EST 1947

DELEGAT

BUILDING A LEADING GLOBAL SUPER PREMIUM WINE COMPANY

DELEGAT GROUP LIMITED ANNUAL REPORT 2015

NOT JUST GOOD AS GOLD. TWICE AS GOOD.

— Barossa Valley Estate Shiraz, Double Gold Medal, San Francisco International Wine Competition —

With its exquisite vibrant flavours of red plum, fresh blackberry and exotic spice, the judges at America's largest and most prestigious international wine competition thought our Barossa Valley Estate Shiraz 2012 was beyond a gold medal. They awarded it the highest honour of all, 'Double Gold' along with an exemplary 95 Points; officially rating it amongst the best in the world.

2015 SAN FRANCISCO INTERNATIONAL WINE COMPETITION

DOUBLE GOLD

Experience the wines that made the Barossa great.

barossavalleyestate.com

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PERFORMANCE HIGHLIGHTS 2015

DELEGAT GROUP LIMITED

- Achieved record global case sales of 2,210,000.
- Achieved record operating NPAT of $34.4 million.
- Case sales growth of 16% in North America.
- Oyster Bay was named one of the 'World's Most Admired Wine Brands' by Drinks International magazine.
- Every Barossa Valley Estate wine received a Gold Medal at major international wine competitions.

FINANCIAL HIGHLIGHTS 2015

YEAR ENDED 30 JUNE	2011	2012	2013	2014	2015
Case Sales (000s)	1,969	1,850	1,946	2,031	2,210
OPERATING PERFORMANCE					
Operating Revenue [9]	199.8	190.6	191.3	190.2	211.9
Operating EBITDA [1,2] ($m)	55.5	54.9	56.9	64.0	69.8
Operating EBIT [3,4] ($m)	43.8	43.5	44.7	52.3	57.3
Operating EBIT % of Revenue	22%	23%	23%	27%	27%
Operating NPAT [5,6] ($m)	23.9	25.6	26.3	31.4	34.4
Operating NPAT % of Revenue	12%	13%	14%	17%	16%
REPORTED PERFORMANCE					
Revenue [9]	202.3	192.0	197.8	197.4	231.2
EBITDA [1] ($m)	57.1	54.8	77.5	79.6	67.1
EBIT [3] ($m)	45.4	43.3	65.3	67.9	54.6
EBIT % of Revenue	22%	23%	33%	34%	24%
NPAT [5] ($m)	32.7	25.5	41.2	42.6	32.5
NPAT % of Revenue	16%	13%	21%	22%	14%
EPS [8]	32.6c	25.3c	40.8c	42.1c	32.2c
Net Assets [7] ($m)	167.7	185.1	217.4	249.1	273.4
Total Assets ($m)	341.6	331.6	409.5	465.7	560.4

[1] EBITDA means earnings before interest, tax, depreciation and amortisation.

[2] Operating EBITDA means EBITDA before NZ IFRS fair value adjustments, impairment charges and other non-cash accounting adjustments.

[3] EBIT means earnings before interest and tax.

[4] Operating EBIT means EBIT before NZ IFRS fair value adjustments, impairment charges and other non-cash accounting adjustments.

[5] NPAT means net profit after tax attributable to ordinary Shareholders.

[6] Operating NPAT means NPAT before the after tax and non-controlling interests of NZ IFRS fair value adjustments, impairment charges and other non-cash accounting adjustments.

[7] Net Assets means total assets less total liabilities.

[8] EPS means earnings per share and is calculated on NPAT for the year divided by the weighted average number of ordinary shares on issue. 50,000 Shares issued in relation to the Employee Share Ownership Plan are subject to restrictions and are excluded from the weighted average number of shares on issue. The weighted average number of shares on issue in 2011 were 100,306,000, 100,630,000 in 2012, 100,930,000 in 2013 and 101,080,000 in 2014 and 2015.

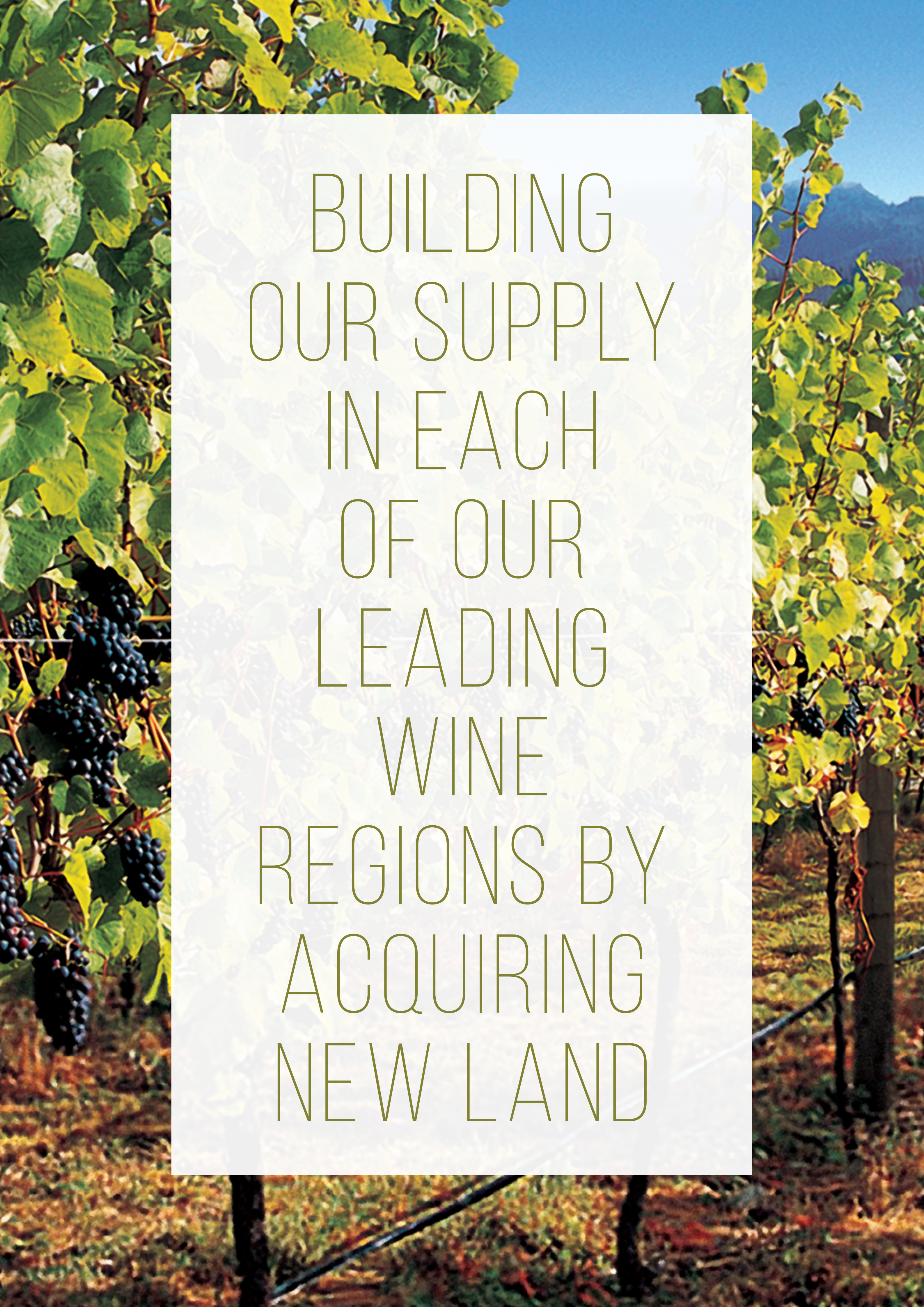
[9] Operating Revenue is before fair value movements on biological assets and derivative instruments (if gains). Operating Revenue and Revenue include certain sales promotional payments to customers that have been reclassified from operating expenses in the current year, along with the comparatives for the prior year.

NOTICE OF MEETING

The Annual Meeting of Shareholders will be held at 2pm on Tuesday 1 December 2015 in the Kawau Room, Viaduct Events Centre, 161 Halsey Street, Viaduct Basin, Auckland. This Annual Report is dated 27 August 2015 and is signed on behalf of the Board by;

JIM DELEGAT
Executive Chairman

GRAEME LORD
Managing Director



BUILDING OUR SUPPLY IN EACH OF OUR LEADING WINE REGIONS BY ACQUIRING NEW LAND

EXECUTIVE CHAIRMAN'S REPORT

"Another year of record performance on our journey to build a leading global Super Premium wine company."

JIM DELEGAT
Executive Chairman

On behalf of the Board of Directors of Delegat Group Limited, I am pleased to present its operating and financial results for the year ended 30 June 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

OPERATING PERFORMANCE

NZ$ millions	2015 Actual	2014 Actual	% change vs 2014
Operating Revenue[1]	211.9	190.2	11%
Operating Gross Profit[2]	**114.4**	**101.3**	**13%**
Operating Gross Margin	54%	53%	
Operating Expenses[3]	(57.1)	(49.0)	-17%
Operating EBIT[4]	**57.3**	**52.3**	**10%**
Operating EBIT % of Revenue	27%	27%	
Interest and Tax	(22.9)	(20.9)	-10%
Operating NPAT[4]	**34.4**	**31.4**	**10%**
Operating NPAT % of Revenue	16%	16%	
Operating EBITDA[4]	**69.8**	**64.0**	**9%**
Operating EBITDA % of Revenue	33%	34%	

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 year, along with the comparatives for the prior year. [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.

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.

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 $34.4 million was generated compared to $31.4 million last year. Operating EBIT of $57.3 million is $5.0 million higher than last year. Operating expenses (before NZ IFRS adjustments) at $57.1 million are $8.1 million higher compared to last year.

Delegat achieved Operating Revenue of $211.9 million on global case sales of 2,210,000 in the year. Revenue is up $21.7 million on last year primarily due to global case sales being 9% higher along with a small favourable impact of foreign exchange rate changes.

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

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

CASE SALES AND FOREIGN CURRENCY

Case Sales (000s)	2015 Actual	2014 Actual	% change vs 2014
UK, Ireland and Europe	647	594	9%
North America (USA and Canada)	888	769	16%
Australia, NZ and Asia Pacific	675	668	1%
Total Cases	**2,210**	**2,031**	**9%**

Foreign Currency Rates	2015 Actual	2014 Actual	% change vs 2014
GB£	0.4739	0.5068	6%
AU$	0.9196	0.8623	-7%
US$	0.7576	0.8331	9%
CA$	0.9009	0.8881	-1%

in and impact the Statement of Financial Performance. The Group records adjustments in respect of three significant items at the year-end:

- Biological Assets (Vines) – The Group's vineyards have been revalued at the reporting date, resulting in a higher value attributable to Biological Assets of $19.3 million in 2015 (2014: $4.4 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. This represents the reversal of prior periods' fair value adjustments in respect of biological produce as finished wine is sold in subsequent years. In 2015, the market value of the company grapes exceeded the costs incurred by $5.1 million (2014: $17.6 million). This difference was primarily due to the lower yields for the 2015 vintage (down 30% year-on-year). This write-up, less the impact of prior year's vintages being sold has resulted in a net write-down of $10.4 million for the year (2014: write-up of $8.5 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-down of $11.6 million (2014: write-up of $2.7 million).

IMPACT OF 'FAIR VALUE' ADJUSTMENTS

NZ$ millions	2015 Actual	2014 Actual	% change vs 2014
Operating NPAT	**34.4**	31.4	10%
Operating NPAT % of Revenue	16%	16%	
NZ IFRS Fair Value Items			
Biological Assets (Vines)	19.3	4.4	n/m[3]
Biological Produce (Grapes)[1]	(10.4)	8.5	n/m[3]
Derivative Instruments	(11.6)	2.7	n/m[3]
Other[2]	(0.0)	(0.0)	0%
Total Fair Value Items	(2.7)	15.6	-117%
Less: Tax	0.8	(4.4)	117%
Fair Value Items after Tax	**(1.9)**	11.2	-117%
Reported NPAT	**32.5**	42.6	-24%

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 includes accounting for share-based payments. [3] n/m means not meaningful.

"The Group is investing for growth to support its strategic goal to build a leading global Super Premium wine company."

JIM DELEGAT
Executive Chairman

These, together with minor adjustments in respect of share-based payments, net of taxation, amount to a write-down of $1.9 million for the year (2014: write-up of $11.2 million).

RECONCILIATION OF REPORTED TO OPERATING PERFORMANCE

Accounting for all fair value adjustments under NZ IFRS, the Group's reported audited financial performance for the year ended 30 June 2015 is reconciled to operating profit as follows:

RECONCILIATION OF REPORTING TO OPERATING PERFORMANCE

	2015 Actual			2014 Actual		
	Operating	Fair Value Adjustment	Reported	Operating	Fair Value Adjustment	Reported
Operating Revenue	211.9	19.3	231.2	190.2	7.1	197.3
Cost of Sales	(97.5)	(10.4)	(107.9)	(88.9)	8.5	(80.4)
Gross Profit	**114.4**	**8.9**	**123.3**	101.3	15.6	116.9
Operating Expenses	(57.1)	(11.6)	(68.7)	(49.0)	–	(49.0)
EBIT[1]	**57.3**	**(2.7)**	**54.6**	52.3	15.6	67.9
Interest and Tax	(22.9)	0.8	(22.1)	(20.9)	(4.4)	(25.3)
NPAT[2]	**34.4**	**(1.9)**	**32.5**	31.4	11.2	42.6
EBIT[1]	57.3	(2.7)	54.6	52.3	15.6	67.9
Depreciation and Amortisation	(12.5)	–	(12.5)	(11.7)	–	(11.7)
EBITDA[3]	**69.8**	**(2.7)**	**67.1**	64.0	15.6	79.6

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.

CASH FLOW

The Group generated Cash Flows from Operations of $36.5 million in the current year, which is an increase of $15.7 million on the previous year, primarily due to higher receipts from customers from higher case sales. A total of $72.6 million was paid for additional property, plant and equipment during the year, including vineyard and winery developments. The Group distributed $11.1 million to shareholders in dividends. Additional borrowings of $48.0 million were drawn down to fund the increased capital investment during the year.

The Group has Net Debt of $202.0 million, compared to $153.7 million in 2014 – an increase of 31%.

DIVIDENDS

The Directors consider that the underlying operational performance and strong cash flows fully justify the maintenance of dividends. Accordingly, the Directors are pleased to advise they have approved a fully imputed dividend payout of 11.0 cents per share. The dividend will be paid on 9 October 2015 to Shareholders on record at 25 September 2015.

INVESTING FOR GROWTH

As outlined in previous Annual Reports, the Group is investing for growth to support its strategic goal to build a leading global Super Premium wine company. During the year under review, $80.6 million was invested in additional property, plant and equipment, including vineyard development in New Zealand and the Barossa Valley, the extension of the Marlborough winery and commencing construction of the Hawke's Bay winery. The Group will invest $101.9 million in 2016 to provide earnings growth in the years ahead. This capital investment supports the Group's plan to grow sales to 3.17 million cases by 2020 and provide for further growth beyond that period.

OUR GREAT WINE PEOPLE

The Board would like to take this opportunity to acknowledge our Great Wine People around the world. Our multi-national team have once again worked powerfully together to achieve new performance records on our journey to build a leading global Super Premium wine company. It is a pleasure and a privilege to work with such a talented and committed global team.

Jim Delegat.

JIM DELEGAT
Executive Chairman

BUILDING NEW MARKETS AND DISTRIBUTION TO DRIVE DEMAND GROWTH

MANAGING DIRECTOR'S REPORT

"2015 was a year of record performance and continuing to build the foundations for long-term growth."

GRAEME LORD
Managing Director

2015 was a year of record performance and continuing to build the foundations for long-term growth. As outlined in the Executive Chairman's report, the Group achieved record Operating Net Profit After Tax of $34.4 million and record case sales of 2,210,000. Commendable as these results are, equally important were the steps taken to build the foundations for long-term growth. These included land acquisition and vineyard development across our wine regions, a major extension of the Marlborough winery, commencing construction of the new Hawke's Bay winery in preparation for the 2016 vintage and the launch of Barossa Valley Estate in the majority of our international wine markets.

GLOBAL SALES PERFORMANCE

The Group achieved record global case sales of 2,210,000 cases in the year, which is 9% higher than the previous year. The Group's sales are well diversified by market with 40% in North America, 31% in the Australia, New Zealand and Asia Pacific region, and 29% in Europe including the United Kingdom.

The Group has continued to invest in the development of its own in-market distribution channels to drive long-term growth. The Group's Sales and Marketing division has in-market sales teams in New Zealand, Australia, the United Kingdom, Ireland, the United States, Canada, Singapore, Japan and China.

AUSTRALIA, NEW ZEALAND AND ASIA PACIFIC

Case sales in the Australia, New Zealand and Asia Pacific region grew by 1% to 675,000 cases.

In the established New Zealand and Australia markets, Oyster Bay continued to perform strongly as a category leading Super Premium wine brand. During the year, the Barossa Valley Estate brand was launched later than planned which resulted in sales being lower than forecast for the full year. However, significant distribution was achieved in the second half of the year with sales growing well.

In the emerging Middle East, Hong Kong and Singapore markets, the Group achieved record sales performance. Towards the end of the year Delegat established an office and in-market team in Shanghai, China. This new team will work with wholesalers and customers to start building our business in the Shanghai region.

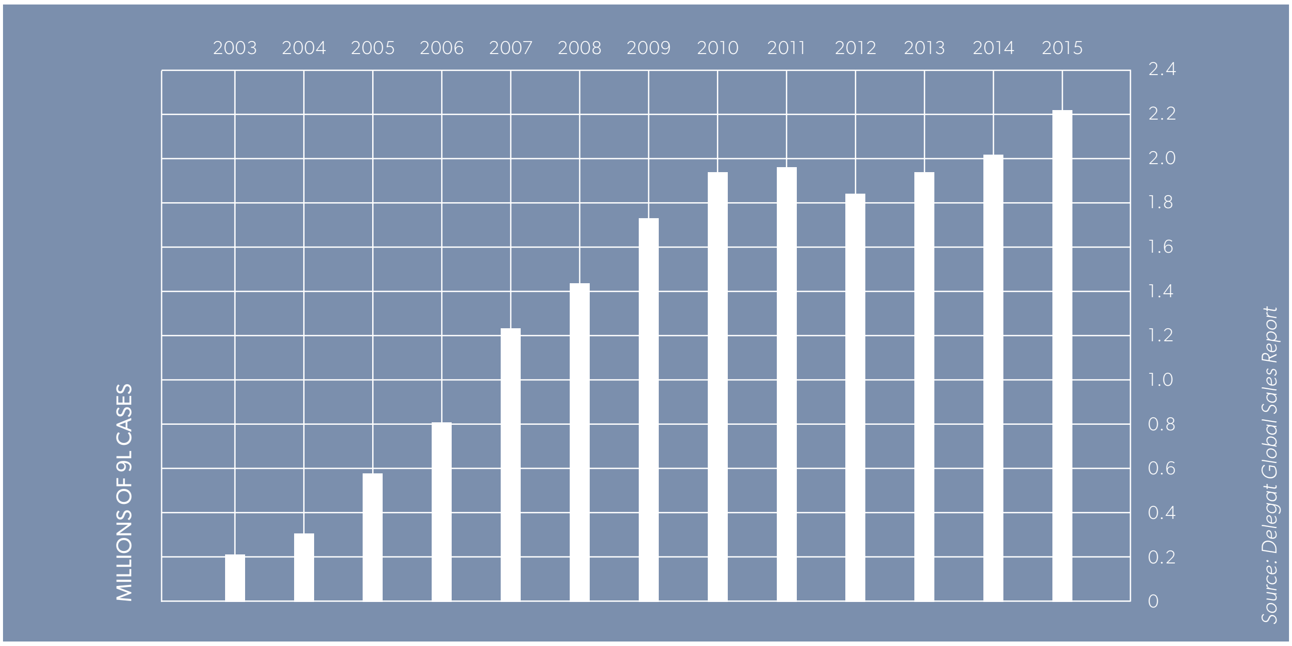
NORTH AMERICA

The Group continued to achieve strong growth in North America, increasing sales volumes by 16% to 888,000 cases.

