited June 2015 12 Months \$'000	Unaudited Dec 2014 6 Months \$'000
Revenue	1	140,275	231,152	114,075
Profit before finance costs	2	31,115	54,630	18,022
Finance costs	1	4,419	8,874	4,425
Profit before income tax		26,696	45,756	13,597
Income tax expense		7,535	13,233	3,819
Profit for the Period attributable to Shareholders of the Parent Company		19,161	32,523	9,778

Earnings Per Share

– Basic earnings per share (cents per share)	18.96	32.18	9.67
– Fully diluted earnings per share (cents per share)	18.95	32.16	9.67

The accompanying notes form part of these financial statements

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Dec 2015 6 Months \$000	Audited June 2015 12 Months \$000	Unaudited Dec 2014 6 Months \$000
Profit after income tax	19,161	32,523	9,778
<i>Other comprehensive income that may subsequently be classified to the profit and loss:</i>			
– Translation of foreign subsidiaries	(1,014)	2,950	482
– Income tax relating to components of other comprehensive income	–	–	–
Total comprehensive income for the period, net of tax	18,147	35,473	10,260
Comprehensive income attributable to Shareholders of the Parent Company	18,147	35,473	10,260

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015 (UNAUDITED)

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Share- based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Audited balance at 30 June 2015	49,712	(1,214)	596	224,321	273,415
Changes in equity for the period ended 31 December 2015					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	(1,014)	–	–	(1,014)
Total other comprehensive income	–	(1,014)	–	–	(1,014)
– Net profit for the period	–	–	–	19,161	19,161
Total comprehensive income for the period	–	(1,014)	–	19,161	18,147
<i>Equity Transactions</i>					
– Dividends paid to shareholders	–	–	5	(11,129)	(11,124)
– Share-based payments expense	–	–	3	–	3
Unaudited balance at 31 December 2015	49,712	(2,228)	604	232,353	280,441

FOR THE YEAR ENDED 30 JUNE 2015 (AUDITED)

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Share- based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Audited balance at 30 June 2014	49,712	(4,164)	585	202,927	249,060
Changes in equity for the year ended 30 June 2015					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	2,950	–	–	2,950
Total other comprehensive income	–	2,950	–	–	2,950
– Net profit for the year	–	–	–	32,523	32,523
Total comprehensive income for the year	–	2,950	–	32,523	35,473
<i>Equity Transactions</i>					
– Dividends paid to shareholders	–	–	6	(11,129)	(11,123)
– Share-based payments expense	–	–	5	–	5
Audited balance at 30 June 2015	49,712	(1,214)	596	224,321	273,415

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

continued

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (UNAUDITED)

	Share Capital	Foreign Currency Translation Reserve	Share- based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2014	49,712	(4,164)	585	202,927	249,060
Changes in equity for the period ended 31 December 2014					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	482	–	–	482
Total other comprehensive income	–	482	–	–	482
– Net profit for the period	–	–	–	9,778	9,778
Total comprehensive income for the period	–	482	–	9,778	10,260
<i>Equity Transactions</i>					
– Dividends paid to shareholders	–	–	5	(11,129)	(11,124)
– Share-based payments expense	–	–	3	–	3
Unaudited balance at 31 December 2014	49,712	(3,682)	593	201,576	248,199

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

	Unaudited Dec 2015 \$'000	Audited June 2015 \$'000	Unaudited Dec 2014 \$'000
Equity			
Share capital	49,712	49,712	49,712
Foreign currency translation reserve	(2,228)	(1,214)	(3,682)
Share-based payment reserve	604	596	593
Retained earnings	232,353	224,321	201,576
Total Equity	280,441	273,415	248,199
Liabilities			
Current Liabilities			
Trade payables and accruals	26,357	29,739	13,131
Derivative financial instruments	1,709	6,587	1,138
Income tax payable	335	6,422	2,352
	28,401	42,748	16,621
Non-Current Liabilities			
Deferred tax liability	37,968	34,160	33,205
Derivative financial instruments	3,523	3,302	1,949
Interest-bearing loans and borrowings (secured)	258,761	206,768	186,877
	300,252	244,230	222,031
Total Liabilities	328,653	286,978	238,652
Total Equity and Liabilities	609,094	560,393	486,851

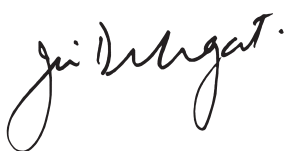
The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

continued

	Unaudited Dec 2015 \$000	Audited June 2015 \$000	Unaudited Dec 2014 \$000
Assets			
Current Assets			
Cash and cash equivalents	7,255	4,782	7,475
Trade and other receivables	52,772	42,942	44,385
Derivative financial instruments	682	–	449
Income tax receivable	1,529	144	339
Inventories	94,483	112,888	92,029
	156,721	160,756	144,677
Non-Current Assets			
Property, plant and equipment	356,336	309,858	271,215
Biological assets	92,452	86,200	69,507
Intangible assets	3,157	3,066	1,419
Derivative financial instruments	22	–	–
Deferred tax asset	406	513	33
	452,373	399,637	342,174
Total Assets	609,094	560,393	486,851

For, and on behalf of, the Board who authorised the issue of the financial statements on 26 February 2016.



