



Half Yearly Report | December 31 2018



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*made by
land &
hand*

A collection of iconic wineries and brands from New Zealand's most acclaimed wine regions

Each with a unique story of New Zealand to tell, our wineries are linked by a common unrelenting purpose; to make great wine that people love to drink around the world – made by land & hand.

Our wineries & distillery



Martinborough Vineyard

Martinborough



Te Kairanga

Martinborough



Lighthouse Gin

Martinborough



Grove Mill

Wairau Valley, Marlborough



Vavasour

Awaitere Valley, Marlborough



Mt Difficulty

Central Otago

Half year highlights

Continuous momentum

Bottled sales revenue	\$21.1m + 13.8%
Operating earnings	\$2.387m + 145.8%
Export cases	210,000 dozen + 46.8%
Profit for period after tax	\$1.672m + 461%
Operating cash flow	\$4.936m + 17.2%

Completion of Mt Difficulty purchase on 3 January 2019

Lion NZ Ltd subscribed for shares in FWL



CEO's summary

Operating performance

The first six months results reflect the continued progress the company is making, both in terms of financial performance and in completing two key strategic initiatives outlined over the last 12 to 18 months.

The completion of the Mt Difficulty purchase was extremely satisfying against a background of significant uncertainty with the gaining of OIO approval. However our tenacity paid off and the Government approved the transaction in December 2018. As a consequence of this approval, we were delighted that Lion NZ Ltd (Lion) subscribed for their shareholding in our company.

The partnership with Lion is a critical component of our growth strategy in New Zealand. The initial period of the partnership is 10 years which enables us to work together to formulate a long term strategy of building our brands in New Zealand.

The financial results show an improved performance across the board. Operating earnings (or underlying profit) is a key metric we focus on due to the complexities around the accounting standards in terms of fair value adjustments. We believe that focussing on operating earnings gives our investors the best metric when comparing one year with another.

In the first six months our operating profit of \$2.387m was up 145.8% compared with the previous year. Operating cash flow of \$4.936m was up 17.2% as a result of improved sales in the period.

Profit for the period net of tax attributable for the shareholders was \$1.672m, up 461% compared with \$0.298m the previous year.



Export case sales



Australia

74,000 cases

+45 %



USA/Canada

75,000 cases

+65%



UK/Europe

49,000 cases

+41%



Rest of world

11,000 cases

+0%



Sales performance

Export sales growth

Our overall export cases (packaged) shipped grew by 46.8% for the period. This compares very favourably to recently published data from New Zealand Wine Growers indicating that packaged wine export volumes for the industry declined by 0.5%.

It is particularly pleasing to see our relationships with trading partners in key markets continue to gain strength. This is testament to two key factors. First and foremost is the quality of our world-class portfolio, which is gaining attention world-wide. Secondly, we now have the ability to supply brands from our five wineries and distillery, across three acclaimed regions, in one shipment. For trading partners who increasingly want to reduce the number of suppliers they deal with, having one point of contact for such a diverse, high quality portfolio offers real value.

In January it was resolved to consolidate all our USA business to Foley Family Wines Inc. (FFW USA), a business owned by Bill Foley and his family. This represents an exciting new era for our brands with access to over 150 sales personnel employed by the Foley Group in the USA, plus the addition of two new dedicated personal committed to our New Zealand portfolio. Mt Difficulty will also transition to FFW USA during the next period. The USA represents a critical market for us and we are very optimistic about what we can achieve with access to this significant network.





Sales performance

New Zealand – in line with expectations

59,000 dozen, -25%.

Our New Zealand performance reflected disruption as we moved the majority of our business to Lion and is in line with expectations. In our annual report we stated that we needed to implement a new pricing and promotional strategy in New Zealand when Lion was appointed. We are pleased to report that while our volume has decreased by 25% for the first six months our margin per case from New Zealand sales is up 100%.

We expect it will take some time to rebuild our volume to previous levels. However, we have transitioned from a box moving mentality to one of long-term brand building. Once we do achieve our previous level of New Zealand sales it will materially affect our financial performance.

Mt Difficulty

Page 22 sets out the breakdown of the consideration for Mt Difficulty.