In the United States, the Group has worked closely with its distributor partners to grow both points of distribution and rate of sale. The Group has established strong relationships with many of the major wine retailers in the United States, and has achieved a significant number of on premise listings. Oyster Bay Sauvignon Blanc became a top 5 white wine over $10 by value[1]. Oyster Bay remains the Number One New Zealand wine brand in a number of markets including California, Massachusetts, New York, Miami and Colorado.[2]

In Canada, a strong base of distribution has been established across all the major Provinces. Oyster Bay has grown to become one of Canada's most powerful Super Premium wine brands in the market. Success has been achieved across the Oyster Bay range, with the white wines each showing double digit growth and Oyster Bay Chardonnay maintaining its position as the leading Premium Chardonnay in Canada.[3]

DELEGAT GROUP GLOBAL CASE SALES 2003 – 2015



Notes: [1] Nielsen Premium Wine Scan, 52 weeks to 15 August 2015, by volume. [2] Nielsen Premium Wine Scan, 52 weeks ending 15 August 2015, New Zealand Wine Brands, $10+ by volume. [3] Canada SORT Scan Data, MAT March 2015. [4] Nielsen United Kingdom, Total Coverage MAT to 20 June 2015, £8+. [5] Nielsen United Kingdom, Total Coverage MAT to 20 June 2015, £9+. [6] Nielsen United Kingdom, Total Coverage MAT to 20 June 2015, £10+. [7] Nielsen Scan Track Republic of Ireland, Total Coverage MAT to 28 December 2014, €11+.

UNITED KINGDOM, IRELAND AND EUROPE

The United Kingdom, Ireland and Europe region returned to growth, achieving sales of 647,000 cases, an increase of 9% over the prior year.

In the United Kingdom, Oyster Bay has continued to grow consumer awareness and brand affinity, reaching a category leading position. Oyster Bay Sauvignon Blanc, Chardonnay and Merlot are the top selling wines above £8 in their respective categories irrespective of origin[4]. Oyster Bay Pinot Noir is the top selling Pinot Noir above £9[5], whilst Oyster Bay Sparkling continues to be the Number One selling sparkling wine brand above £10 by value excluding Champagne.[6]

In Ireland, Oyster Bay continues to lead the New Zealand category and is the Number One Super Premium New Zealand Sauvignon Blanc above €11.[7]

In both the United Kingdom and in Ireland, Barossa Valley Estate has established significant distribution with leading national account customers and this distribution platform provides significant consumer reach and opportunity to grow the brand over the long-term.

BRANDS AND COMMUNICATIONS

The Group is focused on establishing Oyster Bay and Barossa Valley Estate as two of the world's great Super Premium wine brands.

The Barossa Valley Estate brand includes a standout range of elegant red wines created to appeal to a growing number of aspirational wine lovers seeking an authentic regional expression from the Barossa Valley. The three wines in the range, Shiraz, Cabernet Sauvignon and GSM (Grenache Shiraz Mourvèdre) are the wine styles that made the Barossa Valley great. Having now launched the Barossa Valley Estate brand in the majority of its markets, the Group's priority is to create consumer awareness, grow points of distribution and establish rate of sale velocity.

Oyster Bay continues to strengthen its consumer connection across all established markets. Research shows a strong and growing consumer affinity for Oyster Bay in its leading markets. In recognition of Oyster Bay's brand profile and success, it was named one of the 'World's Most Admired Wine Brands' by Drinks International magazine for the fourth year running, in addition to receiving the 'Hot Brand' award for the fifth consecutive year from New York's Impact Magazine. The newer wines in the Oyster Bay range, Sparkling and Pinot Gris, continue to grow rapidly and broaden the brand's connection with Super Premium wine consumers.

2015 HARVEST

The Group harvested 26,748 tonnes from the 2015 vintage. The New Zealand harvest was 25,081 tonnes, which was 26% lower than the prior vintage due to higher than average yields in 2014 and lower than average yields


Oyster Bay wines capture the
special character of New Zealand
...elegant, assertive wines with
glorious fruit flavours
MARLBOROUGH

BUILDING THE WORLD'S LEADING SUPER PREMIUM WINE BRANDS

"Delegat plans to grow sales from 2,210,000 cases to 3,170,000 cases by 2020."

GRAEME LORD
Managing Director

this year arising from a period of unseasonal cool weather over flowering. The Australia harvest for Barossa Valley Estate was 1,667 tonnes, which was up 66% on the prior vintage. The 2015 vintage delivered excellent quality in all regions. Whilst yields were lower than normal, the Group is well positioned with inventories to achieve the future sales growth goals outlined in this report.

SUSTAINABILITY

Recognition and respect for the environment are reflected in the strong leadership role the Group plays in the practice and promotion of sustainable wine growing and wine production. As a leader in the New Zealand wine industry and as a founding member of Sustainable Winegrowing New Zealand (SWNZ) since 2002, the Group takes its responsibilities to respect and protect the environment very seriously. The Group's New Zealand vineyards and wineries are 100% accredited by the independently audited SWNZ Sustainability Programme.

INVESTING FOR GROWTH

As outlined by the Executive Chairman, the Group is investing for growth to support its strategic goal to build a leading global Super Premium wine company. In the 2015 year Delegat invested $80.6 million in capital expenditure.

During the year, the Group entered into an agreement to acquire an 838 hectare farm in the Crownthorpe region of Hawke's Bay, which is a world class viticulture region based on its ideal soil types and climate. This land adjoins an existing Delegat vineyard and is a significant land acquisition which will enable Delegat Group to meet strong growth in global demand for its Super Premium wines, including Oyster Bay Pinot Gris and Sparkling wine. Delegat intends to commence planting the property progressively from spring 2017, enabling incremental sales growth from calendar year 2020 onwards. The land has the potential to produce more than 550,000 cases of Super Premium wine per year when fully producing and is an important element of Delegat Group's long-term growth strategy beyond 2020. In 2015 the Group also undertook significant vineyard development projects in Marlborough, Hawke's Bay and the Barossa Valley to support sales growth to 2020 and beyond.

During the 2015 year, the Group invested in increasing the capacity of the Marlborough winery to 28,000 tonnes for the 2015 vintage. In addition, construction commenced on the Group's new Hawke's Bay winery, phase one of which will be completed for the 2016 vintage.

MAJOR AWARDS AND ACCOLADES

The Group received outstanding awards and accolades, showcasing the world-class quality of its wines and significance within the Super Premium wine category.

Oyster Bay Sauvignon Blanc was awarded 'Premium White Wine of the Year' for the eighth year at the Australian Liquor Industry Awards.

Oyster Bay Merlot 2013 was awarded a Gold Medal and 90 points at the San Francisco International Wine Competition, and a Blue-Gold Medal at the Sydney International Wine Competition.

Oyster Bay Sauvignon Blanc 2014 was awarded a Gold Medal at the TexSom International Wine Competition.

Oyster Bay Pinot Noir 2013 was awarded a Gold Medal at the Sydney International Wine Competition.

Barossa Valley Estate Shiraz 2012 was awarded a Double Gold award and 95 points at the San Francisco International Wine Competition.

Barossa Valley Estate Cabernet Sauvignon 2013 was awarded a Gold Medal and 91 points at the San Francisco International Wine Competition.

Barossa Valley Estate Grenache Shiraz Mourvèdre 2012 was awarded a Gold Medal at the Sydney International Wine Competition.

Delegat Crownthorpe Terraces Merlot 2013 was awarded a Gold Medal and 93 points at the San Francisco International Wine Competition.

CASE SALES AND FOREIGN CURRENCY

Case Sales (000s)	2015 Actual	2016 Forecast	2017 Projection	2018 Projection	2019 Projection	2020 Projection
UK, Ireland and Europe	647	680	681	697	713	731
North America (USA and Canada)	888	992	1,115	1,251	1,388	1,522
Australia, NZ and Asia Pacific	675	707	750	784	836	917
	2,210	**2,379**	**2,546**	**2,732**	**2,937**	**3,170**
Oyster Bay[1]	2,188	2,298	2,439	2,590	2,748	2,915
Barossa Valley Estate	22	81	107	142	189	255
	2,210	**2,379**	**2,546**	**2,732**	**2,937**	**3,170**

Foreign Currency[2]	2015 Actual	2016 Forecast	2017 Projection	2018 Projection	2019 Projection	2020 Projection
GB£	0.4739	0.4505	0.4644	0.4644	0.4644	0.4644
AU$	0.9196	0.9038	0.9245	0.9245	0.9245	0.9245
US$	0.7576	0.6999	0.6980	0.6980	0.6980	0.6980
CA$	0.9009	0.8613	0.8516	0.8516	0.8516	0.8516

Notes: [1] Includes Delegat brand in New Zealand. [2] Exchange Rates are based on NZIER Consensus Forecasts as at June 2015.

GROUP OUTLOOK

The Group's strategic goal is to build a leading global Super Premium wine company. The Group will build leading global brands from world leading regions, focusing on the wine styles for which those regions are internationally renowned. The Group is investing in significant capital expenditure to support its growth strategy. Delegat plans to grow sales from 2,210,000 cases to 3,170,000 cases by 2020. This planned growth will be primarily driven through continued sales growth in North America and by growing the Barossa Valley Estate brand globally.

In the Australia, New Zealand and Asia Pacific region, sales volume is projected to grow by 36% to 917,000 cases by 2020. Growth in Asia and from Barossa Valley Estate underpins growth in the region.

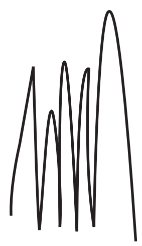
Sales volume in the United Kingdom, Ireland and Europe region is planned to grow by 13% to 731,000 cases over the next five years. The growth in the region is driven by targeted distribution growth and the development of new markets in continental Europe.

North America is the largest Super Premium wine market in the world and will continue to be the key growth region for the Group over the next five years, with strong growth projected in both the United States and Canada. The Group plans to increase sales volume in the region by 71% to 1,522,000 cases by 2020.

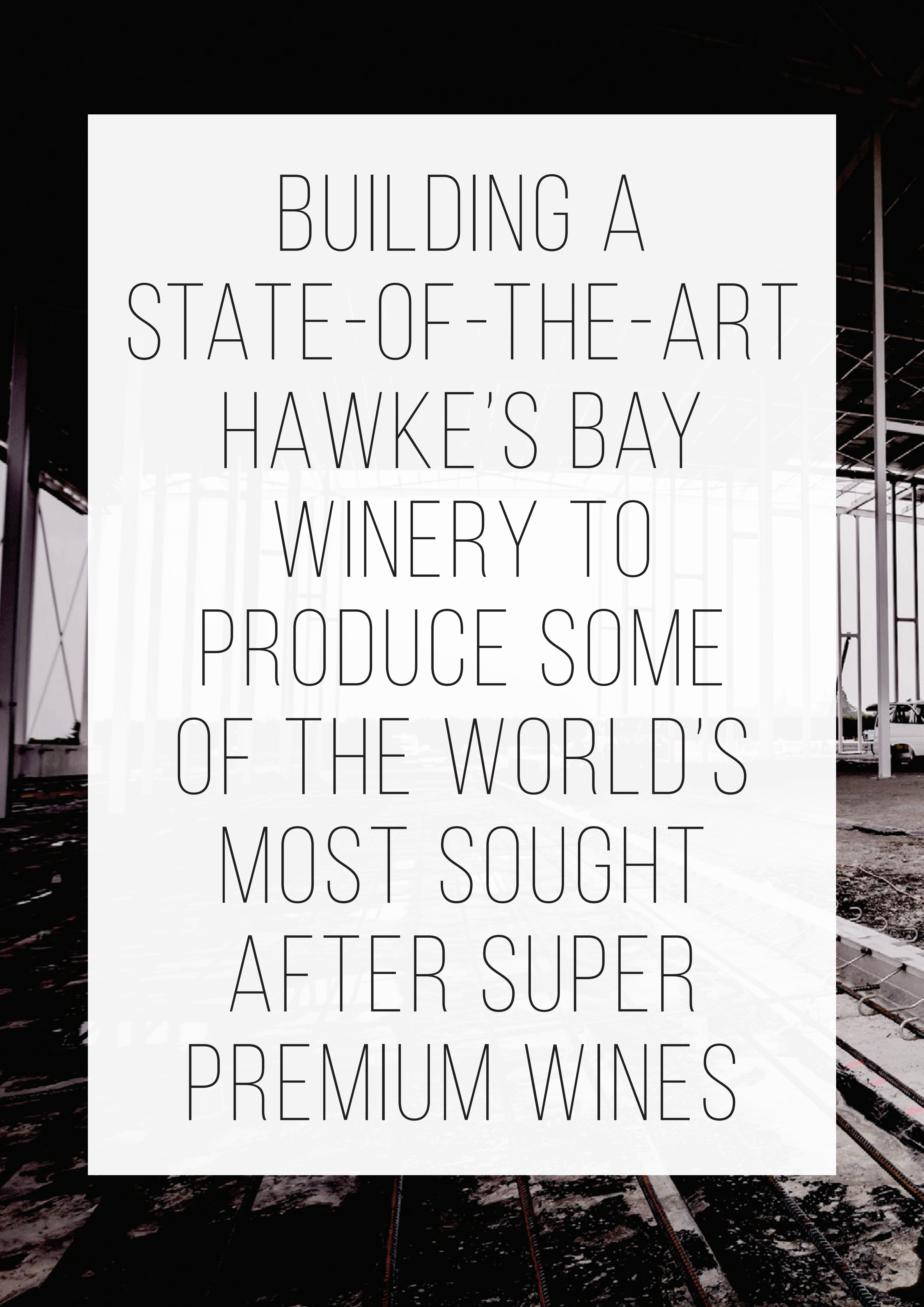
The Group is well positioned to grow sales and achieve sustainable earnings growth in the years ahead. With respect to the 2016 year, the Group is planning to grow sales by 8% to 2,379,000 cases on our journey to build a leading global Super Premium wine company.

OUR PEOPLE

I wish to personally thank each of our Great Wine People for their commitment to our business and the record results they have collectively achieved. Together we are creating a truly remarkable global Super Premium wine company.



GRAEME LORD
Managing Director



BUILDING A STATE-OF-THE-ART HAWKE'S BAY WINERY TO PRODUCE SOME OF THE WORLD'S MOST SOUGHT AFTER SUPER PREMIUM WINES

BOARD OF DIRECTORS

The Board of Delegat Group Limited is responsible for the strategic direction of the Group and ensuring the Group is properly managed to protect and enhance Shareholders' interests.

Some of the key responsibilities of the Board include:

- Adopting the strategic plans of the Group, set by the Executive Chairman and Managing Director in conjunction with the Group's senior management team;
- Monitoring the Group's operational and financial performance; and
- Ensuring the Group develops effective policies and procedures concerning disclosure of important information to the market and Shareholders.

The Board has adopted what it believes are appropriate corporate governance policies and procedures, which it regularly reviews to ensure that the Group's responsibilities and obligations are met. The principal corporate governance policies concern:

- The appointment and retirement of Directors;
- The composition and performance of the Board;
- The balance between executive and independent Directors;
- Directors' access to independent professional advice; and
- The constitution and operation of Board Committees, comprising Directors and, in some cases, representatives of the Group's senior management team. The Board has formally constituted an Audit and Compliance Committee and a Remuneration Committee.

The Board currently comprises six Directors, four of whom are non-executive (Robert Wilton, Rose Delegat, Alan Jackson, Jane Freeman); four of whom are non-independent (Jim Delegat, Rose Delegat, Robert Wilton, Graeme Lord); and two of whom are independent (Alan Jackson, Jane Freeman), as defined in the NZX Listing Rules.

The Board of Delegat Group Limited meets formally a minimum of six times during the financial year and regularly holds additional meetings to deal with specific matters faced by the Group.

JAKOV (JIM) DELEGAT

Executive Chairman

Jim Delegat is the Executive Chairman of Delegat Group Limited. He is responsible for providing strategic direction and monitoring performance to ensure successful delivery of Board approved business plans. He has been involved in the New Zealand wine industry all his working life and is thoroughly experienced in every aspect of the business. Jim is one of only a handful of second generation family wine producers in the country. Active in industry affairs, Jim is currently an alternate Director of both the Wine Institute of New Zealand and New Zealand Winegrowers, having previously served on the Board of the Wine Institute of New Zealand for more than 13 years. He is a member of the Institute of Directors.

GRAEME LORD

Managing Director

Graeme Lord is the Managing Director of Delegat Group Limited. Graeme is responsible for developing growth plans, building a high performing organisation and executing business plans. He originally joined the Group in 1999 and for the six years prior to 2014 was General Manager, Global Sales and Marketing. Before joining Delegat Group Limited he worked as a consultant with The Boston Consulting Group. He is a member of the Institute of Directors.

ROSEMARI (ROSE) DELEGAT

Non-Executive Director

Rose Delegat is Non-Executive Director of Delegat Group Limited. The Group continues to benefit from Rose's experience and the expertise that she has given the company for more than 25 years. She was responsible for initiating the Group's drive into export markets in the 1980s and was the inaugural Chairperson (1987 – 1990) of the special United Kingdom Exporting Group, part of the Wine Institute of New Zealand. Rose continues to perform a strategic role in export marketing. She is a member of the Institute of Directors.