JN Delegat, Executive Chairman



GS Lord, Managing Director

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

	Note	Unaudited Dec 2015 6 Months \$'000	Audited June 2015 12 Months \$'000	Unaudited Dec 2014 6 Months \$'000
Operating Activities				
Cash was provided from				
Receipts from customers		123,564	203,699	104,563
Interest received		13	65	14
Income tax received		–	316	–
Net GST (paid)/received		(211)	(186)	101
		123,366	203,894	104,678
Cash was applied to				
Payments to suppliers and employees		85,629	133,224	71,061
Payments to grape growers		6,759	18,181	7,361
Interest paid		4,835	7,751	4,428
Income tax paid		11,081	8,229	3,211
		108,304	167,385	86,061
Net Cash Inflows from Operating Activities	3	15,062	36,509	18,617
Investing Activities				
Cash was provided from				
Proceeds from sale of property, plant and equipment		1,443	1,528	604
Dividends received		7	14	6
		1,450	1,542	610
Cash was applied to				
Purchase of property, plant and equipment		54,726	67,923	33,742
Purchase of biological assets		–	1,815	–
Purchase of intangible assets		226	1,666	171
Capitalised interest paid		2,334	2,670	961
Capitalised lease payments		32	40	15
		57,318	74,114	34,889
Net Cash Outflows from Investing Activities		(55,868)	(72,572)	(34,279)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

continued

	Unaudited Dec 2015 6 Months \$'000	Audited June 2015 12 Months \$'000	Unaudited Dec 2014 6 Months \$'000
Financing Activities			
Cash was provided from			
Proceeds from borrowings	54,644	47,985	29,975
	54,644	47,985	29,975
Cash was applied to			
Dividends paid to shareholders	11,122	11,123	11,121
Borrowing facility fees	–	767	–
	11,122	11,890	11,121
Net Cash Inflows from Financing Activities	43,522	36,095	18,854
Net Increase in Cash Held	2,716	32	3,192
Cash and cash equivalents at beginning of the year	4,782	4,218	4,218
Effect of exchange rate changes on foreign currency balances	(243)	532	65
Cash and Cash Equivalents at End of the Period	7,255	4,782	7,475

The accompanying notes form part of these financial statements

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The financial statements presented are those of Delegat Group Limited (the Parent) and its subsidiaries (the Group). Delegat Group Limited is a company limited by shares, incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The Parent shares are publicly traded on the New Zealand Stock Exchange.

The financial statements for the Group for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 26 February 2016.

BASIS OF PREPARATION

The interim consolidated financial statements of the Group are for the six months ended 31 December 2015 and have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and NZ IAS 34: Interim Financial Reporting. Accounting policies applied in these interim financial statements comply with New Zealand equivalents to International Financial Reporting Standards, other applicable Financial Reporting Standards (NZ IFRS) and NZ IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (February 2016) as applicable to the Group as a profit-oriented entity.

The interim financial statements are presented in New Zealand Dollars, rounded to the nearest thousand. They are prepared on a historical cost basis except for derivative financial instruments, biological assets and produce which have been measured at fair value.

The preparation of the interim financial statements in conformity with NZ IAS 34 requires the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

COMPARATIVE INFORMATION

Certain operating costs, revenues, assets, liabilities and cashflows have been reclassified in the comparative information for the six months ended 31 December 2014 in order to conform with current year presentation. For example, certain sales promotional payments to customers have been reclassified from selling, marketing and promotion expenses to revenue. These changes have not affected reported profit or operating cashflows.