Mt Difficulty case sales for the six months ended 31 December was 41,000 at average case realisation of \$150 (excluding excise tax). Please note these case sales are not included within our financials.

At the time of due diligence it was estimated that Mt Difficulty would generate EBITDA in the range of \$5m to \$6m. While some time has elapsed since this work was completed, we do not have any reason to think that this isn't achievable for the year ended 30 June 2020. Naturally exchange rates, 2019 harvest and timing of the cellar door redevelopment are factors to be considered.





Outlook

Positive outlook on vintage, volumes and earnings.

We are pleased to report that the wineries are empty going into harvest with no holdover wines as a result of strong sales. This means we have the ability to maximise the winery capacity, which will have a positive impact on cost of goods.

Our teams in all regions are expecting high quality fruit at volumes which will allow us to fill our wineries. While there are some reports of concerns in the industry regarding a lack of water having a bearing on yields, we are in a good position in terms of water management.

In terms of earnings guidance, we have already achieved 87% of the full year underlying earnings of the previous year of \$2.752m. On this basis we are working hard to achieve approximately \$5m of operating earnings in the full year inclusive of all costs associated with the Mt Difficulty transaction. We must be mindful that exchange rates can have a significant affect and in particular the Australian dollar has adversely affected profitability in recent times.

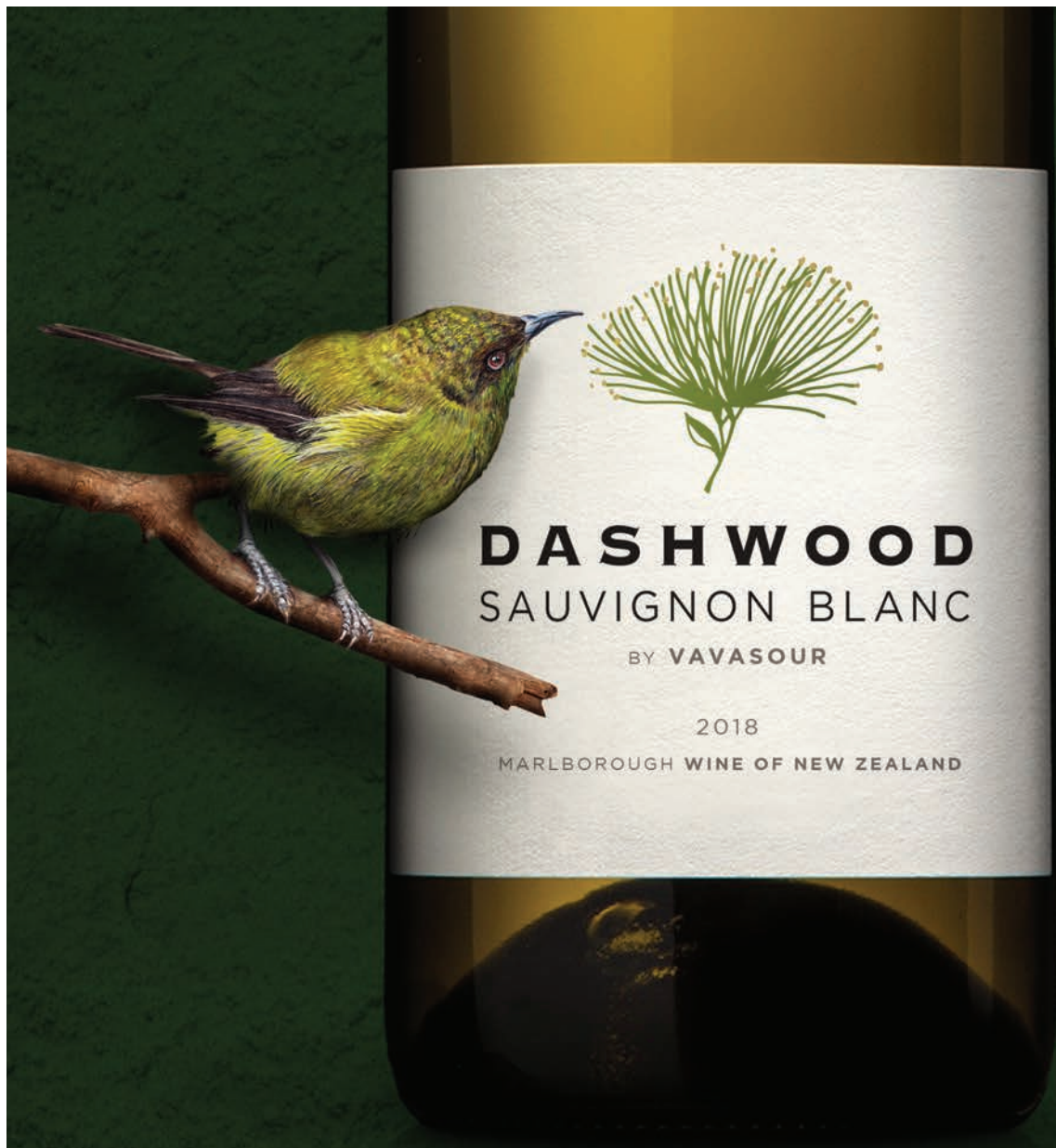


I came. I vavasour. I conquered.

THEY ONCE DECLARED MARLBOROUGH'S AWATERE VALLEY TOO EXTREME FOR VINES. BUT WE KNOW THIS PLACE; HOW THE STONY SOIL AND UNFORGIVING CLIMATE - WHEN HANDLED WITH INTIMATE UNDERSTANDING - CONSPIRE TO CREATE WINES OF GREATER COMPLEXITY, PERFUME AND EXTRAORDINARY ELEGANCE. VAVASOUR PUT THE AWATERE ON THE WORLD WINEMAKING MAP. WE STARTED THIS APPELLATION AND WE HAVEN'T FINISHED YET.



Stu Marfell, Winemaker of the Show, New Zealand International Wine Show 2018
Vavasour Sauvignon Blanc 2018, Gold, New Zealand International Wine Show 2018
Vavasour Sauvignon Blanc 2017, Best in Show, Decanter World Wine Awards 2018
Vavasour Sauvignon Blanc, Fine Wines of New Zealand, 2016, 2017, 2018