ROBERT (BOB) WILTON

Non-Executive Director

Bob Wilton is Non-Executive Director of Delegat Group Limited with specific responsibilities for the financial management of the Group. He is a Senior Lecturer and past Head of Department, Department of Accounting and Finance at the University of Auckland Business School, a member of Chartered Accountants Australia and New Zealand and the Institute of Directors. Bob brings to the Board considerable experience in business, particularly through Merchant and Investment Banking, and is a past Chairman of the New Zealand Venture Capital Association.

DR ALAN JACKSON

Non-Executive Independent Director

Alan Jackson was, until 2009, Chairman Australasia, Senior Vice President and Director of The Boston Consulting Group. He has been an International Management Consultant since 1987 with The Boston Consulting Group and has proven experience at the most senior levels of international and government business. Alan has worked across a range of industries internationally, including consumer goods companies, supermarkets and retailers, in addition to industrial and resource companies. Alan headed The Boston Consulting Group's Consumer Goods and Retail practice in Australasia and Asia Pacific. Alan is a Fellow of the Institution of Professional Engineers and member of the Australian Institute of Directors. He is a Director of Fletcher Building Limited, Fletcher Industries Limited, Aurora Vineyard Limited and New Zealand Thoroughbred Racing, and a trustee of The Icehouse, Auckland.

JANE FREEMAN

Non-Executive Independent Director

Jane Freeman is a Non-Executive Independent Director of Delegat Group Limited and is prominent in the field of customer-driven technology. She has held senior marketing and management positions at Telecom, BankDirect, Clear Communications Limited and ASB Bank Limited. Jane is currently a Director of ASB Bank, Foodstuffs North Island and Kiwi Property Group.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position, financial performance and cashflows for the Group as at 30 June 2015.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position and financial performance of the Group and the compliance of the financial statements with the Financial Markets Conduct Act 2013 and Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard assets of the Group.

The Directors have pleasure in presenting the following financial statements for the year ended 30 June 2015.

The Board of Directors of the Group authorised these financial statements for issue on 27 August 2015.

For, and on behalf of, the Board.

JIM DELEGAT
Executive Chairman

GRAEME LORD
Managing Director

27 August 2015


Oyster Bay wines capture the special character of New Zealand ...elegant, assertive wines with glorious fruit flavours
Sparkling Cuvée
BRUT
Oyster Bay
NEW ZEALAND


There's memorable. And there's unforgettable.
Elegantly-stylish, refreshingly-refined,
zesty, vibrant, bubbles and lime,
sensations of citrus, green apple's crisp bite,
timeless the taste, young is the night.
Oyster Bay
— Sparkling Cuvèe —
Sometimes the world really is your oyster.

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	GROUP 2015 $000	GROUP 2014 $000
Revenue	3	231,152	197,407
Profit before finance costs	4	54,630	67,930
Finance costs	3	8,874	8,446
Profit before income tax		45,756	59,484
Income tax expense	16	13,233	16,887
Profit for the Year attributable to Shareholders of the Parent Company		32,523	42,597
Earnings Per Share			
– Basic earnings per share (cents per share)	24	32.18	42.14
– Fully diluted earnings per share (cents per share)	24	32.16	42.12

The accompanying notes form part of these financial statements

STATEMENT OF OTHER COMPREHENSIVE INCOME

		GROUP	
	Note	2015 $000	2014 $000
Profit after income tax		32,523	42,597
Other comprehensive income that may subsequently be classified to the profit and loss:			
– Translation of foreign subsidiaries	5b	2,950	(1,097)
– Income tax relating to components of other comprehensive income		–	–
Total comprehensive income for the year, net of tax		35,473	41,500
Comprehensive income attributable to Shareholders of the Parent Company		35,473	41,500

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015 – GROUP

	Share Capital $000	Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 30 June 2014	49,712	(4,164)	585	202,927	**249,060**
Changes in equity for the year ended 30 June 2015					
Other comprehensive income					
– 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**
Equity Transactions					
– Dividends paid to shareholders	–	–	6	(11,129)	**(11,123)**
– Share-based payments expense	–	–	5	–	**5**
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

FOR THE YEAR ENDED 30 JUNE 2014 – GROUP

	Share Capital $000	Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance at 30 June 2013	49,412	(3,067)	601	170,446	**217,392**
Changes in equity for the year ended 30 June 2014					
Other comprehensive income					
– Translation of foreign subsidiaries	–	(1,097)	–	–	**(1,097)**
Total other comprehensive income	–	(1,097)	–	–	**(1,097)**
– Net profit for the year	–	–	–	42,597	**42,597**
Total comprehensive income for the year	–	(1,097)	–	42,597	**41,500**
Equity Transactions					
– Shares issued	300	–	(51)	–	**249**
– Dividends paid to shareholders	–	–	19	(10,116)	**(10,097)**
– Share-based payments expense	–	–	16	–	**16**
Balance at 30 June 2014	49,712	(4,164)	585	202,927	**249,060**

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

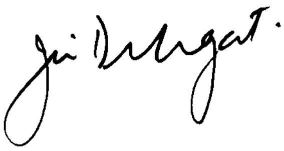
	Notes	GROUP 2015 $000	GROUP 2014 $000
Equity			
Share capital	5	49,712	49,712
Foreign currency translation reserve	5b	(1,214)	(4,164)
Share-based payment reserve	5b	596	585
Retained earnings		224,321	202,927
Total Equity		273,415	249,060
Liabilities			
Current Liabilities			
Trade payables and accruals	8	29,739	22,636
Derivative financial instruments	9	6,587	563
Income tax payable		6,422	2,431
		42,748	25,630
Non-Current Liabilities			
Deferred tax liability	16	34,160	33,005
Derivative financial instruments	9	3,302	–
Interest-bearing loans and borrowings	10	206,768	157,958
		244,230	190,963
Total Liabilities		286,978	216,593
Total Equity and Liabilities		560,393	465,653

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION continued

	Notes	GROUP 2015 $000	GROUP 2014 $000
Assets			
Current Assets			
Cash and cash equivalents		4,782	4,218
Trade and other receivables	11	42,942	33,822
Derivative financial instruments	9	–	1,561
Income tax receivable		144	508
Inventories	12	112,888	112,560
		160,756	152,669
Non-Current Assets			
Property, plant and equipment	13	309,858	246,547
Biological assets	14	86,200	64,112
Intangible assets	15	3,066	1,294
Derivative financial instruments	9	–	675
Deferred tax asset	16	513	356
		399,637	312,984
Total Assets		560,393	465,653

For, and on behalf of, the Board who authorised the issue of the financial statements on 27 August 2015.



JN Delegat, Executive Chairman

GS Lord, Managing Director

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

	Note	GROUP 2015 $000	GROUP 2014 $000
Operating Activities			
Cash was provided from			
Receipts from customers		203,699	182,648
Interest received		65	40
Income tax received		316	53
Net GST (paid)/received		(186)	199
		203,894	182,940
Cash was applied to			
Payments to suppliers and employees		133,224	123,478
Payments to grape growers		18,181	18,345
Interest paid		7,751	8,271
Income tax paid		8,229	12,058
		167,385	162,152
Net Cash Inflows from Operating Activities	22	36,509	20,788
Investing Activities			
Cash was provided from			
Proceeds from sale of property, plant and equipment		1,528	957
Dividends received		14	21
		1,542	978
Cash was applied to			
Purchase of property, plant and equipment		67,923	28,025
Purchase of biological assets		1,815	894
Purchase of intangible assets		1,666	1,180
Capitalised interest paid		2,670	873
Capitalised lease payments		40	135
Acquisition of subsidiaries		–	1,810
		74,114	32,917
Net Cash Outflows from Investing Activities		(72,572)	(31,939)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS continued

	GROUP 2015 $000	GROUP 2014 $000
Financing Activities		
Cash was provided from		
Proceeds from issue of shares	–	249
Proceeds from borrowings	47,985	22,840
	47,985	23,089
Cash was applied to		
Dividends paid to shareholders	11,123	10,116
Borrowing facility fees	767	–
	11,890	10,116
Net Cash Inflows from Financing Activities	36,095	12,973
Net Increase in Cash Held	32	1,822
Cash and cash equivalents at beginning of the year	4,218	2,570
Effect of exchange rate changes on foreign currency balances	532	(174)
Cash and Cash Equivalents at End of the Year	4,782	4,218

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 comprise the statement of financial performance, statement of other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and accounting policies, as well as the notes to the financial statements. The financial statements for the Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 27 August 2015.

CHANGE OF NAME

Effective 11 July 2014, the Company changed its name from Delegat's Group Limited to Delegat Group Limited.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013. For the purposes of complying with NZ GAAP the entity is a for-profit entity. As a listed entity, the Group is considered a Tier One entity. These 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 financial statements 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.

STATEMENT OF COMPLIANCE

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards (NZ IFRS), as applicable to the Group as a profit-oriented entity. The financial statements comply with International Financial Reporting Standards (IFRS).

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

There have been no changes in accounting policies during the current year.

COMPARATIVE INFORMATION

Certain operating costs, revenues, assets, liabilities and cashflows have been reclassified in the 2014 comparative information 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.

STATEMENT OF ACCOUNTING POLICIES continued

Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Group for the annual reporting period ending 30 June 2015. These are outlined in the following table:

REFERENCE	TITLE	GROUP APPLICATION DATE*	SUMMARY	IMPACT ON GROUP
NZ IAS 1	Disclosure Initiative (Amendments to NZ IAS 1)	1 July 2016	The amendments clarify existing NZ IAS 1 requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation, as follows: – Materiality and aggregation – clarifies that an entity when aggregating information in the financial statements shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. – Order of the notes – requires that entities present notes in a systematic manner, considering the effect on the understandability and comparability of its financial statements, and includes further examples of different systematic order of notes approaches that could be adopted. – Accounting policies – clarifies that while an entity is required to disclose its significant accounting policies, these are no longer required to be included in a summary of significant accounting policies, and each entity should include accounting policies when they consider users of its financial statements would expect them to be disclosed for that type of entity.	The Group is currently assessing the impact of this standard on the presentation of the Group's financial statements from 1 July 2016. The Group does not anticipate that the amendments to NZ IAS 1 will significantly change the information disclosed in the financial statements but may alter the order of the notes and where accounting policies are included.
NZ IAS 16 and NZ IAS 41	Amendments to NZ IAS 16: Property, Plant and Equipment and NZ IAS 41: Agriculture	1 July 2016	On 30 June 2014, the International Accounting Standards Board (IASB) issued Agriculture: Bearer Plants (Amendments to NZ IAS 16 and NZ IAS 41) which changed the accounting requirements for biological assets that meet the definition of bearer plants (e.g. vines). Bearer plants will now be within the scope of NZ IAS 16 and will be subject to all of the requirements therein. This includes the ability to choose between the cost model and revaluation model for subsequent measurement. Agricultural produce growing on bearer plants (e.g. grapes) will remain within the scope of NZ IAS 41.	The Group has significant bearer plant (e.g. vines) assets that following the implementation of this change will fall within the scope of NZ IAS 16 rather than NZ IAS 41. Under NZ IAS 41 the Group's biological assets have been valued at fair value. Under NZ IAS 16 the Group will have the choice whether they value these assets using the cost model or the revaluation model. Under the revaluation model the vines would have to continue to be regularly valued and recorded at their fair value. If the Group adopts the cost model under NZ IAS 16 their fair value at the date of adoption of the change would become their deemed cost. On adoption of either model the vines would need to be depreciated over their remaining estimated useful life. The Group is currently considering the effect of these amendments and the model under NZ IAS 16 which it will adopt.

* For fiscal periods beginning on or after

STATEMENT OF ACCOUNTING POLICIES continued

REFERENCE	TITLE	GROUP APPLICATION DATE*	SUMMARY	IMPACT ON GROUP
NZ IFRS 15	NZ IFRS 15: Revenue from Contracts with Customers	1 July 2017	NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. NZ IFRS 15 supersedes NZ IAS 18 Revenue. The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. An entity will recognise revenue in accordance with that core principle by applying the following steps: a) Step 1: Identify the contract(s) with a customer; b) Step 2: Identify the performance obligations in the contract; c) Step 3: Determine the transaction price; d) Step 4: Allocate the transaction price to the performance obligations within the contract; e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	The Group is currently assessing the impacts of the changes in NZ IFRS 15 on its accounting policy for the recognition of revenue.
NZ IFRS 9 (2009)	NZ IFRS 9: Financial Instruments	N/A – superseded by NZ IFRS 9 (2014)	This standard was the first of several standards that aim to replace NZ IAS 39: Financial Instruments: Recognition and Measurement. This standard relates to financial assets – their classification and measurement. The revised standard requires that financial assets be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value – or if the business model accounting supports it – cost, adjusted for transaction costs and subsequently measured at amortised cost. Financial assets can only be classified as amortised cost if (a) the contractual cashflows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cashflows.	Financial assets of the Group are measured at amortised cost with the exception of foreign currency forward exchange contracts which are held at fair value. The accounting and measurement of these financial assets is consistent with the revised standard.

* For fiscal periods beginning on or after

STATEMENT OF ACCOUNTING POLICIES continued

REFERENCE	TITLE	GROUP APPLICATION DATE*	SUMMARY	IMPACT ON GROUP
NZ IFRS 9 (2010)	NZ IFRS 9: Financial Instruments	N/A - superseded by NZ IFRS 9 (2014)	In November 2010, the requirements for classifying and measuring financial liabilities were added to NZ IFRS 9. In these amendments the existing requirements for the classification of financial liabilities and the ability to use the fair value option from NZ IAS 39 have been retained. However, where the fair value option is used for financial liabilities the change in fair value is required to be accounted for as follows: – the change attributable to the entity's own credit risk is to be presented in Other Comprehensive Income; – the remaining change is presented in the Statement of Financial Performance; and – if this approach creates or enlarges an accounting mismatch in the Statement of Financial Performance, the effect of changes in the entity's credit risk are also presented in the Statement of Financial Performance.	Financial liabilities of the Group are measured at amortised cost with the exception of financial liabilities for foreign currency forward exchange contracts and options or interest rate swaps which are held at fair value. The classification and measurement of these will remain the same under NZ IFRS 9. However for those financial liabilities held at fair value the Group will be required to separate the fair value movement that relates to changes in the Group's credit risk and record this through Other Comprehensive Income rather than through the Statement of Financial Performance where the remaining change in value will be recorded.
NZ IFRS 9 (2013)	NZ IFRS 9: Financial Instruments	N/A - superseded by NZ IFRS 9 (2014)	NZ IFRS 9 (2013) is a revised version of NZ IFRS 9. The revised standard incorporates the following changes: – New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures; – Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of NZ IFRS 9 at the same time.	The Group does not currently apply hedge accounting so the changes are expected to have limited impact on the Group.
IFRS 9	IFRS 9: Financial Instruments	1 July 2018	The International Accounting Standards Board (IASB) issued the completed version of IFRS 9: Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39: Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, early adoption is permitted.	IFRS 9 consolidates the changes discussed above under NZ IFRS 9 (2009), NZ IFRS 9 (2010) and NZ IFRS 9 (2013). The impact of these changes on the Group are discussed above.

* For fiscal periods beginning on or after

STATEMENT OF ACCOUNTING POLICIES continued

The specific accounting policies that materially affect the measurement of the statement of financial performance, statement of other comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2015 and 30 June 2014.

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its investment in the entity, and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an entity if and only if the Group has:

– Power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

– Exposure, or rights, to variable returns from its involvement with the entity, and;

– The ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. The effects of intercompany transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. The acquisition of subsidiaries is accounted for using the acquisition method of accounting as noted below.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price at the date of the exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly within equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of financial performance, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to the present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from an independent financier under comparable terms and conditions.

GOODWILL

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

STATEMENT OF ACCOUNTING POLICIES continued

GOODWILL (CONTINUED)

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment based on the Group's accounting policy in the determination of operating segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. When the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised on goodwill are not subsequently reversed.

SEGMENT REPORTING

An operating segment is a reportable segment if the operating segment engages in business activities in which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker and for which discrete financial information is available.

REVENUE

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria have been applied to each individual classification of revenue:

i) Sale of Goods

The primary source of revenue earned by the Group is through providing wine to third party retailers and distributors. Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer.

ii) Interest Revenue

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

iii) Dividends

Revenue is recognised when the right to receive payment is established.

iv) Fair Value of Grape Vines

Changes in the fair value less estimated point of sale costs of grape vines are recognised in the statement of financial performance in the year they arise.

STATEMENT OF ACCOUNTING POLICIES continued

INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of financial performance.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

GOODS AND SERVICES TAX (GST)

The statement of financial performance, statement of other comprehensive income, statement of changes in equity and statement of cash flows have been prepared so that all components are stated net 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.

FOREIGN CURRENCIES

i) Functional and Presentation Currency

Both the functional currency and presentation currency of the Group is the New Zealand Dollar. Each subsidiary company in the Group determines its own functional currency and uses that functional currency for its individual financial statements. Subsidiary companies with a different functional currency than that of the Group are translated through converting all reported assets and liabilities at the closing rate at the date of the balance sheet, while income and expenses are translated at exchange rates at the dates of the transactions. Any resulting exchange differences are recognised as a separate component of equity.

ii) Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank, and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities in the statement of financial position.

STATEMENT OF ACCOUNTING POLICIES continued

ACCOUNTS RECEIVABLE

Trade receivables generally have 30 to 90 day terms, and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectable amounts. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

INVENTORIES

i) Finished Goods

Inventories are valued at the lower of cost or net realisable value. Costs of finished goods sold are assigned on a weighted average cost basis. Included within the cost of inventory is the fair value of the grapes (agricultural produce) at the time the grapes are harvested. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

ii) Growing Costs where the Group maintains a Beneficial Ownership in Vine Stock

Harvesting of the grape crop is ordinarily performed in late March or early April. Costs incurred in growing the grapes, including any applicable harvest costs, are initially allocated into the cost of inventory as part of the total costs to acquire and grow the agricultural produce. At the point of harvest, a fair value adjustment is made so that the cost per tonne is adjusted to fair value in accordance with NZ IAS 41: Agriculture and NZ IFRS 13: Fair Value Measurement. The fair value of grapes is determined by reference to market prices for grapes in the local area, at the time of harvest. Any difference between cost and fair value is included within the statement of financial performance as cost of sales. At the point of harvest, management labour and vineyard lease costs have been separately identified from the pool of growing costs and do not form part of the difference between cost and fair value. These costs are expensed to the statement of financial performance as cost of sales.

iii) Growing Costs where the Group is not the Beneficial Owner of Vine Stock

The Group is party to long-term vineyard operating lease contracts where the Group is able to access, harvest and grow agricultural produce, however does not maintain the beneficial ownership in the underlying biological asset. Vineyard costs that are incurred subsequent to harvest up to balance sheet date do not qualify as agricultural produce or biological assets under NZ IAS 41: Agriculture and are accounted under NZ IAS 2: Inventories, as inventories. Where growing costs are incurred and the Group is not the beneficial owner of the biological assets, growing costs are reported at the lower of cost and net realisable value in accordance with NZ IAS 2: Inventories.