FINANCIAL INSTRUMENTS

The Group holds interest rate swaps at fair value through the statement of financial performance. In estimating the fair value of the interest rate swaps the Group uses level 2 inputs of the fair value measurement hierarchy. The Group's interest rate swaps fall into level 2 of the fair value measurement hierarchy because their fair value is determined using inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly as prices or indirectly (derived from prices). The fair values are derived through valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. Refer to the published financial statements for the year ended 30 June 2015 for a complete listing of the Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENTAL REPORTING

The Group reviews its operational performance based upon the management and the geographic areas in which their customers are based. Financial information which is available to management in order to assess segment performance and investment opportunities is presented on the same basis. In accordance with NZ IFRS 8: Operating Segments this forms the basis of presentation for Segment Reporting and is the format adopted below:

– Delegat Limited (Delegat) is party to vineyard leases and has interests in freehold land and winery infrastructure which allows the company to grow, harvest and make finished wine to be marketed, distributed and sold into the Super-Premium wine markets. Delegat sells and markets its product through a combination of subsidiary companies based overseas or to customers and distributors directly in the New Zealand, Canadian, Asian and Pacific Island markets. Delegat Australia Pty Limited, Delegat Europe Limited, and Delegat USA, Inc. act as distributors and assist in the marketing of product in their respective geographic regions. Wines are sold all year round to all regions and the Group considers there is no significant variation in revenues throughout the year.

The Group implements appropriate transfer pricing regimes within the operating segments on an arm's length basis in a manner similar to transactions with third parties.

Management monitor the operating results of its business units separately for the purpose of making resource allocations and performance assessments. Segment performance is evaluated based on operating profit or loss, which may be measured differently from operating profit or loss in the consolidated financial statements as segment reporting is based upon internal management reports. The main differences are a result of some deferred tax balances being recognised upon consolidation not being allocated to individual subsidiaries. Also intercompany stock margin eliminations are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENTAL REPORTING (CONTINUED)

For the 6 months ended 31 December 2015	Delegat Limited	Delegat Australia Pty Ltd	Delegat Europe Limited	Delegat USA, Inc.	Other Segments	Eliminations and Adjustments ⁹	6 months ended 31 Dec 2015
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating income							
External sales ⁶	31,622	40,690	42,941	40,590	1,374	(23,273)	133,944
Internal sales	106,509	–	–	–	6,461	(112,970)	–
Biological assets increase	6,123	–	–	–	208	–	6,331
Total segment revenues¹	144,254	40,690	42,941	40,590	8,043	(136,243)	140,275
Interest revenue	8	4	–	–	2,805	(2,804)	13
Operating expenses							
Interest expense ²	6,373	–	–	–	850	(2,804)	4,419
Depreciation and amortisation ³	5,769	68	6	36	554	–	6,433
Income tax expense/(credit) ⁴	6,737	309	226	425	82	(244)	7,535
Segment profit/(loss)	17,374	487	1,179	590	156	(625)	19,161
Assets							
Segment assets ^{5,10}	543,326	24,134	15,498	11,133	121,392	(106,389)	609,094
Capital expenditure ⁸	47,017	5	1	12	8,877	–	55,912
Segment liabilities	340,659	14,842	6,750	4,281	62,823	(100,702)	328,653

¹ Intersegment revenues are eliminated on consolidation. Intercompany profit margins are also eliminated.

² Interest expense is net of any interest capitalised to long-term assets. During the period \$2,334,000 (December 2014: \$961,000) was capitalised to long-term assets.

³ Depreciation and amortisation expenses presented above are gross of \$3,802,000 (December 2014: \$3,306,000) which has been included within inventory.

⁴ Segment income tax expense does not include the deferred tax impacts of temporary differences arising from intercompany stock margin eliminations as these are managed on a group level.

⁵ Segment assets include the value of investments and loan balances for subsidiaries which reside in Delegat Limited however do not include the effects of stock margin eliminations for stock on hand in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS continued

1. SEGMENTAL REPORTING (CONTINUED)

For the 6 months ended 31 December 2014	Delegat Limited	Delegat Australia Pty Ltd	Delegat Europe Limited	Delegat USA, Inc.	Other Segments	Eliminations and Adjustments ⁹	6 months ended 31 Dec 2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating income							
External sales ⁷	30,166	34,776	32,571	28,784	1,811	(19,764)	108,344
Internal sales	80,419	–	–	–	2,393	(82,812)	–
Biological assets increase	5,559	–	–	–	172	–	5,731
Total segment revenues ¹	116,144	34,776	32,571	28,784	4,376	(102,576)	114,075
Interest revenue	9	5	–	–	2,419	(2,419)	14
Operating expenses							
Interest expense ²	6,202	–	–	1	641	(2,419)	4,425
Depreciation and amortisation ³	5,432	65	8	48	454	–	6,007
Income tax expense/(credit) ⁴	2,407	232	233	452	600	(105)	3,819
Segment profit/(loss)	6,877	538	877	569	1,187	(270)	9,778
Assets							
Segment assets ^{5,10}	433,484	17,887	12,722	6,757	99,987	(83,986)	486,851
Capital expenditure ⁸	31,110	14	–	112	1,662	–	32,898
Segment liabilities	257,069	9,780	5,985	1,572	44,338	(80,092)	238,652

⁶ For the six months ended 31 December 2015 Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$18,638,000 and Delegat USA, Inc. had a single customer which comprised 10% or more of group sales amounting to \$16,862,000.