IN TUNE, ON SONG
SAME WINEMAKER ALL ALONG

It's the secret that's been hiding in plain sight.

Year in, year out, astute wine lovers and judges applaud Dashwood's ability to consistently over-deliver on quality. Another trophy and more swathes of gold at this year's major shows prompt us to reveal just why this quietly acclaimed label is considered such a steal. Vibrant, delicate, perfectly balanced Dashwood is Vavasour's little brother. From the same winery, crafted in small parcels, by the same hands – none other than Stu Marfell, The New Zealand International Wine Show's 2018 Winemaker of the Show. So, the secret of our shared DNA is out: same pedigree, same passion, yet uniquely different stylish expression.





A BEACON FOR GIN LOVERS.

Handcrafted and batch distilled in Martinborough by Rachel Hall

Rachel Hall

Financial statements

Income statement

For the six months ended 31 December 2018

	Note	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Restated Unaudited 6 Months 31 Dec 2017 Group \$'000
Revenue	3	23,153	42,078	20,423
Expenses				
Cost of sales		(16,105)	(30,622)	(15,098)
Selling, marketing and promotion expenses		(2,172)	(4,721)	(2,317)
Administration and corporate governance expenses		(1,453)	(2,491)	(1,194)
Non-recurring expenses	3	(563)	(375)	(227)
Expenses excluding interest		(20,293)	(38,209)	(18,836)
Profit before interest, impairment, revaluations and income tax		2,860	3,869	1,587
Interest revenue		16	1	-
Interest expense	4	(519)	(1,081)	(550)
Net finance costs		(503)	(1,080)	(550)
Profit before impairment, revaluations and income tax		2,357	2,789	1,037
Impairment				
Impairment of trade and other receivables		-	-	-
Impairment of inventory		30	(37)	(66)
Profit before revaluations and income tax		2,387	2,752	971
Revaluation gains and losses				
Unrealised gain/(loss) in fair value of financial asset/liabilities	9	201	(229)	(132)
Unrealised (loss)/gain on harvested grapes		-	1,084	-
Realised reversal of (gain)/loss on harvested grapes		(265)	(812)	(425)
Revaluation of property, plant & equipment		-	(153)	-
Profit before income tax	3	2,323	2,642	414
Income tax expense		(651)	(837)	(116)
Profit for the period net of tax, attributable to Shareholders of the Parent Company		1,672	1,805	298
Basic Earnings per share cps (after tax)	5	3.10	3.46	0.57
Diluted Earnings per share cps (after tax)	5	2.71	3.00	0.50

