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DELEGAT

THE
DELOITTE
TOP 200
AWARDS
2014

BEST GROWTH STRATEGY



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EXECUTIVE CHAIRMAN'S REPORT

Delegat Group Limited (the Group) presents its unaudited operating and financial results for the six months ended 31 December 2014.

Performance Highlights

ACHIEVED GLOBAL CASE SALES OF 1,129,000.

ACHIEVED SALES REVENUE OF \$125.6 MILLION.

RECORD OPERATING NPAT OF \$20.5 MILLION.

DELEGAT GROUP WAS AWARDED 'BEST GROWTH STRATEGY' AT THE DELOITTE TOP 200 BUSINESS AWARDS 2014.

OYSTER BAY RECEIVED THE 'HOT BRAND' AWARD FROM NEW YORK'S HIGHLY REGARDED IMPACT MAGAZINE FOR A FIFTH CONSECUTIVE YEAR.

BAROSSA VALLEY ESTATE GRENACHE SHIRAZ MOURVÈDRE 2012 WAS AWARDED A GOLD MEDAL AT THE SYDNEY INTERNATIONAL WINE COMPETITION.

The Group presents its financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The Directors continue to be of the view that the results reported under NZ IFRS do not provide adequate insight into the Group's underlying operational performance, primarily due to a number of fair value adjustments that are required to be reported on.

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

Operating Performance

A record Operating Net Profit After Tax (NPAT) of \$20.5 million was generated compared to \$20.2 million for the same period the previous year. Operating Earnings Before Interest and Tax (EBIT) of \$32.9 million is \$0.5 million higher than for the same period in the prior year. 'In-market' case price realisations are being maintained in each of the major markets.

OPERATING PERFORMANCE

NZ\$ millions	Dec 2014 Actual	Dec 2013 Actual	% change vs 2013
Sales Revenue	125.6	121.2	4%
Total Operating Revenue ¹	128.1	121.9	5%
Operating Gross Profit²	82.8	78.2	6%
Operating Gross Margin	66%	65%	
Operating Expenses ³	(49.9)	(45.8)	-9%
Operating EBIT⁴	32.9	32.4	2%
Operating EBIT % of Sales	26%	27%	
Interest and Tax	(12.4)	(12.2)	-2%
Operating NPAT⁴	20.5	20.2	2%
Operating NPAT % of Sales	16%	17%	
Operating EBITDA⁴	38.9	38.1	2%
Operating EBITDA % of Sales	31%	31%	

Notes:

¹ Total Operating Revenue is before fair value movements on biological assets and derivative instruments (if gains).

² Operating Gross Profit is before the net fair value movements on agricultural produce and the NZ IFRS adjustments excluded in Item 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 items 1, 2 and 3 above.

Delegat achieved Sales Revenue of \$125.6 million on global case sales of 1,129,000 in the six month period. Sales Revenue is up \$4.4 million on the same period last year, due to global case sales being 4% higher, which offset the impact of adverse foreign exchange rate changes. The adverse foreign exchange rate changes have resulted in case price realisation of \$111.30, compared with the \$111.90 achieved last year.

The Group's case sales performance, case price realisation and foreign currency rates achieved are detailed below:

CASE SALES, CASE PRICE REALISATION AND FOREIGN CURRENCY

Case Sales (000s)	Dec 2014 Actual	Dec 2013 Actual	% change vs 2013
UK, Ireland and Europe	327	348	-6%
North America (USA and Canada)	425	356	19%
Australia, NZ and Asia Pacific	377	379	-0%
Total Cases	1,129	1,083	4%
Case Price Realisation (\$)¹	111.3	111.9	-1%

¹ Case Price Realisation is sensitive to: foreign currency, country and product mix.

Foreign Currency Rates	Dec 2014 Actual	Dec 2013 Actual	% change vs 2013
GB£	0.4829	0.5023	4%
AU\$	0.9099	0.8510	-7%
US\$	0.7865	0.8153	4%
CA\$	0.8986	0.8521	-5%

NZ IFRS Fair Value Adjustments

In accordance with NZ IFRS, the Group is required to account for certain of their assets at 'fair value' rather than at historic cost. All movements in these fair values are reflected in and impact the Statement of Financial Performance. The Group records adjustments in respect of three significant items at the half-year reporting date:

- Biological Assets (Vines) – This represents the fair value of grapes that are growing on the vines before harvest less the associated growing costs. The net effect is a fair value write-down of \$3.1 million (2013: \$2.5 million);