At the point of harvest, the harvest of grapes qualify as agricultural produce under NZ IAS 41: Agriculture and are recorded at fair value at that date. The fair value of grapes is determined by reference to market prices for grapes in the local area, at the time of harvest. Any difference between cost and fair value is included within the statement of financial performance as cost of sales. At the point of harvest, management labour and vineyard lease costs have been separately identified from the pool of growing costs and do not form part of the difference between cost and fair value. These costs are expensed to the statement of financial performance as cost of sales.

LAND AND LAND IMPROVEMENTS

Land and Land Improvement assets are measured at cost and are not subject to depreciation.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

STATEMENT OF ACCOUNTING POLICIES continued

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. The cost of self-constructed assets includes the cost of all materials used in the construction, direct labour on the project, operating lease and financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised when the asset is ready for productive use. In respect of vineyard improvements and capitalised vineyard leases, capitalisation of costs continue until the vineyards are ready for productive use, which is when the vineyard has produced approximately 60% of expected yield at full production, ordinarily a period of three years after the planting of vines.

DEPRECIATION

Depreciation of property, plant and equipment, other than land which has an indefinite economic life and hence not depreciated, is charged on a straight-line basis so as to write off the assets to their expected residual value over their estimated useful lives. The estimated useful lives are as follows:

Buildings	10-50 years
Plant and Equipment	3-30 years
Vineyard Improvements	15-30 years

Depreciation on vineyard improvements commences when the vineyard is considered to be in commercial production, which is when the vineyard has produced approximately 60% of the expected yield at full production, ordinarily a period of three years after the planting of vines. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at the end of each financial year.

IMPAIRMENT

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge 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. For the purposes of assessing impairment, assets are valued at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

BIOLOGICAL ASSETS (GRAPE VINES) AND PRODUCE (GRAPES)

Grape vines are measured at their fair value. The fair value of vineyards, including land, grape vines and other vineyard infrastructure, is determined by an independent valuer, using the present value of expected net cash flows from the vineyards, discounted using a pre-tax market determined rate. The fair value of land and other vineyard infrastructure is deducted from the fair value of vineyards to determine the fair value of grape vines. Changes in fair value, less estimated point of sale costs of grape vines, are recognised in the statement of financial performance in the year in which they arise.

Grapes are measured at fair value at the time of harvest. The fair value of grapes is determined by reference to market prices for grapes for that local area at the time of harvest. The fair value becomes the basis of cost when accounting for inventories.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of the intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

STATEMENT OF ACCOUNTING POLICIES continued

INTANGIBLE ASSETS (CONTINUED)

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

LEASED ASSETS

The determination of whether an arrangement is or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent upon the use of the specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of financial performance. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term. Operating lease costs that are directly attributable to bringing new vineyards to working condition for their intended use are capitalised up until the time the vineyards become commercially productive. The accumulated amount is then amortised over the remaining lease term. All other operating lease payments are recognised as an expense in the periods the amounts are payable.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements, are deducted from equity. No gain or loss is recognised in the statement of financial performance on the purchase, sale, issue or cancellation of the Group's own equity instruments.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include trade receivables, trade payables, borrowings and derivative financial instruments. Each of these financial instruments is classed into one of the following categories:

i) Trade and Other Payables

Trade and other payables are initially recognised at fair value and then carried at amortised cost, and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

ii) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost, and due to their short-term nature, they are not discounted. The amounts are unsecured and are usually received within 30 to 90 days from initial recognition.

STATEMENT OF ACCOUNTING POLICIES continued

FINANCIAL INSTRUMENTS (CONTINUED)

iii) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

iv) Derivative Financial Instruments

The Group uses derivative financial instruments such as forward currency contracts and options to economically hedge its risks associated with foreign currency fluctuations and interest rate swaps to manage interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured to fair value at balance date. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of financial performance. The fair value of forward exchange contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

BORROWING COSTS

Borrowing costs are expensed as incurred except when they are directly attributable to the acquisition or construction of a qualifying asset. When this is the case, they are capitalised as part of that asset. Once the asset is put into productive use, capitalisation of the borrowing costs ceases.

PROVISIONS AND EMPLOYEE LEAVE BENEFITS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present value of the obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in respect of the employee's services up to the reporting date. They are measured as 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 is measured at the rates paid or payable.

POST-EMPLOYMENT BENEFITS

The Group makes regular contributions to various defined contribution pension plans. Included within the statement of financial performance are amounts paid and payable by the Group into these pension plans, net of any related tax rebates. The Group does not make available or make contributions to any defined benefit superannuation plans.

SHARE-BASED PAYMENT TRANSACTIONS

The Group provides benefits to selected employees in the form of share-based payments, whereby the Group makes available interest-free loan facilities for those employees to subscribe for shares at a fixed price for a specified time period. The Group's recourse over the loan is limited to the lesser of the market value of the shares and the outstanding loan balance.

STATEMENT OF ACCOUNTING POLICIES continued

SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Provisions of the loan agreement allow any potential upside of the shares to accrue to the employee while the downside risk is limited as the Directors have the ability to cancel or alter the underlying loan agreement. In substance these arrangements represent equity-settled share-based payments and are accounted for as noted below.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined through the use of an option pricing model on grant date. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than those conditions which are linked to market conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of financial performance is the product of the fair value of the award at grant date and the best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and the expired portion of the option.

The charge to the statement of financial performance for the period is the cumulative amount as noted above, less amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than what were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of the equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and the new award are treated as if they were a modification to the original award, as described in the previous paragraph.

The dilutive effects, if any, of any outstanding options are reflected as additional share dilution in the computation of diluted earnings per share.

EARNINGS PER SHARE

Basic earnings per share is calculated as Group profit after income tax attributable to ordinary shareholders of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares on issue.

Diluted earnings per share is calculated as Group profit after income tax attributable to ordinary shareholders of the Parent adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues and expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise bank loans and overdrafts, trade payables and accruals. The main purpose of these financial liabilities is to raise funding for the Group's ongoing operations. The Group also has financial assets such as trade and other receivables and cash which arise directly from its operations.

The Group is counterparty to derivative financial instruments principally being foreign currency forward exchange contracts and options and interest rate swaps. The purpose of entering into foreign currency forward exchange contracts and options is to manage currency risk primarily arising from foreign denominated trade receivables. Interest rate swaps are entered into with the aim of mitigating interest rate risk to movements on floating rate debt facilities.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. Each of the main operational risks are reviewed by the Treasury Management Committee (TMC) and their recommendations are provided to the Board of Directors. The composition of the TMC includes the Managing Director (or Alternate), Chief Financial Officer, Corporate Financial Planning Analyst and Independent Treasury Advisors. The Board reviews and agrees policies for managing each of these risks as summarised below. Board approval is required for any movement outside policy.

Foreign Currency Risk

The net assets employed through subsidiary companies based overseas exposes the Group to foreign currency risk as a result of changes in the GBP/NZD, AUD/NZD, USD/NZD, EUR/NZD, CAD/NZD, SGD/NZD, JPY/NZD and CNY/NZD exchange rates. The Group also has foreign currency risk resulting from sales of product in a currency which is other than that of the New Zealand Dollar. Profits from each export region are repatriated and reported in New Zealand Dollars and the Group is exposed to changes in foreign exchange rates.

To minimise foreign currency risk the Group enters into forward exchange contracts and options for foreign denominated sales at levels which are considered to be highly probable. The Group attempts to maintain foreign currency cover of between 75% to 100% of highly probable sales in one to three months, 50% to 75% for highly probable sales in four to six months, 25% to 50% for highly probable sales in seven to 12 months, 0% to 50% for sales between 13 to 18 months and 0% to 25% for sales thereafter. The Group has the option of increasing foreign exchange cover to 100% for any time period upon approval by the Board of Directors.

When the Group is exposed to foreign currency risk as a result of being contractually committed to purchase capital items from an overseas supplier and such expenditure is expected to exceed $200,000, the Group's policy is to ensure the foreign currency exposure is covered in full. Any capital expenditure between $100,000 and $200,000 is to be covered at the discretion of the TMC, based on such factors as timing for payment and expected volatility of currency markets. It is the Group's policy that in no instances is trading for speculative purposes permitted.

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

At 30 June 2015, had the New Zealand Dollar moved as illustrated in the following table with all other variables held constant, post-tax profit and equity would have been affected as follows:

	IMPACT ON 2015 REPORTED		IMPACT ON 2014 REPORTED	
GROUP	Post-Tax Profits $000	Equity $000	Post-Tax Profits $000	Equity $000
NZD/USD +5%	918	918	233	233
NZD/USD -5%	(1,168)	(1,168)	(297)	(297)
NZD/GBP +5%	2,051	2,051	661	661
NZD/GBP -5%	(1,043)	(1,043)	(1,025)	(1,025)
NZD/AUD +5%	139	139	219	219
NZD/AUD -5%	(169)	(169)	(111)	(111)
NZD/CAD +5%	146	146	103	103
NZD/CAD -5%	(321)	(321)	(114)	(114)
NZD/EUR +5%	(73)	(73)	33	33
NZD/EUR -5%	81	81	(37)	(37)

The above table calculates the impact of a change in foreign exchange rates on closing equity and post-tax profits of the Group, as a result of the Group being counterparty to transactions which are foreign currency denominated. Foreign currency denominated balances include trade and other receivables, trade payables and accruals, loans and borrowings, cash on hand and unsettled foreign exchange contracts that exist at balance sheet date. The net foreign currency exposure is determined in aggregate and the impact on post-tax profits determined as a result of a +/- 5% movement in foreign exchange rates.

The impact upon the Group's equity balance is derived through determining the impact on post-tax profits as noted above.

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with interest payable based on floating rates of interest. Interest rate risk is monitored by the TMC on an ongoing basis. The recommendation by the TMC to enter into fixed or variable rate debt facilities and decisions to retire existing debt instruments is made after consideration of the economic indicators impacting upon the overnight cash rate, which influences the rates of interest charged by financial institutions. All funding facilities recommended by the TMC must be approved by the Board of Directors.

The Group manages interest rate risk through maintaining a mix of debt instruments having variable and fixed interest rates. The Group's policy is to maintain a level of fixed debt facilities between 40% to 100% of core debt for a period of one year, between 30% to 80% of projected core debt for periods of one to three years, and 15% to 60% of projected core debt facilities for three to five years. Board approval is required for any fixed rate cover that extends beyond five years.

The Group also manages interest rate risk through being counterparty to a series of interest rate swaps. The Group agrees to settle or has the option to exchange, at specified dates, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These are discussed in Note 9: Derivative Financial Instruments.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's post-tax profits and equity:

	IMPACT ON 2015 REPORTED		IMPACT ON 2014 REPORTED	
GROUP	Post-Tax Profits $000	Equity $000	Post-Tax Profits $000	Equity $000
2.00% Increase - 200 basis points (2014: 2.00% Increase - 200 basis points)	9,148	9,148	7,073	7,073
0.25% Decrease - 25 basis points (2014: 0.25% Decrease - 25 basis points)	(1,131)	(1,131)	(847)	(847)

The key assumptions which impact upon the values presented in the above table are the following:

- Cash and cash equivalents include deposits on call which are at floating interest rates. The estimated impact upon interest revenues from these sources is based upon amounts held on deposit remaining at consistent levels as reported at the balance sheet date. For foreign denominated deposits the impact on foreign exchange is based on the conversion rate existing at balance sheet date.
- Account balances that are trade receivables or trade payables are generally on 30 to 90 day terms and are non-interest bearing and are not subject to interest rate risk.
- The impact upon the fair value of the interest rate swaps is based upon the differential in rates between the Group paying a fixed rate of interest and receiving the floating New Zealand Bank Bill Rate (BKBM) multiplied by the nominal amount under the swap agreement up until maturity.

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

– Interest payable on bank debt is based upon the BKBM plus a margin. The margin is dependent upon the Group achieving certain financial covenants and the margin ranges from 0.84% to 1.23%. The analysis assumes that the margin and principal is held constant at the same rate as at the balance sheet date with the sensitivity calculating the effect on interest expense of movements in the BKBM rate. The analysis excludes any future interest that would be capitalised as part of long-term assets.

– Included in the above table is the change in fair value of interest rate swaps which results from changes in the floating interest rate.

Credit Risk

The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. The maximum exposure to the carrying amount of receivable balances is disclosed in Note 11. The Group does not have any significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level may lead to the Group being unable to meet its day to day funding obligations. To minimise liquidity risk the Group's policy is to maintain committed funding facilities at a minimum of 105% of the projected peak debt level over the next 12 months (excluding the cash requirements for any business combinations).

The table below presents all contractual payments which the Group is legally obliged to make and includes all future interest payments on interest-bearing facilities. The interest cost has been estimated by maintaining the current principal balance and interest rates that exist at balance sheet date. The table also includes the New Zealand Dollar equivalent for the foreign currency amounts, which are to be delivered to fulfil obligations under foreign currency contracts. The table below excludes amounts required to fund operating lease commitments as these are disclosed in Note 18.

FACILITY TYPE 30 JUNE 2015	Facility Limit $000	Drawn At Balance Sheet Date $000	< 1 year $000	1 to 2 years $000	> 2 years $000
Working capital facility	65,000	44,200	2,032	2,032	49,289
Term facility (Multi-Currency)	130,000	130,000	4,589	4,589	141,491
Term facility (AUD)	56,376	33,206	1,351	1,351	36,590
Derivative financial instruments	N/A	N/A	63,555	5,419	1,909
Trade payables and accruals	N/A	29,207	29,207	–	–
Financial guarantee contracts	N/A	N/A	1,260	–	–
As at 30 June 2015	251,376	236,613	101,994	13,391	229,279

Included in the table above are financial guarantees which are valued at their highest possible amount that can be called at balance date. For each individual guarantee if the obligation at balance date is lower than the maximum amount callable under the guarantee then the lower value has been included. The guarantees can be called and in favour of the beneficiary if certain acts of non-performance occur. The Directors consider the likelihood of each financial guarantee being called remote.

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

FACILITY TYPE 30 JUNE 2014	Facility Limit $000	Drawn At Balance Sheet Date $000	< 1 year $000	1 to 2 years $000	> 2 years $000
Working Capital	63,000	63,000	2,844	2,844	63,242
Term facility	130,000	95,068	3,931	95,402	–
Derivative financial instruments	N/A	N/A	49,800	725	(914)
Trade payables and accruals	N/A	22,193	22,193	–	–
Financial guarantee contracts	N/A	N/A	927	–	–
As at 30 June 2014	193,000	180,261	79,695	98,971	62,328

All of the above facilities have a floating rate of interest which is tied to the New Zealand BKBM plus margin. At balance sheet date the Group has interest rate swap or option contracts that cover $119,168,000 (2014: $95,413,000) of the principal balance drawn at balance sheet date. Refer to Note 9.

The Group maintains credit facilities at a level sufficient to fund the Group's working capital during the period between cash expenditure and cash inflow.

Summary of Financial Instruments Held

At the balance sheet date the Group reports the following categories of financial instruments:

	GROUP 2015 $000	GROUP 2014 $000
Financial Assets		
Loans and receivables at amortised cost	**46,576**	37,167
Financial assets at fair value through profit and loss	–	2,236
	46,576	39,403
Financial Liabilities		
Financial liabilities at amortised cost	**231,917**	176,461
Financial liabilities at fair value through profit or loss	**9,889**	563
	241,806	177,024

The Group does not have any financial assets or liabilities that are classified as held for trading, available for sale or classified as held to maturity.

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair Value of Financial Instruments

The fair value of financial instruments is presented in the previous table. For financial instruments measured at fair value further disclosure is required that allocates the fair values into a measurement hierarchy. The following principles have been applied in classifying these instruments:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated 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);

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

30 JUNE 2015	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial Liabilities				
Foreign currency forward exchange option contracts	–	1,375	–	1,375
Foreign currency forward exchange contracts	–	4,072	–	4,072
Interest rate swap contracts	–	4,442	–	4,442
	–	9,889	–	9,889

The fair value of financial instruments held at balance date that are not traded on an active market include foreign currency forward exchange contracts and options and net settled interest rate swap contracts. 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. If all significant inputs come from observable market data the instrument is included in Level 2 of the hierarchy.

30 JUNE 2014	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial Assets				
Foreign currency forward exchange option contracts	–	665	–	665
Foreign currency forward exchange contracts	–	896	–	896
Interest rate swap contracts	–	675	–	675
	–	2,236	–	2,236
Financial Liabilities				
Interest rate swap contracts	–	563	–	563
	–	563	–	563

NOTES TO THE FINANCIAL STATEMENTS continued

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial Risk Associated to Biological Assets

The Group is exposed to financial risks in respect of agricultural activities. The agricultural activities of the Group consist of the management of vineyards to produce grapes for use in the production of wine. The primary risk borne by the Group is caused by the length of time between when cash is expended on the purchase or planting and maintenance of grape vines and on harvesting grapes and the ultimate realisation of proceeds from the sale of finished product (wine). The Group takes reasonable measures to ensure that the current year's harvest is not affected by disease, drought, frost, or other factors that may have a negative effect upon yield and quality. These measures include consultation with experts in viticulture, frost protection measures, and ensuring that each vineyard is managed according to a specifically developed Vineyard Management Calendar.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders of the business. The ultimate aim is to maintain a capital structure which provides flexibility to enable future growth of the Group whilst ensuring the lowest cost of capital is available to the Group.

Management review the capital structure of the Group as a result of changes in market conditions which impact upon interest and foreign exchange rates and may adjust the capital structure to take advantage of these changes. Management have no current plans to issue further shares on the market but is intent on growing the business which will require future funding.

The Group is subject to a series of bank covenants over its Senior Debt facilities. These are discussed in Note 10.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates the judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact upon the Group. All judgements, estimates and assumptions made are believed to be reasonable based upon the most current set of circumstances available to management. The actual results may differ from the judgements, estimates and assumptions used. The significant judgements, estimates and assumptions made by management in the preparation of these financial statements are the following:

Fair Value of Agricultural Assets

The fair value of grape vines is determined by an independent valuer. Two methodologies were used in determining the carrying value of these assets and the methodology applied is dependent upon the size and availability of an open market for similar assets. The significant assumptions used are detailed in Note 14. The two methodologies are described below:

i) Where there is market information for the sale of comparable vineyard assets in active markets

Where there is market information for the sale of comparable vineyard assets in active markets (level 3 inputs of the fair value measurement hierarchy) the underlying agricultural assets are valued based upon the price that would be received to sell an asset or paid to transfer a liability, under current market conditions, in an orderly transaction between market participants at the measurement date. The Directors consider that there is market information for the sale of comparable vineyard assets in active markets for vineyards that have an estimated market value under $9 million (2014: $9 million) and under 50 productive hectares. This threshold is reviewed annually based on market information.