⁷ For the six months ended 31 December 2014 Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$13,191,000.

⁸ Capital expenditure consists of additions of property, plant and equipment inclusive of capitalised interest. Capital expenditure is included within each of the reported segment assets noted above.

⁹ The eliminations and adjustments of segment profit, assets and liabilities relate to intercompany transactions and balances which are eliminated on consolidation.

¹⁰ Other segments' assets include non-current assets of Barossa Valley Estate Pty Limited of \$38,507,000 (December 2014: \$22,670,000) which are located in Australia.

NOTES TO THE FINANCIAL STATEMENTS_{continued}

2. EXPENSES

Expenses by function have been categorised as follows:

	Unaudited Dec 2015 6 Months \$000	Audited June 2015 12 Months \$000	Unaudited Dec 2014 6 Months \$000
Cost of sales	70,937	107,895	61,584
Selling, marketing and promotion expenses	29,916	44,410	22,608
Corporate governance expenses	393	927	442
Administration expenses	7,914	11,728	7,108
Fair value loss on derivative financial instruments	–	11,562	4,311

NOTES TO THE FINANCIAL STATEMENTS continued

3. RECONCILIATION OF PROFIT FOR THE PERIOD WITH NET CASH INFLOWS FROM OPERATING ACTIVITIES

	Unaudited Dec 2015 6 Months \$'000	Audited June 2015 12 Months \$'000	Unaudited Dec 2014 6 Months \$'000
Reported profit after tax	19,161	32,523	9,778
Add/(deduct) items not involving cash flows			
Fair value movement on biological assets	(6,331)	(19,260)	(5,731)
Amortisation of leases	138	202	101
Depreciation expense	6,295	12,346	5,906
Other non-cash items	(1,629)	2,010	955
(Gain)/Loss on disposal of assets	(449)	238	230
Movement in derivative financial instruments	(5,361)	11,562	4,311
Movement in deferred tax assets	107	(157)	323
Movement in deferred tax liabilities	3,808	1,155	200
	15,739	40,619	16,073
Movement in working capital balances are as follows:			
Trade payables and accruals	(3,382)	7,103	(9,505)
Trade and other receivables	(9,830)	(9,120)	(10,563)
Inventories	18,405	(328)	20,531
Income tax	(7,472)	4,355	90
	(2,279)	2,010	553
Add/(deduct) items classified as investing and financing activities			
Capital purchases included within trade payables and inventories	1,602	(6,120)	1,991
	(677)	(4,110)	2,544
Net Cash Inflows from Operating Activities	15,062	36,509	18,617

4. ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended 31 December 2015 the Group incurred total capital expenditure of \$55,912,000 (31 December 2014: \$32,898,000). There were no significant asset disposals in the six month period ended 31 December 2015.

5. CAPITAL COMMITMENTS

The estimated capital expenditure contracted for at 31 December 2015 but not provided for is \$44,518,000 (31 December 2014: \$15,510,000).

DIRECTORY

Directors

Jakov Nikola Delegat
Rosemari Suzan Delegat
Robert Lawrence Wilton
Jane Lesley Freeman
Alan William Jackson
Graeme Stuart Lord

Registered Office

Level 1, 10 Viaduct Harbour Avenue
Auckland 1010
PO Box 91681
Victoria Street West
Auckland 1142

Banker

Westpac Banking Corporation
318 Lambton Quay
PO Box 691
Wellington 6140

Solicitors

Jones Young
Level 19, BDO Tower
120 Albert Street
PO Box 189
Shortland Street
Auckland 1140

Auditors

Ernst & Young
EY Building
2 Takutai Square
Britomart
Auckland 1010

Share Registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Managing your shareholding online:

To change your address, update your payment instructions and to view your registered details including transactions please visit

www.investorcentre.com/NZ

General enquiries can be directed to:

enquiry@computershare.co.nz

Private Bag 92119
Auckland 1142

Telephone:
+64 9 488 8777
Facsimile:
+64 9 488 8787

Please assist our registry by quoting your CSN or shareholder number.

POINT MADE.

— *Barossa Valley Estate Shiraz 2012, 95 Points, San Francisco International Wine Competition* —

With its exquisite vibrant flavours of red plum, fresh blackberry and exotic spice, the judges at the 2015 San Francisco International Wine Competition made a

point of singling out Barossa Valley Estate Shiraz 2012. In fact they went further than that, awarding it an outstanding 95 Points. Obviously all points well made.



Experience the wines that made the Barossa great.

barossavalleyestate.com