- Biological Produce (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 adjustment. This represents the reversal of prior periods' fair value adjustments in respect of biological produce as finished wine is sold in subsequent years. The adjustment provides a write-down of \$7.5 million (2013: \$4.2 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 \$4.3 million (2013: \$3.4 million fair value write-up);

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

IMPACT OF 'FAIR VALUE' ADJUSTMENTS

NZ\$ millions	Dec 2014 Actual	Dec 2013 Actual	% change vs 2013
Operating NPAT	20.5	20.2	2%
Operating NPAT % of Sales	16%	17%	
NZ IFRS Fair Value Items			
Biological Assets (Vines)	(3.1)	(2.5)	-25%
Biological Produce (Grapes) ¹	(7.5)	(4.2)	-78%
Derivative Instruments	(4.3)	3.4	-227%
Other ²	(0.0)	(0.0)	91%
Total Fair Value Items	(14.9)	(3.3)	-347%
Less: Tax	4.2	0.9	364%
Fair Value Items after Tax	(10.7)	(2.4)	-341%
Reported NPAT	9.8	17.8	-45%

Notes:

¹ Biological Produce (Grapes) is the reversal of fair value adjustments in respect of biological produce sold as finished wine in subsequent years.

² Other Fair Value Items includes accounting for share-based payments.

Reconciliation of Reporting to Operating Performance

Accounting for all fair value adjustments under NZ IFRS, the Group's reported unaudited financial performance for the six months ended 31 December 2014 is reconciled to operating profit as follows:

RECONCILIATION OF REPORTING TO OPERATING PERFORMANCE

NZ\$ millions	Six months ended 31 December 2014			Six months ended 31 December 2013		
	Operating	Fair Value Adjustment	Reported	Operating	Fair Value Adjustment	Reported
Sales Revenue	125.6	–	125.6	121.2	–	121.2
Total Operating Revenue	128.1	5.7	133.8	121.9	8.1	130.0
Cost of Sales	(45.3)	(16.3)	(61.6)	(43.7)	(11.4)	(55.1)
Gross Profit	82.8	(10.6)	72.2	78.2	(3.3)	74.9
Operating Expenses	(49.9)	(4.3)	(54.2)	(45.8)	–	(45.8)
EBIT¹	32.9	(14.9)	18.0	32.4	(3.3)	29.1
Interest and Tax	(12.4)	4.2	(8.2)	(12.2)	0.9	(11.3)
NPAT²	20.5	(10.7)	9.8	20.2	(2.4)	17.8
EBIT ¹	32.9	(14.9)	18.0	32.4	(3.3)	29.1
Depreciation and Amortisation	6.0	–	6.0	5.7	–	5.7
EBITDA³	38.9	(14.9)	24.0	38.1	(3.3)	34.8

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.

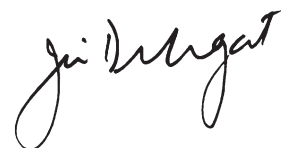
Cash Flow

The Group generated Cash Flows from Operations of \$18.6 million in the current half-year, which is an increase of \$7.1 million on the same period last year, primarily due to the higher case sales and timing of tax payments. A total of \$34.9 million was invested in additional property, plant and equipment during the period, including the development of the Marlborough and Hawke's Bay wineries, and various vineyard development activities in Marlborough, Hawke's Bay and the Barossa Valley. These significant capital projects are on course with regards to both cost and completion dates and will provide earnings growth into the years ahead. The Group distributed \$11.1 million to shareholders in dividends. Additional borrowings of \$30.0 million were drawn down to fund the increased capital investment during the six months.

The Group has Net Debt of \$179.4 million, compared to \$153.7 million at 30 June 2014 – an increase of 17%.

Looking Forward

The Directors continue to have confidence in the Group's business model and its ability to deliver sustainable earnings into the future. The Group is on target to achieve global case sales for the full year of 2,205,000, up 9% on last year, and achieve full year Operating Net Profit After Tax in line with market consensus of \$34.0 million, up 9% on last year.