NOTES TO THE FINANCIAL STATEMENTS continued

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

ii) Where there is no market information available for the sale of comparable vineyard assets in active markets

There is no market information for the sale of vineyard assets in an active market for the size and scale of some of the Group's vineyards and the fair value of biological assets has been measured through the use of a discounted net cash flow model (level 3 inputs of the fair value measurement hierarchy). Market value of vineyards of smaller scale had been considered in the determination of fair value, however it was found that measurement inconsistency would result as the underlying assets are fundamentally different in nature. Refer to Note 14 for other significant assumptions used in the discounted net cash flow model.

Fair Value of Grapes at the Point of Harvest

The fair value of grapes at the point of harvest is determined by reference to market prices for each variety of grape grown in the local area at the time of harvest. The Directors' assessment of the fair value at the point of harvest is determined after reviewing the market price paid to independent grape growers.

Determination of Lease Accounting

The Group has entered into long-term vineyard leases which allow the Group to control the growing and harvesting of the grapes used in the production of finished product. After taking into consideration the terms and conditions within the lease, it is believed that the lessor retains the significant risks and rewards of ownership and the leases are accordingly classified as operating leases.

Impairment of Property, Plant and Equipment and Intangible Assets other than Goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. Management consider there are no indicators of impairment in the current year and the recoverable amount of the Group's assets was not required to be determined.

Allowance for Impairment Losses on Trade Receivables

Where trade receivable balances are outstanding beyond their normal trading terms, the likelihood of the recovery of these trade receivables is assessed by management. The Group reviews the standing of each trade receivable balance to determine if the recording of an impairment loss is required.

Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms. The condition of the assets are assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. The significant depreciation terms and classes of equipment are noted in the Statement of Accounting Policies. The depreciation charges are included in Note 4.

Derivative Financial Instruments

The Group has derivative financial instruments which are classified as level 2, as they have inputs other than observable quoted prices. In calculating the mark-to-market values, management has considered the forward rates.

NOTES TO THE FINANCIAL STATEMENTS continued

3. 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 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 Company considers there is no significant variations 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.

Year ended 30 June 2015	Delegat Limited	Delegat Australia Pty Ltd	Delegat Europe Limited	Delegat USA, Inc.	Other Segments[10]	Eliminations and Adjustments[9]	Year Ended 30 June 2015
	$000	$000	$000	$000	$000	$000	$000
Operating income							
External sales[6]	55,186	62,224	65,202	64,825	4,753	(40,298)	**211,892**
Internal sales	162,122	–	–	–	5,753	(167,875)	**–**
Biological assets increase	19,064	–	–	–	196	–	**19,260**
Total segment revenues[1]	236,372	62,224	65,202	64,825	10,702	(208,173)	**231,152**
Interest revenue	14	13	–	–	5,446	(5,408)	**65**
Operating expenses							
Interest expense[2]	12,518	–	–	1	1,763	(5,408)	**8,874**
Depreciation and amortisation[3]	11,337	131	14	90	976	–	**12,548**
Income tax expense[4]	9,927	465	311	704	1,547	279	**13,233**
Segment profit/(loss)	25,932	1,068	1,170	896	3,960	(503)	**32,523**
Assets							
Segment assets[5]	486,900	15,135	17,603	18,186	127,992	(105,423)	**560,393**
Capital expenditure[7]	72,699	65	18	190	7,670	–	**80,642**
Segment liabilities	302,538	5,809	9,454	11,858	58,397	(101,078)	**286,978**

NOTES TO THE FINANCIAL STATEMENTS continued

3. SEGMENTAL REPORTING (CONTINUED)

Year ended 30 June 2014	Delegat Limited	Delegat Australia Pty Ltd	Delegat Europe Limited	Delegat USA, Inc.	Other Segments[10]	Eliminations and Adjustments[9]	Year Ended 30 June 2014
	$000	$000	$000	$000	$000	$000	$000
Operating income							
External sales [8]	50,725	62,951	57,869	51,593	4,203	(34,353)	**192,988**
Internal sales	146,626	–	–	–	495	(147,121)	**–**
Biological assets increase/ (decrease)	4,625	–	–	–	(206)	–	**4,419**
Total segment revenues [1]	201,976	62,951	57,869	51,593	4,492	(181,474)	**197,407**
Interest revenue	9	14	–	–	4,681	(4,664)	**40**
Operating expenses							
Interest expense[2]	11,808	–	–	–	1,302	(4,664)	**8,446**
Depreciation and amortisation[3]	10,621	145	16	67	895	–	**11,744**
Income tax expense[4]	15,410	421	444	727	(75)	(40)	**16,887**
Segment profit/(loss)	39,348	977	1,529	1,116	(270)	(103)	**42,597**
Assets							
Segment assets[5]	405,123	12,079	15,318	12,672	109,532	(89,071)	**465,653**
Capital expenditure[7]	24,684	24	5	252	6,080	–	**31,045**
Segment liabilities	245,762	4,269	9,563	8,553	33,936	(85,490)	**216,593**

[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 year $2,670,000 was capitalised to long-term assets (2014: $873,000).

[3] Depreciation and amortisation expenses presented above are gross of $10,307,000 (2014: $10,163,000), which have 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 or fair value adjustments resulting from the purchase of subsidiary companies 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.

[6] During the 2015 financial year Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to $25,036,000.

[7] 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.

[8] During the 2014 financial year Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to $27,992,000 and Delegat USA, Inc. had a single customer which comprised 10% or more of Group sales amounting to $22,447,000.

[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 $31,784,000 (2014: $21,787,000) which are located in Australia.

NOTES TO THE FINANCIAL STATEMENTS continued

4. EXPENSES

Expenses by function have been categorised as follows:

	Notes	GROUP 2015 $000	GROUP 2014 $000
Cost of sales		107,895	80,366
Selling, marketing and promotion expenses		44,410	36,764
Corporate governance expenses		927	859
Administration expenses		11,728	11,488
Fair value loss on derivative financial instruments		11,562	–
Specific components of the above expenses include:			
Directors' fees		314	274
Accounting and tax consultancy	21	209	169
Audit fees	21	185	200
Unrealised foreign exchange loss		–	579
Amortisation of capitalised leases		202	421
Depreciation on vineyard improvements		2,088	2,043
Depreciation on buildings		1,082	1,037
Depreciation on plant and equipment		9,176	8,243
Wages and salaries		34,624	32,113
Defined contribution pension plans		1,187	1,069
Share-based payments expense		5	16
Termination benefits paid		177	120
Vineyard related lease payments		6,627	6,691
Other lease payments		8,728	8,486

The depreciation and amortisation figures presented above represent the gross depreciation and amortisation charge for the year. Depreciation and amortisation is recorded in the business function to which the asset relates. Depreciation incurred on assets directly associated with winemaking and viticulture of $10,307,000 (2014: $10,163,000) is included within the cost of inventories and expensed as a cost of sales when product is sold.

Depreciation on vineyard development commences when the vineyard is considered to be in commercial production, which is generally when the vineyard has produced approximately 60% of the expected yield at full production.

The employee benefit figures above represent the gross employee benefits expense for the year. Included within inventory is remuneration paid to employees directly associated with winemaking, bottling and packaging. During the year $7,148,000 (2014: $6,705,000) of employee benefits were included within inventory. These costs are included within inventory until the stock to which the expenditure relates is sold.

The lease expense figures above represent the total lease payments and other occupancy expenses for the year. During the year lease costs of $40,000 (2014: $135,000) have been capitalised to property, plant and equipment in respect of vineyards that are in development and are not considered to be in commercial production, which is generally when the vineyard has produced approximately 60% of the expected yield at full production.

NOTES TO THE FINANCIAL STATEMENTS continued

5. SHARE CAPITAL

	GROUP 2015 $000	GROUP 2014 $000
Balance at the beginning of the year	**49,712**	49,412
Shares issued during the year	–	300
Balance at the end of the year	**49,712**	49,712

a) Movement in the Number of Ordinary Shares on Issue	Shares Held 000s	Shares Held 000s
Balance at the beginning of the year	101,130	101,130
Balance at the end of the year	**101,130**	**101,130**

There are 101,130,000 (2014: 101,130,000) fully paid ordinary shares on issue at balance sheet date. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up. Shares issued in New Zealand do not have a par value.

b) Nature and Purpose of Reserves

i) Share-based Payments Reserve

The employee equity reserve is used to record the value of share-based payments provided to employees as part of their remuneration. Refer to Note 7 for more information.

ii) Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. During the year equity increased by $2,950,000 upon the translation of foreign subsidiaries (2014: $1,097,000 decrease).

6. DIVIDENDS PAID AND PROPOSED

a) Recognised Amounts

Dividends that were declared and paid on ordinary shares during the year amounted to $11,129,000 (2014: $10,116,000) equating to 11.0 cents per share (2014: 10.0 cents per share).

b) Unrecognised Amounts

After the balance sheet date, dividends of 11.0 cents per share were approved by the Board of Directors. These amounts are not recognised in these financial statements as the declaration date was subsequent to year-end.

NOTES TO THE FINANCIAL STATEMENTS continued

7. SHARE-BASED PAYMENTS

The Parent has an employee share ownership plan, known as the Delegat Group Limited Employee Share Ownership Plan (Share Scheme). Share options are granted to selected senior executives and the Share Scheme is designed to align participant's interests with those of shareholders by increasing the value of the Parent's Shares. The shares issued to the employees carry the same voting rights as other issued ordinary shares.

The options outstanding at 30 June 2015 under this arrangement are as follows:

– 50,000 options were issued in May 2012 with an exercise price of $2.07 each, exercisable upon meeting the conditions below in May 2016.

Under the Share Scheme, Delegat, a wholly owned subsidiary of the Parent, provided a loan facility to the subscribers for an amount equal to the issue price. The employee acquired both legal and beneficial ownership in the shares from the date of issue. The shares are subject to restrictions for a period of 48 months after the date of issue, which restricts the employee from selling, offering for sale, agreeing to sell, transferring, granting any interest in the shares, or otherwise encumbering the shares without the prior approval of the Board of Directors of the Parent.

Dividends paid on these shares are for the benefit of employees, however the employees have agreed that the dividends are paid directly to Delegat to reduce the employee's loan balance with Delegat.

In the event an employee leaves the full-time employment of the Group (or one of its subsidiary companies) before the fourth anniversary date of the allotment of the Scheme Shares, the Parent will acquire the shares from the employee at either the original issue price, or an appropriate price determined by the Parent ensuring the employee's obligation in relation to the debt is satisfied. Any dividends which have been paid in the period and have been used to reduce the loan balance, and any payments made by the employee to reduce the loan balance, will be repaid to the employee. An employee can settle the loan early in full, however, they will not be able to trade the shares until the end of the restriction period. If the employee leaves prior to this date and the loan has been paid in full, the Parent will be required to repay the employee the payments received to date.

As the conditions of the Share Scheme give the employee the right, but not necessarily the obligation, to subscribe to shares in the Parent the arrangement is considered an in-substance share option plan, and are accounted for under NZ IFRS 2: Share-based Payments. During the year ending 30 June 2015 an expense of $5,000 (2014: $16,000) has been recorded.

The fair value of the options at grant date was determined using the Black-Scholes option pricing model, taking into account the terms and conditions under which the options were granted.

8. TRADE PAYABLES AND ACCRUALS

	GROUP	
	2015 $000	2014 $000
Trade payables	**15,504**	13,252
Employee entitlements and leave benefits	**4,058**	3,690
Goods and services tax	**532**	443
Accrued expenses	**9,645**	5,251
	29,739	22,636

Trade payables are non-interest bearing and are generally settled between 30 to 60 days. As a result of their short-term nature, trade payables and accruals are not discounted. The carrying amount disclosed above is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

9. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Group in the normal course of business in order to reduce the risk of fluctuations in interest and foreign exchange rates. All movements in the fair value of derivative financial instruments are recognised in the statement of financial performance in the period they occur.

The Group has the following derivative financial instruments outstanding at the balance sheet date.

a) Foreign Currency Forward Exchange Contracts and Options

i) Forward Exchange Contracts	AVERAGE CONTRACTED RATE		GROUP	
Selling Currency/Buying NZD	2015	2014	2015 $000	2014 $000
Sell AUD, maturity 0-5 months	**0.8983**	0.8826	**3,228**	7,369
Sell USD, maturity 0-16 months	**0.7327**	0.8146	**13,688**	3,566
Sell GBP, maturity 0-12 months	**0.4773**	0.4997	**20,942**	11,519
Sell CAD, maturity 0-12 months	**0.8936**	0.9096	**5,676**	5,227
Sell SGD, maturity 0-5 months	**0.9709**	—	**515**	–
Sell EUR	**–**	0.6013	**–**	689
Sell HKD, maturity 0-3 months	**5.5619**	–	**450**	–
Sell JPY	**–**	85.8500	**–**	3
Buying Currency/Selling NZD				
Buy HKD	**–**	6.7017	**–**	14
Buy EUR, maturity 0-4 months	**0.6622**	0.6221	**1,459**	156
Buy JPY, maturity 0-7 months	**89.6427**	–	**83**	–
Buy AUD	**–**	0.9374	**–**	11,201

The fair value of forward exchange contracts is determined by comparing the market rates for contracts with the same nominal amount, exercise price and length of time to maturity.

NOTES TO THE FINANCIAL STATEMENTS continued

9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

ii) Forward Currency Options	AVERAGE CONTRACTED RATE		GROUP	
Selling Currency/Buying NZD	2015	2014	2015 $000	2014 $000
Sell USD, maturity 0-14 months	**0.7875**	0.7805	**5,102**	2,428
Sell GBP, maturity 0-12 months	**0.4706**	0.4953	**9,570**	15,145
Sell AUD, maturity 0-3 months	**0.8990**	0.9600	**2,225**	6,250
Sell CAD, maturity 0-11 months	**0.8960**	–	**1,397**	–

NZ IAS 39: Financial Instruments: Recognition and Measurement requires that derivative financial instruments are classified as held for trading for measurement purposes unless they are accounted for as hedges. Under NZ IAS 1: Presentation of Financial Statements, assets and liabilities under the held for trading classification would generally be classified as current in the statement of financial position. However if the intent is not to actually trade the derivative financial instruments with maturities greater than 1 year but to hold them until maturity, then the derivative financial instruments are more appropriately classified as non-current. The amounts that are classified as non-current reflect the amounts that will not be settled in the next 12 months.

The classification of forward exchange contracts and forward currency options between current and non-current is based on whether the contracts will settled in the next 12 months. The fair value of open contracts existing at balance sheet date are classified as follows:

	2015		2014	
	Assets $000	Liabilities $000	Assets $000	Liabilities $000
Current:				
Forward Exchange Contracts	**–**	**3,684**	896	–
Foreign Currency Options	**–**	**1,375**	665	–
	–	**5,059**	1,561	–
Non-current:				
Forward Exchange Contracts	**–**	**388**	–	–
	–	**388**	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

b) Interest Rate Swaps

In order to protect against risks relating to increases in interest rates, the Group has entered into interest rate swap contracts under which the Group receives interest at variable rates and has agreed to pay interest at fixed rates for varying terms of principal and time durations.

At balance sheet date interest rate contracts are in place that cover a total $100,000,000 (2014: $82,500,000) of current New Zealand dollar denominated Group debt through eight separate cap rate agreements, which range in maturity from one to five years. The interest rate swap is capped at 5.84% for $25,000,000, 5.96% for $25,000,000, 3.31% for $7,500,000, 3.29% for $7,500,000, 3.48% for $7,500,000, 3.99% for $10,000,000, 4.18% for $10,000,000 and 3.95% for $7,500,000 (2014: 5.84% for $25,000,000, 5.96% for $25,000,000, 3.31% for $7,500,000, 3.29% for $7,500,000, 3.48% for $7,500,000 and 3.99% for $10,000,000) plus bank margin. At balance sheet date interest rate contracts are in place that cover a total A$17,000,000 (2014:A$12,000,000) of current Australian dollar denominated Group debt through seven separate cap rate agreements, which range in maturity from three to seven years. The interest rate swap is capped at 3.87% for A$2,000,000, 3.75% for A$2,000,000, 3.69% for A$2,000,000, 3.65% for A$4,000,000, 3.60% for A$2,000,000, 2.90% for $2,500,000 and 3.40% for $2,500,000 (2014: 3.87% for A$2,000,000, 3.75% for A$2,000,000, 3.69% for A$2,000,000, 3.65% for A$4,000,000 and 3.60% for A$2,000,000).

At balance sheet date the Group has a further 14 separate cap rate agreements, which apply from various future dates to cover future Group indebtedness. These range in maturity from four to seven years. The interest rate is capped at 3.70% for $7,500,000 from December 2015, 3.99% for $7,500,000 from December 2015, 4.70% for $5,000,000 from December 2016, 4.90% for $5,000,000 from December 2018, 4.65% for $5,000,000 from December 2016, 4.85% for $5,000,000 from December 2018, 4.73% for $5,000,000 from December 2018, 4.65% for $10,000,000 from December 2016, 4.70% for $5,000,000 from December 2018, 3.71% for $10,000,000 from December 2019, 3.55% for $5,000,000 from December 2015, 3.60% for $20,000,000 from September 2018, 3.90% for A$5,000,000 from December 2016 and 3.85% for A$5,000,000 from December 2016 (2014: 4.18% for $10,000,000 from December 2014, 3.95% for $7,500,000 from December 2014, 3.70% for $7,500,000 from December 2015, and 3.99% for $7,500,000 from December 2015), plus bank margin.

The total fair value of these contracts at balance sheet date is a liability of $4,442,000 (2014: $112,000 asset).

The Group has elected not to apply hedge accounting and accordingly the instruments have been classified as fair value through profit and loss.

The classification between current and non-current is based on whether the contracts or portion of contracts will be settled within the next 12 months. The total fair value of these contracts at balance sheet date are classified as follows:

	2015		2014	
	Assets $000	Liabilities $000	Assets $000	Liabilities $000
Current:				
Interest Rate Swaps	–	1,528	–	563
	–	1,528	–	563
Non-current:				
Interest Rate Swaps	–	2,914	675	–
	–	2,914	675	–

NOTES TO THE FINANCIAL STATEMENTS continued

10. INTEREST-BEARING LOANS AND BORROWINGS

a) Debt Facilities Existing at Balance Sheet Date

At the balance sheet date the following debt facilities have been drawn upon by the Group.