JIM DELEGAT
Executive Chairman

STATEMENT OF FINANCIAL PERFORMANCE

	Unaudited Dec 2014 6 Months \$000	Audited June 2014 12 Months \$000	Unaudited Dec 2013 6 Months \$000
Sales	125,613	222,502	121,241
Fair value movement on biological assets	5,731	4,419	4,713
Other revenue	2,495	4,839	4,058
Revenue	133,839	231,760	130,012
Cost of sales	61,584	80,366	55,154
Gross profit	72,255	151,394	74,858
Selling, marketing and promotion expenses	42,372	71,117	38,342
Corporate governance expenses	442	859	489
Administration expenses	11,419	11,488	6,946
Finance costs	4,425	8,446	4,187
Total expenses	58,658	91,910	49,964
Profit before income tax	13,597	59,484	24,894
Income tax expense	3,819	16,887	7,106
Profit for the Period attributable to Shareholders of the Parent Company	9,778	42,597	17,788
Earnings Per Share			
– Basic earnings per share (cents per share)	9.67	42.14	17.62
– Fully diluted earnings per share (cents per share)	9.67	42.12	17.59

The accompanying notes form part of these financial statements

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Dec 2014 6 Months \$000	Audited June 2014 12 Months \$000	Unaudited Dec 2013 6 Months \$000
Profit after income tax			
<i>Other comprehensive income that may subsequently be classified to the profit and loss:</i>	9,778	42,597	17,788
– Translation of foreign subsidiaries	482	(1,097)	(570)
– Income tax relating to components of other comprehensive income	–	–	–
Total comprehensive income for the period, net of tax	10,260	41,500	17,218
Comprehensive income attributable to Shareholders of the Parent Company	10,260	41,500	17,218

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014 (Unaudited)

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

For the twelve months ended 30 June 2014 (Audited)

	Share Capital	Foreign Currency Translation Reserve	Share- based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2013	49,412	(3,067)	601	170,446	217,392
Changes in equity for the year ended 30 June 2014					
<i>Other comprehensive income</i>					
– 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
<i>Equity Transactions</i>					
– Shares issued	300	–	(51)	–	249
– Dividends paid to shareholders	–	–	19	(10,116)	(10,097)
– Share-based payments expense	–	–	16	–	16
Audited 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 CHANGES IN EQUITY *continued*

For the six months ended 31 December 2013
(Unaudited)

	Share Capital	Foreign Currency Translation Reserve	Share- based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2013	49,412	(3,067)	601	170,446	217,392
Changes in equity for the period ended 31 December 2013					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	(570)	–	–	(570)
Total other comprehensive income	–	(570)	–	–	(570)
– Net profit for the period	–	–	–	17,788	17,788
Total comprehensive income for the period	–	(570)	–	17,788	17,218
<i>Equity Transactions</i>					
– Dividends paid to shareholders	–	–	19	(10,116)	(10,097)
– Share-based payments expense	–	–	10	–	10
Unaudited balance at 31 December 2013	49,412	(3,637)	630	178,118	224,523

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

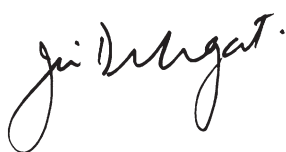
	Unaudited Dec 2014 \$000	Audited June 2014 \$000	Unaudited Dec 2013 \$000
Equity			
Share capital	49,712	49,712	49,412
Foreign currency translation reserve	(3,682)	(4,164)	(3,637)
Share-based payment reserve	593	585	630
Retained earnings	201,576	202,927	178,118
Total Equity	248,199	249,060	224,523
Liabilities			
Current Liabilities			
Trade payables and accruals	25,614	33,512	30,206
Derivative financial instruments	1,138	563	670
Income tax payable	2,352	2,431	332
	29,104	36,506	31,208
Non-Current Liabilities			
Deferred tax liability	33,205	33,005	30,988
Derivative financial instruments	1,949	–	–
Interest-bearing loans and borrowings (unsecured)	186,877	157,958	154,668
	222,031	190,963	185,656
Total Liabilities	251,135	227,469	216,864
Total Equity and Liabilities	499,334	476,529	441,387

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION *continued*

	Unaudited Dec 2014 \$000	Audited June 2014 \$000	Unaudited Dec 2013 \$000
Assets			
Current Assets			
Cash and cash equivalents	7,475	4,218	6,077
Trade and other receivables	56,868	44,698	51,726
Derivative financial instruments	449	1,561	1,701
Income tax receivable	339	508	949
Inventories	92,029	112,560	74,075
	157,160	163,545	134,528
Non-Current Assets			
Property, plant and equipment	271,215	246,547	241,807
Biological assets	69,507	64,112	63,126
Intangible assets	1,419	1,294	–
Derivative financial instruments	–	675	1,340
Deferred tax asset	33	356	586
	342,174	312,984	306,859
Total Assets	499,334	476,529	441,387