	Maturity	GROUP Effective Interest Rate 2015	2014	GROUP 2015 $000	2014 $000
Non–Current Debt Obligations					
Term facility (Multi-Currency)	31 December 2019	5.86%	4.47%	129,579	56,888
Term facility (AUD)	31 December 2019	4.07%	4.04%	33,108	38,111
Working Capital	31 December 2019	4.60%	6.29%	44,081	62,959
				206,768	157,958

The carrying amount of the Group's non-current borrowings are the fair values at balance sheet date. Fees paid on the establishment of the loan facilities are included in their carrying value.

b) Terms and Conditions of Debt Facilities

i) Senior Debt Facilities

On 2 December 2014, the Senior Debt Facilities agreement with Westpac New Zealand Limited (Westpac) was syndicated with Westpac, Bank of New Zealand, and ASB Bank Limited, and increased by $127 million. The syndicated facility was drawn down by the Group on 30 January 2015. The facility increases from $250 million to $350 million on 1 July 2015 and expires on 31 December 2019. With the syndicated facility a General Security Agreement has been put in place in favour of the banks over the existing and future assets of Delegat Group Limited, Delegat Limited, Delegat Australia Pty Limited and Barossa Valley Estate Pty Limited.

At balance sheet date the Working Capital, Term facility (Multi-Currency), Term facility (AUD), and Forward Start facility collectively make up the syndicated Senior Debt Facilities of Delegat, which provide funding for the assets of the Group. The maximum limit of the Working Capital facility is NZ$65,000,000 (2014: Working Capital and Seasonal facility NZ$63,000,000), the Term facility (Multi-Currency) is NZ$130,000,000 (2014: NZ$130,000,000), Term facility (AUD) is A$50,000,000 (2014: A$Nil), and Forward Start facility is NZ$100,000,000 from 1 July 2015. At balance sheet date $43,971,000 (2014: $34,932,000) is available for further drawdown on these facilities with an additional NZ$100,000,000 on the Forward Start facility becoming available from 1 July 2015.

The Term facility (AUD) is denominated in Australian dollars (A$). The amount drawn down in foreign currency at the balance sheet date was A$29,450,000 (2014: A$35,416,000).

Interest on these facilities is based on the BKBM plus margin. The facility agreement requires that certain banking covenants be met and requires the Group to maintain or better specified EBITDA and fixed charges coverage ratios, and maintain or better a minimum adjusted equity balance. The Group must also maintain or better a specified total tangible asset backing. At year-end, and at all points during the year, the covenants of the Senior Debt Facilities have been met.

ii) Other Facilities

Delegat also has available an overdraft limit of $1,000,000 (2014: $100,000). Interest charged on this facility is at the commercial lending rate (2014: commercial lending rate). At 30 June 2015 the commercial lending rate is 6.20% (2014: commercial lending rate 5.85%). No amount is drawn against this facility at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS continued

11. TRADE AND OTHER RECEIVABLES

	GROUP 2015 $000	GROUP 2014 $000
Trade receivables	**36,697**	29,311
Prepayments and sundry receivables	**4,018**	3,464
Non-trade receivables	**1,079**	174
Goods and services tax	**1,148**	873
	42,942	33,822

As at 30 June 2015 the ageing of trade receivables, net of provisions (as detailed below), is as follows:

	Total $000	Current $000	< 30 days $000	31 to 60 days $000	61 to 90 days $000	> 90 days $000
				PDNI	PDNI	PDNI
30 June 2015	**36,697**	34,548	2,125	10	5	9
30 June 2014	**29,311**	26,396	2,846	42	24	3

All amounts recognised as trade receivables are unsecured and the maximum credit risk is equivalent to the carrying values noted directly above. Trade receivables are non-interest bearing and generally settled on 30 to 90 day terms. Due to their short-term nature trade receivables are not discounted and the above values approximate their fair value. There are amounts which are past due (PDNI) however the Group does not consider these to be impaired as the ultimate collection is reasonably assured.

At the end of each month the Group assesses the recoverability of debtor balances and makes provisions for specific debtors where the ultimate collection of balances owed are considered to be unlikely. The table below presents the movements in the provision for doubtful debtors. At 30 June 2015, trade receivables at a nominal value of $60,000 (2014: $nil) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2015			2014		
	Individually Impaired $000	Collectively Impaired $000	Total $000	Individually Impaired $000	Collectively Impaired $000	Total $000
Balance at the start of the year	–	–	–	1,532	–	1,532
Written-off during the year	–	–	–	(1,320)	–	(1,320)
Recovered during the year	–	–	–	(212)	–	(212)
Charged during the year	60	–	60	–	–	–
Balance at the end of the year	**60**	–	**60**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS continued

12. INVENTORIES

	GROUP 2015 $000	GROUP 2014 $000
Current vintage	**57,387**	74,670
Aged wine	**46,856**	31,148
Growing costs relating to next harvest	**3,733**	3,721
Winery ingredients, packaging materials and other	**4,912**	3,021
	112,888	112,560

Prior to harvest, the cost of agricultural activities are included in inventory. Upon harvest, the Group is required to value agricultural produce at fair value in line with NZ IAS 41: Agriculture. A fair value gain of $5,053,000 (2014: $17,588,000 gain) was recorded during the year and included within cost of sales.

Included within cost of sales is a total of $112,948,000 (2014: $97,954,000) which represents costs expended in grape growing (inclusive of leased costs), procurement, delivery and materials.

13. PROPERTY, PLANT AND EQUIPMENT

a) Reconciliation of Carrying Amounts at the Beginning and End of the Year

Year ended 30 June 2015	Freehold Land and Land Improvements $000	Vineyard Improvements $000	Buildings $000	Plant and Equipment $000	Capitalised Vineyard Lease Payments $000	Capital Work in Progress $000	Total $000
Net book value at 1 July 2014	78,957	35,419	39,911	63,538	2,799	25,923	**246,547**
Additions / Transfers	1,950	288	10,488	24,424	–	38,751	**75,901**
Disposals	(151)	(22)	(591)	(707)	–	–	**(1,471)**
Foreign currency translation	231	58	324	460	–	356	**1,429**
Depreciation charge	–	(2,088)	(1,082)	(9,176)	(202)	–	**(12,548)**
Net book value at 30 June 2015	80,987	33,655	49,050	78,539	2,597	65,030	**309,858**
At cost	80,994	50,577	57,242	143,420	15,394	65,030	**412,657**
Accumulated depreciation, amortisation and impairment	(7)	(16,922)	(8,192)	(64,881)	(12,797)	–	**(102,799)**
Net book value at 30 June 2015	80,987	33,655	49,050	78,539	2,597	65,030	**309,858**

NOTES TO THE FINANCIAL STATEMENTS continued

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 30 June 2014	Freehold Land and Land Improvements $000	Vineyard Improvements $000	Buildings $000	Plant and Equipment $000	Capitalised Vineyard Lease Payments $000	Capital Work in Progress $000	Total $000
Net book value at 1 July 2013	72,175	34,258	33,559	65,090	3,122	25,197	**233,401**
Additions / Transfers	7,041	3,755	8,461	8,318	98	726	**28,399**
Disposals	-	(420)	(345)	(777)	-	-	**(1,542)**
Foreign currency translation	(259)	(131)	(727)	(850)	-	-	**(1,967)**
Depreciation charge	-	(2,043)	(1,037)	(8,243)	(421)	-	**(11,744)**
Net book value at 30 June 2014	78,957	35,419	39,911	63,538	2,799	25,923	**246,547**
At cost	78,964	50,249	47,033	119,804	15,393	25,923	**337,366**
Accumulated depreciation, amortisation and impairment	(7)	(14,830)	(7,122)	(56,266)	(12,594)	-	**(90,819)**
Net book value at 30 June 2014	78,957	35,419	39,911	63,538	2,799	25,923	**246,547**

b) Other Items

During the year no assets were transferred and classified as assets available for sale. The weighted average interest rate on interest capitalised during the year was 6.05%.

14. BIOLOGICAL ASSETS

Biological assets consist of grape vines on our vineyards located in New Zealand and the Barossa Valley, Australia. At 30 June 2015 the Group has grape vines planted on 1,062 productive hectares of land (2014: 1,074 productive hectares) in New Zealand and 39 productive hectares (2014: 39 productive hectares) in Australia. During the year the Group harvested a total of 25,081 tonnes of grapes (2014: 34,123 tonnes) in New Zealand. Of this amount a total of 8,910 tonnes (2014: 10,883 tonnes) were purchased from independent third party growers. The Group harvested 1,667 tonnes of grapes in Australia (2014: 1,004 tonnes). Of this amount a total of 1,361 tonnes (2014: 784 tonnes) were purchased from independent third party growers. The fair value of agricultural produce from the Group's owned and leased vineyards at the point of harvest was $29,574,000 (2014: $40,134,000).

Grape vines on the Group's vineyards are measured at fair value at balance sheet date as determined by Logan Stone in New Zealand and Gaetjens Pickett Valuers in Australia – accredited and independent third party valuers.

Where there is market information for the sale of comparable vineyard assets in active markets (level 3 inputs of the fair value measurement hierarchy) the vineyards are valued based upon the price that would be received to sell an asset or transfer a liability, under current market conditions, in an orderly transaction between market participants at the measurement date. Market information from the sale of comparable vineyard assets in the same region and planted in the same varieties are used to determine a value per hectare of land. This is then applied to value the Group's vineyards and adjusted for any other known differences between the properties. In Marlborough the market information for the value per hectare of land ranges from $30,000 to $120,000 per hectare and Hawke's Bay from $25,000 to $80,000 per hectare. An increase/decrease in the market information for the value per hectare of land would result in an increase/decrease in the fair value of biological assets.

NOTES TO THE FINANCIAL STATEMENTS continued

14. BIOLOGICAL ASSETS (CONTINUED)

For vineyard operations which have a forecasted future market value in excess of $9,000,000 (2014: $9,000,000) or when the vineyard has in excess of 50 productive hectares, the fair value is based upon a discounted net cash flow model (level 3 unobservable inputs of the fair value measurement hierarchy) because the Directors do not consider there is market information for the sale of vineyard assets of this size from an active market. The net present values determined for each vineyard from the model are first allocated to the non-biological assets with the value of the biological assets being the residual balance. All of the Group's interest in biological assets have been valued using this methodology. Inherent within this model are a number of assumptions that significantly impact upon the reported fair value and these are noted below.

The fair value of vines on leased land where the Group does not have the beneficial ownership in the vine asset, is not reported below, as the risks and rewards incidental to owning the vines do not transfer to the Group. The Group is however party to leases of land on which vine stock is owned by the Group. The fair value of these assets are reported, as the risk and rewards incidental to ownership are retained by the Group.

The discounted net cash flow model used to derive the fair value of large vineyards incorporates the following significant assumptions:

	2015	2014
i) Average remaining life of grape vines[a]	Variable	Variable
ii) Average yield per hectare of mature vineyards[b]	9.0 to 14.0 tonnes per hectare	8.0 to 14.0 tonnes per hectare
iii) Pre-tax discount rate which cash flows are discounted[c]	8.0% to 9.0%	8.3% to 9.1%
iv) Annual rate of inflation to cost and revenue inputs[d]	0.0% to 1.0%	0.0% to 1.0%
v) Vineyard maintenance costs[e]	$7,600 to $9,200 per hectare	$7,700 to $9,200 per hectare

[a] The average remaining life of grape vines is assumed to continue in perpetuity as vines not producing at commercial levels are replaced each year.

[b] The average yield is dependent upon the variety of grape grown, as well as the underlying health and age of the vine stock.

[c] The discount rates used are based upon the long-term pre-tax discount rate within the sector and sub-regions within the Hawke's Bay and Marlborough. The rates used are consistent with the Group's long-term cost of capital.

[d] Grape prices are reviewed annually after taking into consideration various market factors, as well as reviewing the district average pricing report for grapes of similar quality and variety. Prices for grapes range from $1,500 to $2,600 per tonne, depending on the varietal sold. Subsequent years' grape prices per tonne are then indexed for inflation.

[e] Vineyard maintenance costs exclude capital expenditure, management fees and lease costs for leased vineyards. These are separately included within the discounted net cash flow model. The Independent Valuer has estimated the total running cost on a per hectare basis, which is variable depending on vineyard management, size and scale of the vineyard being assessed. For leased vineyards the actual annual lease cost is used with future lease costs adjusted for the anticipated movements in lease costs as a result of the rent reviews.

NOTES TO THE FINANCIAL STATEMENTS continued

14. BIOLOGICAL ASSETS (CONTINUED)

Assuming all other unobservable inputs are held constant, the following changes in these assumptions will cause an increase in the fair value of the biological assets, (i) an increase in average yields, (ii) reduction in the discount rate, (iii) increase in the grape prices used in the first year of the models and inflation rates applied to future grape prices, and (iv) a reduction in vineyard maintenance costs and vice versa. There is a degree of interrelationship between some of the assumptions (i.e. an increase in average yields can impact the grape price assumptions) however the assumptions can equally also move independently to offset any favourable/unfavourable movement in the other assumptions.

Replacement plantings required are expensed as incurred. During the year the Group had incurred $45,000 (2014: $41,000) associated with the replanting of vines. These expenses are included as repairs and maintenance.

All of the above assumptions were determined by Independent Valuer, Logan Stone, and were considered reasonable by the Directors of the Group.

The movement in the fair value of biological assets (grape vines) is summarised as follows:

	GROUP	
	2015 $000	2014 $000
Carrying value at the start of the year	64,112	58,907
Purchases of biological assets	3,075	1,352
Disposal of biological assets	(295)	(430)
Changes in fair value less estimated point of sale costs	19,260	4,419
Foreign currency translation	48	(136)
Carrying value at the end of the year	86,200	64,112

Changes in fair value result from vineyards attaining full maturity and vines reaching the maximum expected yield per hectare.

NOTES TO THE FINANCIAL STATEMENTS continued

15. INTANGIBLE ASSETS

Intangible assets consist of water rights with indefinite useful life.

Barossa Valley Estate Pty Limited (BVE) owns water rights which have been valued at cost. The water rights consist of shares in Barossa Infrastructure Limited (BIL) and associated infrastructure levies. These water rights grant BVE the right to a fixed number of units of water per share and were purchased by BVE to support their vineyard activities. BVE continues to have the right to use the water over an indefinite period and therefore the water rights are considered to have an indefinite useful life.

Delegat Limited (Delegat) owns water rights which have been valued at cost. The water rights consist of shares in Lower Waihopai Dam Limited. These water rights grant Delegat the right to a fixed number of units of water per share and were purchased by Delegat to support their vineyard activities. Delegat continues to have the right to use the water over an indefinite period and therefore the water rights are considered to have an indefinite useful life.

The movement in the value of intangible assets is summarised as follows:

	GROUP	
	2015 $000	2014 $000
Carrying value at the beginning of the year	1,294	–
Purchases of intangible assets	1,666	1,294
Foreign currency translation	106	–
Carrying value at the end of the year	3,066	1,294

NOTES TO THE FINANCIAL STATEMENTS continued

16. INCOME TAX EXPENSE

	GROUP	
	2015 $000	2014 $000
a) Numerical Reconciliation between aggregate tax expense in the statement of financial performance and tax expense calculated per the statutory income tax rate		
Accounting profit before tax	45,756	59,484
At the Group's statutory income tax rate of 28% (2014: 28%)	12,812	16,656
Tax impact of following items:		
Adjustments in respect of income tax of prior years	178	(51)
Entertainment	111	91
Legal fees and acquisition costs	142	88
Non-assessable income	(59)	(11)
Non-deductible interest and other items	12	34
Tax on foreign income due to different tax rates	36	77
Share-based payments expense	1	3
Income tax expense for the year	13,233	16,887
b) The major components of income tax expense are:		
Estimated current period tax assessment	12,720	12,086
Adjustments in respect of income tax of prior years	(514)	(591)
Movements in the deferred income tax liability	1,027	5,392
Income tax expense for the year	13,233	16,887
c) Deferred income tax at balance sheet date relates to the following:		
i) Deferred tax liabilities		
Capitalised interest	2,816	2,158
Capitalised leases	648	755
Accelerated depreciation of long-term assets	12,638	11,368
Excess of fair value of biological assets over tax values	17,408	12,016
Financial derivative instruments	–	468
Fair value adjustments on biological produce	4,363	6,959
Gross deferred tax liabilities	37,873	33,724

NOTES TO THE FINANCIAL STATEMENTS continued

16. INCOME TAX EXPENSE (CONTINUED)

ii) Deferred tax assets

	GROUP	
	2015 $000	2014 $000
Provisions	784	651
Stock profit and intercompany eliminations	345	282
Tax losses carried forward	278	-
Financial derivative instruments	2,769	-
Fair value adjustments on biological produce	50	142
Gross deferred tax assets	4,226	1,075
Net deferred tax liability	33,647	32,649
Balance at the beginning of the year	32,649	27,225
On surplus for year	1,027	5,392
Foreign currency translation	(29)	32
Balance at the end of the year	33,647	32,649

There are no elements of deferred taxes which are reported within equity.

17. IMPUTATION CREDIT ACCOUNT

	GROUP	
	2015 $000	2014 $000
Balance at the beginning of the year	32,052	23,500
Tax payments	12,314	12,304
Fully imputed dividend paid	(4,126)	(3,752)
Balance at the end of the year	40,240	32,052

NOTES TO THE FINANCIAL STATEMENTS continued

18. COMMITMENTS

a) Operating Leases

	GROUP	
	2015 $000	2014 $000
Lease commitments under non-cancellable operating leases.		
Within one year	**14,175**	12,448
One to two years	**10,502**	8,887
Two to five years	**25,024**	13,078
Beyond five years	**46,075**	24,742
	95,776	59,155

Operating lease commitments include long-term land leases, which allow the Group to access prime viticultural land in the Marlborough and Hawke's Bay areas, and Barossa Valley. The leases provide the Group the right of first refusal in the event that the land is put up for sale. Vineyard leases generally comprise an initial term of ten years with following rights of renewal which vary depending on the vineyard. Leases are reviewed every five years and if required the market rate of rent is adjusted in relation to the market value of the underlying land plus a guaranteed rate of return as determined by the five year government bond rate. Other operating lease commitments include short-term car, barrel and equipment leases.

b) Capital Commitments

The estimated capital expenditure contracted for at 30 June 2015 but not provided for is $43,065,000 (2014: $14,026,000).

NOTES TO THE FINANCIAL STATEMENTS continued

19. RELATED PARTIES

a) Investment in Subsidiaries

Investments in controlled entities are as follows:

Name of Entity	Principal Activity	Parent Company	Country of Incorporation	Ownership Interest % 2015	Ownership Interest % 2014
Delegat Limited	Winemaking, Sales and Distribution	Delegat Group Limited	New Zealand	100.00	100.00
Delegat Canada Limited	Brand Marketing	Delegat Group Limited	Canada	100.00	100.00
Delegat Australia Pty Limited	Sales and Distribution	Delegat Group Limited	Australia	100.00	100.00
Oyster Bay Wines (USA) Limited	Brand Marketing	Delegat Group Limited	New Zealand	100.00	100.00
Delegat USA, Inc.	Sales and Distribution	Delegat Group Limited	United States of America	100.00	100.00
Delegat Europe Limited	Sales and Distribution	Delegat Limited	United Kingdom	100.00	100.00
Delegat (Singapore) Pte. Limited	Sales and Distribution	Delegat Group Limited	Singapore	100.00	100.00
Barossa Valley Estate Pty Limited	Winemaking, Sales and Distribution	Delegat Limited	Australia	100.00	100.00
Delegat Japan G.K.	Brand Marketing	Delegat Group Limited	Japan	100.00	100.00
Delegat (Shanghai) Trading Co. Ltd	Sales and Distribution	Delegat (Singapore) Pte. Limited	China	100.00	N/A

b) Key Management Personnel

Details relating to key management personnel, including remuneration paid, are included within Note 20.

NOTES TO THE FINANCIAL STATEMENTS continued

19. RELATED PARTIES (CONTINUED)

c) Related Parties by Virtue of Share Ownership

The following Directors hold the following number of Shares in the Parent	2015	2014
Delegat Share Protection Trust (Jakov Delegat and Rosamari Delegat and Robert Wilton – Trustees)	66,857,142	66,857,142
Robert Wilton	1,000,000	1,000,000
Graeme Lord	51,050	50,000

The individuals above are considered related parties as a result of their shareholding or by virtue of being considered a member of key management. During the year a total of $65,000 (2014: $92,000) was paid to Robert Wilton in his capacity as a non-executive Director. Rosamari Delegat received $65,000 (2014: $50,000) in her capacity as a non-executive Director during the year.

During the year a total of $100,000 (2014: $100,000) was paid to Robert Wilton in his capacity as an independent consultant, under normal commercial terms and conditions.

Please also refer to the Disclosure of Directors' Interests at the back of this report.

d) Transactions with Related Parties who have Significant Influence over Subsidiary Companies

During the period Delegat Limited paid a total of $16,000 (2014: $17,000) to Yaroona Pty Limited. The payments made to Yaroona Pty Limited were made in Peter Taylor's capacity as Company Director and were under normal commercial terms and conditions. Peter Taylor was considered to be a related party by virtue of his ability to significantly influence the financial and operating policies of a subsidiary company.

During the period Delegat Limited paid a total of $118,000 (2014: $178,000) to Range Road Estate Pty Limited. The payments made to Range Road Estate Pty Limited were made in Alan Hoey's capacity as Company Director and under normal terms and conditions. Alan Hoey was considered to be a related party by virtue of his ability to significantly influence the financial and operating policies of a subsidiary company.

During the period Delegat (Singapore) Pte. Limited paid a total of $6,000 (2014: $6,000) to Camelot Trust Pte. Limited, a company in which a Director of Delegat (Singapore) Pte. Limited has an interest. The payments made to Camelot Trust Pte. Limited were made in Anita Chew Peck Hwa's capacity as Company Director and under normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS continued

20. KEY MANAGEMENT PERSONNEL

Compensation of Key Management Personnel

Included in the definition of related parties are Key Management Personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly, including any Director. Management have assessed the composition of the Key Management and their compensation for the year ended 30 June is presented below:

	GROUP	
	2015 $000	2014 $000
Short-term employee benefits	**6,595**	6,357
Post-employment benefits (including defined contribution pension plan)	**214**	203
Share-based payments expense	**5**	16
	6,814	6,576

21. AUDITOR'S REMUNERATION

The auditor of Delegat Group Limited is Ernst & Young. Amounts received, or due and receivable, by Ernst & Young are as follows:

	GROUP	
	2015 $000	2014 $000
Audit of the financial statements	**185**	200
Other assurance related services	**–**	2
Tax compliance	**120**	129
	305	331

NOTES TO THE FINANCIAL STATEMENTS continued

22. RECONCILIATION OF PROFIT FOR THE YEAR WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP	
	2015 $000	2014 $000
Reported profit after tax	32,523	42,597
Add/(deduct) items not involving cash flows		
Fair value movement on biological assets	(19,260)	(4,419)
Amortisation of leases	202	421
Depreciation expense	12,346	11,323
Other non-cash items	2,010	(1,254)
Loss on disposal of assets	238	646
Movement in derivative financial instruments	11,562	(2,712)
Movement in deferred tax assets	(157)	(123)
Movement in deferred tax liabilities	1,155	5,547
	40,619	52,026
Movement in working capital balances are as follows:		
Trade payables and accruals	7,103	236
Trade and other receivables	(9,120)	(8,074)
Inventories	(328)	(25,224)
Income tax	4,355	(533)
	2,010	(33,595)
Deduct/(Add) items classified as investing and financing activities		
Capital purchases included within trade payables and inventories	(6,120)	546
Acquisition costs	–	1,811
	(4,110)	(31,238)
Net Cash Inflows from Operating Activities	36,509	20,788

NOTES TO THE FINANCIAL STATEMENTS continued

23. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 27 August 2015, the Directors of the Parent declared a fully imputed dividend of $11,129,000 (11.0 cents per Share) to be paid on 9 October 2015.

24. EARNINGS PER SHARE

The following reflects the earnings used in the calculation of the basic and fully diluted earnings per share.

	GROUP	
	2015 $000	2014 $000
a) Earnings Used in Calculating Earnings per Share		
Profit for the year - basic and fully diluted ($000)	32,523	42,597
b) Weighted Average Number of Shares		
Weighted average number of shares - basic (000s)	101,080	101,080
Weighted average number of shares - fully diluted (000s)	101,130	101,130
c) Reported Earnings Per Share on statement of financial performance (expressed as cents per share)		
- Basic earnings per share	32.18	42.14
- Fully diluted earnings per share	32.16	42.12

The Shares issued under the Delegat Group Limited Employee Share Ownership Plan, as disclosed in Note 5, are excluded from the weighted average number of shares on issue for the purpose of the basic earnings per share calculation because at the balance sheet date all conditions in relation to these shares have not been met. They are included in the weighted average number of shares on issue for the purpose of the fully diluted earnings per share calculation.

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

Chartered Accountants

To the Shareholders of Delegat Group Limited

Report on the Financial Statements

We have audited the financial statements of Delegat Group Limited and its subsidiaries ("the group") on pages 32 to 82, which comprise the statement of financial position of the group as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 461G(1) of the Financial Markets Conduct Act 2013. Our audit has been undertaken so that we might state to the company's shareholders those matters 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 the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

In addition to the provision of assurance services, our firm provides taxation compliance and advice to the group.

Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group.

Opinion

In our opinion, the financial statements on pages 32 to 82:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- present fairly, in all material respects, the financial position of the group as at 30 June 2015 and the financial performance and cash flows of the group for the year then ended.

Ernst + Young

27 August 2015

Auckland

CORPORATE GOVERNANCE

This statement provides an outline of the main corporate governance policies and practices that the Company had in place during the past financial year.

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. The Board reviews the Company's policies, practices and other arrangements governing and guiding the conduct of the Company.

The Board believes that the Company's policies and practices have complied in all substantial respects with corporate governance best practice in New Zealand, including the Corporate Governance Best Practice Code attached as Appendix 16 to the NZSX Listing Rules.

ROLE OF THE BOARD

The Board is responsible for the proper direction and control of the Company's activities and acknowledges the need for the highest standard of corporate governance. This responsibility includes such areas of stewardship as the identification and control of the Group's business risks, the integrity of management systems and reporting to shareholders.

The primary objective of the Board is to build long-term shareholder value, with due regard to other stakeholder interests. It does this by adopting the strategic plans, objectives and policies that have been set for the Company by the Executive Chairman and Managing Director, together with senior executives. It is the responsibility of the Managing Director to deliver effective execution of the strategic plans and manage the daily affairs of the Company. The Managing Director reports regularly to the Board on critical issues being faced by the Company, as well as the progress being made against the strategic plans.

The Board of Delegat Group Limited meets formally a minimum of six times during the financial year and regularly holds additional meetings to deal with specific matters faced by the Group.

Another responsibility of the Board is evaluating the performance of the Managing Director, as well as reviewing the procedures that are in place for appointing and monitoring the performance of senior executives.

COMPOSITION OF THE BOARD

The composition of the Board is determined using the following principles:

- the Board may, in accordance with the Constitution, comprise up to nine Directors; and
- the Board should comprise Directors with a mix of qualifications, skills and experience appropriate to the Company's existing operations and strategic direction.

The NZSX Listing Rules and the Company's constitution require one third of the Directors to retire from office at the Annual Meeting of Shareholders each year. Retiring Directors are eligible for re-election. As at the end of the financial year, the Board had four non-executive Directors, and two executive Directors. Details of the Directors as at the date of this report, including their qualifications and experience, are set out on pages 27 and 28.

DIRECTOR INDEPENDENCE

The Board has adopted the definition of independence set out in the NZSX Listing Rules.

The Company considers that, at the balance date, two of its non-executive Directors were independent. The Company notes that it has the minimum number of independent directors as required by the NZSX Listing Rules.

DIRECTOR NOMINATION

The responsibility for Board succession planning, including identifying suitable candidates for recruitment to the Board, is undertaken by the Board, drawing on advice from independent consultants as appropriate. Nominated candidates are assessed against a number of criteria which include background, professional skills and experience and their availability to commit themselves to the role.

BOARD PERFORMANCE EVALUATION

All non-executive Directors are expected to participate in performance reviews, particularly prior to the re-election of a non-executive Director to the Board. The findings of the performance review process are used to identify, assess and enhance Directors' competencies and to define characteristics or skills which should be sought in future Board candidates. The Board undertakes a bi-annual formal performance evaluation of the Board and its members.

CORPORATE GOVERNANCE continued

CONFLICTS OF INTEREST

In order to ensure that any 'interests' of a Director in a particular matter to be considered by the Board are known by each Director, the Company has developed protocols, consistent with obligations imposed by the New Zealand Companies Act 1993, to require each Director to disclose any relationships, duties or interests held that may give rise to a potential conflict.

REMUNERATION – NON-EXECUTIVE DIRECTORS

Remuneration levels are set at competitive levels to attract and retain appropriately qualified and experienced Directors. The Company's policy is to pay all of its Directors in cash.

The fees of the non-executive Directors are set within the aggregate amount determined in accordance with the NZSX Listing Rules, and at levels that reflect the responsibilities and time commitments provided by those Directors to the Company in discharging their duties. The NZSX Listing Rules require that the Company approve the total aggregate amount payable to all Directors as Directors' fees. Currently, the total maximum aggregate amount of fees payable to the Directors is $300,000 per annum. The criteria for reviewing non-executive Director remuneration includes obtaining advice from external consultants as appropriate, information on Board arrangements for other corporations of similar size and complexity, and the review of current and expected workloads of non-executive Directors (including as a member or Chairman, of the Board Committees). The Board will continue to review its remuneration strategies in relation to non-executive Directors from time to time, in line with general industry practice. Full details of the remuneration paid to non-executive Directors are set out on page 87.

REMUNERATION – EXECUTIVE CHAIRMAN, MANAGING DIRECTOR AND SENIOR EXECUTIVES

The criteria for reviewing the remuneration for senior executives includes, as appropriate, advice obtained from external consultants, participation in independent surveys, specific market comparison of individual roles, and level of achievement against business and personal objectives.

DIVERSITY

The current proportion of female Directors and Key Management Personnel within the Group as at 30 June 2015 is set out in the table below.

	% Female (Number)		% Male (Number)	
	2015	2014	2015	2014
Board of Directors	33% (2)	33% (2)	67% (4)	67% (4)
Key Management Personnel	15% (3)	5% (1)	85% (17)	95% (18)

INDEPENDENT PROFESSIONAL ADVICE

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense, provided the costs are reasonable and the advice is specific. Prior approval from the Executive Chairman is required, which will not be unreasonably withheld.

COMMITTEES OF THE BOARD

The Board has established two working committees, an Audit and Compliance Committee and Remuneration Committee. The committees have their own charters setting out the objectives, composition, and responsibilities of the committees. The Board will periodically review the charters.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee comprises three non-executive Directors: Dr Alan Jackson (Chairman), Jane Freeman, and Robert Wilton.

The Board is of the opinion that sufficient financial expertise and knowledge of the industry in which the Company operates is possessed by the members of the Audit and Compliance Committee. Details of the qualifications of the Audit and Compliance Committee members are set out on pages 27 and 28. The primary objective of the Audit and Compliance Committee is to assist the Board of Directors in fulfilling its responsibilities relating to annual reporting, tax planning and compliance, and risk management practices.

CORPORATE GOVERNANCE continued

REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive Directors:

- Jane Freeman (Chairperson), Dr Alan Jackson, and Robert Wilton.

The Remuneration Committee meets at least twice a year and more frequently if required. The Remuneration Committee's role is to provide advice and make recommendations to the Board on remuneration policy for employees, remuneration for the Executive Chairman, Managing Director and senior management, performance-based components of remuneration, and remuneration for Non-executive Directors.

Members of management may attend meetings of the committees at the invitation of the Committee Chairperson.

MANAGING RISKS

The Board has identified a number of risks in the Company's operations that are commonly faced by other entities in the industry in which the Company operates. The Board and management of the Company believe they have taken all necessary steps to manage and mitigate those risks.

INTERNAL CONTROLS AND FRAMEWORK

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company, and ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated and is further developing an internal control framework that can be described as follows:

- Financial reporting – There is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and it is intended that revised forecasts for the year will be prepared regularly. The consolidated entity reports to shareholders half-yearly. Procedures are also in place to ensure that price-sensitive information is reported to the NZSX in accordance with continuous disclosure requirements.
- Operating unit controls – Financial controls and procedures, including information systems controls, are in operation throughout the consolidated entity.
- Investment appraisal – The consolidated entity has clear guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures.

EXTERNAL AUDITOR

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor in order to ensure the independence of the external auditor, which is based on the principle that work that may detract from the external auditor's independence and impartiality (or that may be perceived as doing so) should not be carried out by the external auditor. The Audit and Compliance Committee monitors the nature and extent of other services provided by the external auditor, and the ratio of audit fees to non-audit fees, to ensure that those services are complementary to the external audit and compatible with maintaining external audit independence. The Company will invite the external auditor to attend the Annual Meeting of Shareholders and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

INSURANCE

The Company carries insurance which the Board considers is sufficient for the size and nature of the Company's business.

CONTINUOUS DISCLOSURE AND COMMUNICATION WITH SHAREHOLDERS

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the NZSX Listing Rules.

The Company's website contains copies of our historic annual reports and financial statements. The Board encourages full participation of shareholders at the Annual Meeting of Shareholders in order to promote a high level of accountability and discussion of the Company's strategy and goals.

OTHER DISCLOSURES

DISCLOSURE OF INTERESTS BY DIRECTORS

In accordance with section 140(2) of the Companies Act 1993, the Directors have made general disclosure of their relevant interests for entry into the Group's Interest Register.

Directors have declared interests in the following transactions with subsidiary companies during the financial year:

- Delegat Australia Pty Limited paid fees to Yaroona Pty Limited, a company in which a Director of Delegat Australia Pty Limited has an interest;
- Delegat (Singapore) Pte. Limited paid fees to Camelot Trust Pte. Limited, a company in which a Director of Delegat (Singapore) Pte. Limited has an interest;
- Delegat Limited paid consultancy fees to Range Road Estate Pty Limited, a company in which A Hoey, Director of Barossa Valley Estate Pty Limited, has an interest, for consultancy services supplied during the year; and
- Delegat Limited paid consultancy fees to RL Wilton for consultancy services supplied during the course of the year.

The details of these transactions are given in Note 19 to the financial statements, "Related Parties".

At 30 June 2015 and 27 August 2015 the following Directors, or entities related to them, had interests in the following company shares.

	ORDINARY SHARES	
Delegat Group Limited	Beneficial	Non-Beneficial
JN Delegat [1]	–	66,857,142
RS Delegat [1]	–	66,857,142
RL Wilton [1]	1,000,000	66,857,142
GS Lord [2]	51,050	–

[1] JN Delegat, RS Delegat and RL Wilton hold non-beneficially 66,857,142 shares in their capacity as trustees of the Delegat Share Protection Trust.

[2] During the year GS Lord's shares were transferred to joint ownership with LA Lord.

SHARE DEALINGS BY DIRECTORS

During the year the Directors did not deal in any shares of the Company, or in the shares of a subsidiary company.

REMUNERATION OF DIRECTORS

Directors received the following fees and remuneration from Delegat Group Limited:

	2015 $000	2014 $000
Non-Executive Directors		
RL Wilton [1]	**65**	92
JL Freeman	**75**	53
RS Delegat	**65**	52
AW Jackson	**75**	60
Executive Directors [2]		
JN Delegat	**866**	904
GS Lord	**854**	752

[1] Robert Lawrence Wilton was paid $100,000 (2014: $100,000) for consulting services provided to Delegat Limited, in addition to Directors fees.

[2] Executive Directors remuneration includes salary and benefits received in their capacity as employees. Executive Directors do not receive Directors fees.

OTHER DISCLOSURES continued

DIRECTORS' AND OFFICERS' INSURANCE LIABILITY

As permitted by the New Zealand Companies Act 1993, the Company has arranged a policy of Directors' and Officers' liability insurance which insures those persons indemnified to certain liabilities and costs.

USE OF COMPANY INFORMATION

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would not otherwise have been made available to them.

STOCK EXCHANGE LISTINGS

The Company's Shares are listed on the New Zealand Stock Exchange.

20 Largest Shareholders as at 27 August 2015

Holder	Shares Held	% of Shares
Jakov Nikola Delegat, Rosamari Suzan Delegat & Robert Lawrence Wilton	66,857,142	66.11
Kevin Glen Douglas & Michelle McKenney Douglas	4,984,078	4.93
TEA Custodians Limited – NZCSD [1]	3,685,947	3.64
National Nominees New Zealand Limited – NZCSD [1]	3,676,157	3.64
James Douglas & Jean Ann Douglas	2,328,356	2.30
Kevin Douglas & Michelle Douglas	2,326,295	2.30
Superlife Trustee Nominees Limited	1,175,338	1.16
Robert Lawrence Wilton	1,000,000	0.99
Custodial Services Limited	757,021	0.75
Accident Compensation Corporation – NZCSD [1]	603,386	0.60
JP Morgan Chase Bank – NZCSD [1]	519,167	0.51
BNP Paribas Nominees (NZ) Limited – NZCSD [1]	326,100	0.32
Mint Nominees Limited – NZCSD [1]	233,069	0.23
Custodial Services Limited	228,146	0.23
Rainer Huebner & Shanti Huebner	225,000	0.22
Citibank Nominees (New Zealand) Limited – NZCSD [1]	224,813	0.22
Custodial Services Limited	209,455	0.21
Public Trust RIF Nominees Limited – NZCSD [1]	206,655	0.20
William John Bishop & Helen Mark Bishop & Michael David Toomey	202,896	0.20
Warren Fraser Sanderson & Elizabeth Ann Sanderson	200,000	0.20
Total for Top 20	89,969,021	88.96

[1] Shareholdings held in New Zealand Central Securities Depository Limited (NZCSD). Total holding at 27 August 2015 in NZCSD were 9,665,850.