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



JN Delegat, Executive Chairman



GS Lord, Managing Director

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

Note	Unaudited Dec 2014 6 Months \$000	Audited June 2014 12 Months \$000	Unaudited Dec 2013 6 Months \$000
Operating Activities			
Cash was provided from			
Receipts from customers	122,720	217,470	111,808
Interest received	14	40	5
Income tax received	–	53	–
Net GST received	101	199	723
	122,835	217,762	112,536
Cash was applied to			
Payments to suppliers and employees	89,218	158,300	83,805
Payments to grape growers	7,361	18,345	5,864
Interest paid	4,428	8,271	4,307
Income tax paid	3,211	12,058	7,020
	104,218	196,974	100,996
Net Cash Inflows from Operating Activities	18,617	20,788	11,540
Investing Activities			
Cash was provided from			
Proceeds from sale of property, plant and equipment	604	957	197
Dividends received	6	21	19
	610	978	216
Cash was applied to			
Purchase of property, plant and equipment	33,742	28,025	17,219
Purchase of biological assets	–	894	51
Purchase of intangible assets	171	1,180	–
Capitalised interest paid	961	873	250
Capitalised lease payments	15	135	84
Acquisition of subsidiaries	–	1,810	–
	34,889	32,917	17,604
Net Cash Outflows from Investing Activities	(34,279)	(31,939)	(17,388)

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

continued

	Unaudited Dec 2014 6 Months \$000	Audited June 2014 12 Months \$000	Unaudited Dec 2013 6 Months \$000
Financing Activities			
Cash was provided from			
Proceeds from issue of shares	–	249	–
Proceeds from borrowings	29,975	22,840	19,529
	29,975	23,089	19,529
Cash was applied to			
Dividends paid to shareholders	11,121	10,116	10,112
	18,854	12,973	9,417
Net Cash Inflows from Financing Activities	18,854	12,973	9,417
Net Increase in Cash Held	3,192	1,822	3,569
Cash and cash equivalents at beginning of the year	4,218	2,570	2,570
Effect of exchange rate changes on foreign currency balances	65	(174)	(62)
Cash and Cash Equivalents at End of the Period	7,475	4,218	6,077

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, registered under the Companies Act 1993, and is an issuer in terms of the Financial Reporting Act 1993. The Parent shares are publicly traded on the New Zealand Stock Exchange.

The financial statements for the Group for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 27 February 2015.

Basis of Preparation

The interim consolidated financial statements of the Group are for the six months ended 31 December 2014 and have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and NZ IAS 34: Interim Financial Reporting. Accounting policies applied in these interim financial statements comply with New Zealand equivalents to International Financial Reporting Standards, other applicable Financial Reporting Standards (NZ IFRS) and NZ IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (February 2015) as applicable to the Group as a profit-oriented entity.

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

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

Financial Instruments

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

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year. Refer to the published financial statements for the year ended 30 June 2014 for a complete listing of the Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

1. Segment Reporting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *continued*

1. Segment Reporting (continued)

For the 6 months ended 31 December 2014	Delegat Limited \$000	Delegat Australia Pty Limited \$000	Delegat Europe Limited \$000	Delegat USA, Inc. \$000	Other Segments \$000	Eliminations and Adjustments ⁸ \$000	31 December 2014 Consolidated \$000
Operating income							
External sales ⁶	28,077	34,765	32,571	28,784	1,416	–	125,613
Internal sales	80,419	–	–	–	2,393	(82,812)	–
Total segment revenues¹	108,496	34,765	32,571	28,784	3,809	(82,812)	125,613
Interest revenue	9	5	–	–	2,419	(2,419)	14
Fair value adjustments							
Biological assets increase	5,559	–	–	–	172	–	5,731
Operating expenses							
Interest expense ²	6,202	–	–	1	641	(2,419)	4,425
Depreciation and amortisation ³	5,432	65	8	48	454	–	6,007
Income tax expense/(credit) ⁴	2,407	232	233	452	600	(105)	3,819
Segment profit/(loss)	6,877	538	877	569	1,187	(270)	9,778
Assets							
Segment assets ^{5,9}	434,975	19,965	16,998	11,312	100,070	(83,986)	499,334
Capital expenditure	31,110	14	–	112	1,662	–	32,898
Segment liabilities	258,560	11,858	10,261	6,127	44,421	(80,092)	251,135

¹ Inter-segment revenues are eliminated on consolidation. Intercompany profit margins are also eliminated.