OTHER DISCLOSURES continued

DISTRIBUTION OF ORDINARY SHARES

Holder	Holders	Shares Held	% of Shares
1 - 5,000	1,350	2,772,467	2.74
5,001 - 10,000	413	2,540,519	2.51
10,001 - 100,000	266	4,751,339	4.70
100,001 plus	20	91,065,867	90.05
Total	**2,049**	**101,130,192**	**100.00**

GEOGRAPHIC DISTRIBUTION

Holder	Holders	Shares Held	% of Shares
New Zealand	1,998	91,190,263	90.17
United States of America	8	9,749,758	9.64
Australia	28	149,903	0.15
Other Overseas	15	40,268	0.04
Total	**2,049**	**101,130,192**	**100.00**

SUBSTANTIAL SECURITY HOLDERS

According to notices given to the Company under the Securities Market Act 1988, as at 27 August 2015, the substantial security holders in the Company are:

Substantial Security Holders	Relevant Interest	% of Shares	Date of Notice
Jakov Nikola Delegat, Rosamari Suzan Delegat & Robert Lawrence Wilton	66,857,142	66.11	21 Dec 2011
Douglas Irrevocable Descendants Trust; Douglas Family Trust; K&M Douglas Trust	9,067,636	8.97	27 Jul 2012

OTHER DISCLOSURES continued

EMPLOYEE REMUNERATION

Section 211(1)(g) of the New Zealand Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of $100,000 per year, paid by the Company or any of its subsidiaries worldwide to any employees who are not Directors of the Company.

From $	*To* $	TOTAL
100,001	110,000	19
110,001	120,000	23
120,001	130,000	15
130,001	140,000	11
140,001	150,000	2
150,001	160,000	5
160,001	170,000	7
170,001	180,000	6
180,001	190,000	1
190,001	200,000	5
200,001	210,000	1
220,001	230,000	3
230,001	240,000	2
240,001	250,000	3
250,001	260,000	2
260,001	270,000	2
290,001	300,000	1
340,001	350,000	1
350,001	360,001	2
360,001	370,000	1
380,001	390,000	2
		114

SUBSIDIARY COMPANY DIRECTORS

Section 211(1)(2) of the New Zealand Companies Act 1993 requires the Company to disclose, in relation to its subsidiaries, the total remuneration and value of other benefits received by Directors and former Directors and particulars of entries in the interest registers made during the year ended 30 June 2015.

Apart from Delegat Australia Pty Limited, Delegat (Singapore) Pte. Limited and Barossa Valley Estate Pty Limited, which are required to have a local resident as a Director of the Company, no wholly owned subsidiary has any employee appointed as a Director of Delegat Group Limited or its subsidiaries who receives, or retains any remuneration or other benefits, as a Director. Except where shown below, no other Director of any subsidiary Company within the Group receives Director's fees or other benefits as a Director.

OTHER DISCLOSURES continued

SUBSIDIARY COMPANY DIRECTORS (CONTINUED)

The following persons respectively held office as Directors of subsidiary companies at the end of the year or in the case of those persons with the letter (R) after their name ceased to hold office during the year. Alternate Directors are indicated by the letter (A) after their name.

Delegat Limited

JN Delegat, RS Delegat, RL Wilton, GS Lord

Delegat Europe Limited

JN Delegat, RS Delegat (R), RL Wilton, GS Lord

Delegat Australia Pty Limited

JN Delegat, RS Delegat (R), RL Wilton, GS Lord, PJ Taylor

Delegat USA Inc.

JN Delegat

Oyster Bay Wines (USA) Limited

JN Delegat, RS Delegat, RL Wilton

Delegat Canada Limited

JN Delegat, RS Delegat (R), RL Wilton, GS Lord

Delegat (Singapore) Pte. Limited

JN Delegat, RL Wilton, GS Lord, A Chew Peck Hwa

Marlborough-Gold Wines Limited

JN Delegat, RS Delegat, RL Wilton

Oyster Bay Wines New Zealand Limited

JN Delegat

Barossa Valley Estate Pty Limited

JN Delegat, RL Wilton, GS Lord, A Hoey

Delegat Japan G.K.

GS Lord

Donations

During the year the Parent made donations of $nil and the subsidiaries made donations amounting to $1,000.

New Zealand Exchange Waivers

Delegat Group Limited has not obtained any waivers from the NZSX in the financial year ended 30 June 2015.

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.


HAWKES BAY
Pinot Gris
Oyster Bay
NEW ZEALAND

EST 1947

DELEGAT

Great Wine People

ABBY TOMKINS ADAM LAUNER ADELAIDE ANGEBAULT ADRIENNE BORDEN AGNES BINIEK AH SAM AH SAM ALAN GUINEY ALAN HOEY ALAN JACKSON ALEX BESTALL ALEX KIMSEY BOULOGNE ALEX LI ALEX MERCER ALEX WRIGHT ALEXANDRA FREWER ALEXANDRA HORNE ALEXIS ROBIN ALF GOODIER ALICIA ONIFRICHUK ALINA TENETKA ALISTAIR DINNISON ALISTAIR MCLEOD ALLAN NEAL ALLYSON DEPETRILLO AMBER CROMPTON AMI PETROSSI ANA CASTILLO-THOMAS ANDREA BINNING ANDREA MOLLOY ANDREW CAMERON ANDREW HOLLAND ANDREW KEAM ANDREW MANU ANDREW MCILHONE ANDREW PORTEOUS ANDREW STAFFORD ANDY LUFFMAN ANGELA IZATT ANGELA LAI ANGELA NALLY ANGELA SO'OAEMALELAGI ANGUS SEABROOK ANITA FAITA ANNA BISHOP ANNA FROST ANNE NGUYEN ANNE O'NEILL ANNE-MARIE CHENIER ARII CARTER ASHA AYYAPPAN ASHLEA KING ASHLEY HARGRAVE R BALASUBRAMANIAM (BALA) BARRY ANDERSON BARRY ROBERTS BECKA HEWETSON BEN BREARLEY BEN DILREW BEN MCLENNAN BEN RILEY BEN SAVAGE BERNADETTE FOLEY BEV HOLDSWORTH BILL TE HUIA BILLY YANG BLAIR ELLIOT BOB METTERNICH BOB SAHAT BOJAN GASOVIC BONNIE MCBEATH BOWEN TAN BRENDAN EDMONDS BRENDON CLEMETT BRENDON CULLEN BRENDON WILSON BRET WILSON BRICKLYN BROWN BRIDGET BELL BRONWYN JONES BRUCE VAN DUYN CAITLIN SHERRY CALLUM HAYNES CAMERON MARIU CAMERON MAUNSELL CAMILLE GEMMELL CANDACE MCKENNEY CARA WEBSTER CARLOS PATINO-CASTANO CAROLINE CHARRON CAT THOMSON CATALINA SEGUEL FELMER CATHERINE BARNYT CHARLOTTE HUGHES CHELSEA CLARKE CHLOE HANNAH CHLOE ILLSLEY CHRIS DE PACO CHRIS ENSOR CHRIS PLICHTA CHRISTIAN O'MALLEY CHRISTIE CASH CHRISTINE COLGATE CHRISTINE PRICE CHRISTOPHE WAGNER CHRISTOPHER ENSOR CIARA BELCHER CLAIRE JANIEC CLAIRE SUSSMILCH CLAUDIA MUNOZ LEDO LOPEZ COLE HIGGISON COLM EVANS CORALIE BOURZEAU CORBIN MOORE CORBIN VALENSKY COREY HORD CORY DZIEWIT COURTNEY PRESTON CRAIG CAMPBELL CRAIG MCCUTCHEON CRYSTAL CUMMINS DALE MCDONALD DALLAS HILL DAMIEN RICHARDS DAN CRAWFORD DAN MARSHALL DAN WRIGHT DANIEL RICHARDS DANIEL ZUERCHER DANIELA ARCOS DANIELA ROSALES DEL PRADO DANIELLE CAREY DANIELLE MCGILVARY DANNY TAYLOR DARREN JORGENSEN DARYL PREFONTAINE DAVID COX DAVID KELLY DAVID KLAHN DAVID MCKNIGHT DAVID OSCROFT DAVID RIFFAUD DAVID ROTHWELL DAVID WOODLOCK DEAN HASKELL DEE BENNISON DELIA FLORES DESISLAVA YANKOVA DEV DUTT DIANA AUGUSTE DIEGO MANSO DE ZUNIGA UGARTECHEA DION DOWER DOM DI LALLO ED JANE EDDIE DAVIS ELAINE PARR ELENI TZANAKOULI ELIAS VILLAVER ELISE BURKEVICS ELYSE REITH EMI KONAKA EMMA ELLIOTT EMMA HUTCHINGS ERIC WINKS ERIN MCGRAIL ERIN WOOD ESTEBAN DUKE OSSANDON ESTHER BRIZUELA CANTERO ETHAN BROADHURST EVELYN SANGSTER EVONE THIAN FA'ALINGI TUPOU FATIMA LOPEZ FILIP LUTZKY FILIPA DE SA FIONA BARBER FLO BOUDA FRANCIS HAKARAIA FRANCISCO GLADE FRANK VUJNOVICH GABRIEL REYES GAEL YOUNG GAIA RIKHYE GEMMA COATES GEMMA ONSLOW GEORGE PETRIK GEORGES VON DER DECKEN GEORGIA BINMORE GERRY MAY GIELIE JORDAAN GILLIAN PATTERSON GILLIAN WHITTAKER GLORIA SHIELDS GORDON MATTHEWS GRACE AYLING GRACE ROGERS GRAEME LORD GRAEME POWELL GRAEME RODGER GREG JOHNSON GREG PARSONS GREG WAINE GREGOIRE INGELAERE GUS ALTSCHWAGER HAMISH MASON HANNAH CLOUGH HANNAH JOHNSON HANNAH KANG HANS VAN DEN IERSSEL HARRY BRODY HARRY RADFORD HAYLEY FIELD HEATH DUNCAN HELEN COLEY HELEN WILSON HELENA BROZOVA HELENE BLACKBURN HENRY CURRIE HENRY SLATTERY HIROMI NOMURA HUGO DIEZ HUGO GALLUCCI IAIN MACDONALD IOANNIS VOUKIDIS ISAAC BULL JACK FAGUNDES JACKIE AMIN JACQUELINE BALK JACQUI IVICEVICH JAKE PARTLOW JAMES KERR JAMES RANDALL JAMES SEIB II JAMES SNOWDEN JAMES WILDING JAMIE MATTHEWS JAN GIBSON JAN SNOWDEN JANE FREEMAN JANICE MCKINNON JAOQUIN CRESPO ROSA JASON DENNEY JASON HANDS JASON LIEBICH JASON LUCAS JASON SHAW JAYNE WHEELER JEAN-FRANCOIS LABBE JEFF CAIRNEY JEFF WASHBURN JEMMA SNEDDON JENNIE FAULKNER JENNY DOWNING JEREMY MELTZER JEREMY YAN JESSEE MAYHEW JESSICA RAPPAPORT JESSICA ROUGEAU JILL DAWSON JILL MADER JIM DELEGAT JOCELYN LIZAMA SALAZAR JODAYE STUART JODIE BROWN JOE TAN JOHANNA DAILEY JOHN FREEMAN JOHN MILLS JOHN NELSON JOHN ROGERS JOHNNY MILMINE JONAS STEEN JONATHAN GUILD JONO RIEHLMAN JOSH MELLSOP JOSHUA DOW JUDE CHAPMAN JULES MILLIKEN JULIA VANTRESS JULIE HEYWOOD JUNIOR WILLIAMS JUSTIN ROBERTS JUSTINE STRIVENS KAELA ALLISON KAHN JOWSEY KAISA FAALILO KAORI YOSHINAGA KARA WAY-TREMAIN KATARINA LAWRIE KATE LACEY KATHERINE JACKSON KATHERINE LAWLOR KATIE MOORE KATRINA LIVERSIDGE KAY KYAW KELLY BARRENGER KELLY FERGUSON KELLY HALL KELLY LADBROOK KELSI BIEBERSTEIN KEN BAKER KEN COTTERILL KERRY THWING KEVIN CARTWRIGHT KIM THOMPSON KIM WILKINSON KIMBRA BIDEJOWSKI KLARA VLKOVA KORI MURPHY KRISTIN O'HEIR KRISTINE ELLIOTT KRYSTLE HAGUE KYLE COX LAURA JAEGER LAURA MCEWEN LAURA PAPA LAURA PIANO LAURA SCHNEIDER LAURA WILDE LAUREN HUMPHRIES LAUREN SMITH LAURIEN CARTWRIGHT LAWRENCE CLOSE LAWRENCE MAIORANA LEE ZAPPARA LEONARDO RICARDEZ MARTINEZ LESLIE GOLDEN LEWIS ANDREW LI SHEN LIN LIN YANG LINDSAY TUPOU LISA KOHUT LIZ NEWMAN LIZ TURIA LOIS DONGRAY-JONES LORI WHITELAW LUCY MCALLEY LYDIA MCCARTHY MADELEINE HO MALCOLM CAMPBELL MALETINO LOKENI MANUELE PERETTI MARC LOH MARGERY MIZE MARIE SEBILLE MARK NOBLE MARK PAYNE MARKHAM MCMULLEN MARY MARKS MARY-ANNE MERRIOTT MASHA SKORCHENKO MATHEW NEWMAN MATT GLENDINING MATT TOTH MATTEO TAMAGNO MATTHEW BLACKFORD MATTHEW DEACON MATTHEW MAGUIRE MATTHEW POPE MATTHEW WYER MAURA MCCUE MAWGANNE EDWARDS MAXIME ALENDA MEGHAN HOLT MELISSA COOPER MELISSA EARLE MELISSA KONEMANN MELISSA LIEBECK MEREDITH STITES MIA VALLETTA MICHAEL DESSOULAVY MICHAEL EVANS MICHAEL FRATER MICHAEL IVICEVICH MICHAEL MANCHEN MICHAEL TRACY MICHELLE COLLIER MICHELLE LU MICK ORVAD MIKEY TAIAROA MINA LUKA MING XI MJ VAN VUUREN MONICA QUINONEZ MONIQUE SIMPSON MORGAN RANDALL MURRAY ANNABELL MURRAY SNOWLING NATALIE MILICH NATHALY BULGIN NATHAN MUIR NAZMA ALI NEIL ANDERSON NEIL MARTIN NGAUPOKO TAPOKI NICHOLAS COWDREY NICK JAMIESON NICK KERRY NICK WRIGHT NICOLE DOOLAN NICOLE FORLENZA NICOLE NG NIKOLAY ANDREEV NILI AH SAM NOAH ARCHAMBAULT NOELIN GAN NOEMIE MEYER OWEN GRAY PAMELA WILSON PATRICIA OLD PATRICK CONBOY PAUL BARBER PAUL CHIVELL PAUL COOPER PAUL DADD PAUL JONES PAUL MORRISON PAUL SILKE PEDRO RUBIO NAVARRO PENNY CURR PETE CORIN PETER CAMPBELL PETER DUNCAN PETER EDGAR PETER SEMMLER PETER TAYLOR PETER WEBSTER PETER WILLIAMSON PHIL DOYLE PHILIPPA DOVE PRASAD PATIL RACHAEL CLARK RACHAEL PERRY RACHEL HEBBARD RACHEL JOY RADHA PATEL RAMON TAYLOR RANA KHAN RANYI CHUNG RAY CORTES RAYMOND NOREAU RAYMOND WALLACE REBECCA JOHNSON REBECCA WELLS RED MASON RENEE CLOHESY RENEE SCHOFIELD RHYS STAPLES RIAAN DU PLESSIS RICHARD BULLOCK RICHARD O'DONNELL RICHARD WEST RICK IWIKAU RIIVO VAEHK RIKI MADEN ROB GRINTER ROB MARTYN ROB QUINTER ROBERT TROUGHT ROBERT WILTON ROBYN GROFFEN ROBYN KERR ROBYN REIHANA ROGER GRAY ROMAIN GUITTON ROMMEL NERIDA ROSE DELEGAT ROSS HURT RUSSELL MALONE RYAN CRAMP RYAN SMITH RYAN WAPLES SAM GALLAGHER SAM O'SULLIVAN SAMARTH GEORGE SAMUEL BRONDEL SANDRA NIXON SANDRA PECK SANDY MOWAT SARAH BROSNAHAN SARAH KNIGHT SARAH SMITH SARAH SOUTHWELL SCOTT CRAMER SCOTT MAY SCOTT OSBORNE SCOTT RANDALL SEAN BOURKE SEAN MURPHY SEAN SCOFFIELD SENIA AH FOOK SERJ MORARU SETH WHITE SHANE BRUNING SHANE MIDDLEMISS SHANE PRATCHETT SHANNAN FAULKNER SHARLEEN ILES SHARMI SHAH SHELLEY YOUNG SHERRIDAN WALTERS SHERRYL ANN GIBBS SILIO LUI SIMO KNEZEVIC SIMON LETELLIER SIMON RALEIGH SIMON WARRY SOLOMONE PIUTAU SOPHIE BALL SOPHIE TEA SOPHIE VELLA STACEY MONTGOMERY STACEY UNDERWOOD STEPHANIE DILEO STEPHEN MATHEWS STEVE RAYNER STEVEN FOSTER STEVEN GALLASCH STEVEN VARNUM STEVEN WYNGARD STUART BROWN STUART MCLAGAN SYDNEY GRIBOVAL TALIA SCHULZ TERESA MONTGOMERY TESS DEACON TESSA BIRD-RITCHIE THERESA RICKETTS THOMAS LE TIEC TIM BEAVER TIM SNOWDEN TINEKE FAIRWEATHER TOM PIGEAUD TORE MARGIOTTA TOSHI KONDA TRACEY BYRON TRACEY GUBB TRENT DAVIES TREV YOUNGMAN TREVOR FULTON TROY O'REILLY TROY THOMPSON TYLER THRUSSELL VANESSA HALL VANESSA HEACOCK VIC CALA VICTORIA PECOVER VICTORIA SANGSTER VIKTORIYA IVANOVA VIVIEN WADSWORTH WANDA CONSTANCE WENDY BEVINS WILHELMUS AVEAU WILLIAM MASSIE WILLIAM WILSON WILSON ALLEY XIXI LIU YVONNE LOUWERS ZOE LAWSON