² Interest expense is net of any capitalised interest to long-term assets. During the period \$961,000 was capitalised to long-term assets (December 2013: \$250,000).

³ For the six months ended 31 December 2014 depreciation and amortisation expenses incurred includes \$3,306,000 (December 2013: \$3,595,000) which has been included within inventory.

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

⁵ Segment assets include the value of investments and loan balances for subsidiaries which reside in Delegat's however do not include the effects of stock margin eliminations for stock on hand in subsidiaries as these are managed on a Group basis.

NOTES TO THE FINANCIAL STATEMENTS *continued*

1. Segment Reporting (continued)

For the 6 months ended 31 December 2013	Delegat Limited \$000	Delegat Australia Pty Limited \$000	Delegat Europe Limited \$000	Delegat USA, Inc. \$000	Other Segments \$000	Eliminations and Adjustments ⁸ \$000	31 December 2013 Consolidated \$000
Operating income							
External sales ⁷	25,910	36,492	33,742	23,398	1,699	–	121,241
Internal sales	80,487	–	–	–	257	(80,744)	–
Total segment revenues¹	106,397	36,492	33,742	23,398	1,956	(80,744)	121,241
Interest revenue	4	4	–	–	2,281	(2,276)	13
Fair value adjustments							
Biological assets increase	4,713	–	–	–	–	–	4,713
Operating expenses							
Interest expense ²	5,966	–	–	–	497	(2,276)	4,187
Depreciation and amortisation ³	5,154	75	9	34	449	–	5,721
Income tax expense/(credit) ⁴	6,646	242	270	372	(409)	(15)	7,106
Segment profit/(loss)	16,926	562	899	564	(1,120)	(43)	17,788
Assets							
Segment assets ^{5,9}	374,787	21,672	16,460	8,694	110,943	(91,169)	441,387
Capital expenditure	15,748	24	5	57	926	–	16,760
Segment liabilities	237,850	14,214	11,167	4,876	36,408	(87,651)	216,864

⁶ For the six months ended 31 December 2014 Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$13,191,000.

⁷ For the six months ended 31 December 2013 Delegat Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$17,399,000.

⁸ The elimination and adjustments of segment profit, assets and liabilities relate to intercompany transactions and balances which are eliminated on consolidation.

⁹ Other segments' assets include non-current assets of Barossa Valley Estate Pty Limited of \$22,670,000 (December 2013: \$18,831,000) which are located in Australia.

NOTES TO THE FINANCIAL STATEMENTS *continued*

2. Reconciliation of Profit for the Period with Net Cash Inflows from Operating Activities

	Unaudited Dec 2014 6 Months \$000	Audited June 2014 12 Months \$000	Unaudited Dec 2013 6 Months \$000
Reported profit after tax	9,778	42,597	17,788
Plus items not involving cash flows			
Fair value movement on biological assets	(5,731)	(4,419)	(4,713)
Amortisation of leases	101	421	218
Depreciation expense	5,906	11,323	5,503
Other non-cash items	955	(1,254)	(957)
Loss on disposal of assets	230	646	741
Movement in derivative financial instruments	4,311	(2,712)	(3,410)
Movement in deferred tax assets	323	(123)	(353)
Movement in deferred tax liabilities	200	5,547	3,530
	16,073	52,026	18,347
Movement in working capital balances are as follows:			
Trade payables and accruals	(7,898)	(233)	(3,539)
Trade and other receivables	(12,170)	(7,605)	(14,633)
Inventories	20,531	(25,224)	13,261
Income tax	90	(533)	(3,073)
	553	(33,595)	(7,984)
Deduct items classified as investing and financing activities			
Capital purchases included within trade payables and inventories	1,991	546	1,177
Acquisition costs	–	1,811	–
	2,544	(31,238)	(6,807)
Net Cash Inflows from Operating Activities	18,617	20,788	11,540

NOTES TO THE FINANCIAL STATEMENTS *continued*

3. Acquisition and Disposal of Assets

During the six months ended 31 December 2014 the Group incurred total capital expenditure of \$32,898,000 (six months ended 31 December 2013: \$16,760,000). There were no significant asset disposals in the six month period ended 31 December 2014.

4. Capital Commitments

The estimated capital expenditure contracted for at 31 December 2014 but not provided for is \$15,510,000 (31 December 2013: \$7,443,000).

5. Events Subsequent to Balance Sheet Date

On 2 December 2014, the 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.

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