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Statement of comprehensive income

For the six months ended 31 December 2018

	Note	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
Profit for the period		1,672	1,805	298
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment		-	3,701	-
Income tax on items taken directly to or transferred from equity		-	(601)	-
Other comprehensive income for the period, net of tax		-	3,100	-
Total comprehensive income for the period, net of tax		1,672	4,905	298

Statement of changes in equity

For the six months ended 31 December 2018

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Unaudited 6 Months 31 December 2018 Group					
Equity at 1 July 2018		66,518	13,337	14,627	94,482
Profit for the period		-	-	1,672	1,672
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/(expense) for the period		-	-	1,672	1,672
Distributions to owners	6	-	-	(1,590)	(1,590)
Contributions by owners	7	20,000	-	-	-
Transactions with owners during period		-	-	(1,590)	(1,590)
Added to equity during the period		-	-	82	82
Equity at 31 Dec 2018		86,518	13,337	14,709	114,564
Dividends paid per share cps	6				3.0

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Statement of changes in equity (continued)

For the six months ended 31 December 2018

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Audited 12 Months 30 June 2018 Group					
Equity at 1 July 2017		66,518	10,202	14,424	91,144
Profit for the period		-	-	1,805	1,805
Other comprehensive income for the period		-	3,135	(35)	3,100
Total comprehensive income for the year		-	3,135	1,770	4,905
Distribution to owners	6	-	-	(1,567)	(1,567)
Contributions by owners	7	-	-	-	-
Transactions with owners during year		-	-	(1,567)	(1,567)
Added to equity during the year		-	3,135	203	3,338
Equity at 30 June 2018		66,518	13,337	14,627	94,482
Dividends paid per share cps	6				3.0
Unaudited 6 Months 31 December 2017 Group					
Equity at 1 July 2017		66,518	10,202	14,424	91,144
Profit for the period		-	-	298	298
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/(expense) for the period		-	-	298	298
Distributions to owners	6	-	-	(1,567)	(1,567)
Contributions by owners	7	-	-	-	-
Transactions with owners during period		-	-	(1,567)	(1,567)
Added to equity during the period		-	-	(1,269)	(1,269)
Equity at 31 Dec 2017		66,518	10,202	13,155	89,875
Dividends paid per share cps	6				3.0

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Statement of financial position

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group Note	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
CURRENT ASSETS			
Cash and cash equivalents	24,443	2,768	1,589
Trade and other receivables	8,270	9,043	8,335
Other financial assets	111	-	34
Inventories	23,036	30,207	25,105
Biological work in progress	4,220	873	4,035
Current tax assets	-	67	424
Prepaid expenses	840	468	779
	60,920	43,426	40,301
NON-CURRENT ASSETS			
Property, plant and equipment	74,255	74,634	71,047
Intangible assets	13,053	13,053	13,053
Deferred tax assets	128	128	112
	87,436	87,815	84,212
TOTAL ASSETS	148,356	131,241	124,513

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Statement of financial position (continued)

For the six months ended 31 December 2018

		Unaudited 6 Months 31 Dec 2018	Audited 12 Months 30 Jun 2018	Unaudited 6 Months 31 Dec 2017
	Note	Group \$'000	Group \$'000	Group \$'000
CURRENT LIABILITIES				
Trade and other payables		2,232	4,903	2,793
Loans and borrowings		1,000	1,002	1,000
Convertible notes		10,900	10,900	10,900
Current tax liabilities		294	-	-
Other financial liabilities		8	84	-
		14,434	16,889	14,693
NON-CURRENT LIABILITIES				
Loans and borrowings		7,500	8,000	8,500
Other financial liabilities		-	14	35
Deferred tax liabilities		11,858	11,856	11,410
		19,358	19,870	19,945
TOTAL LIABILITIES		33,792	36,759	34,638
EQUITY				
Share capital	7	86,518	66,518	66,518
Reserves		13,337	13,337	10,202
Retained earnings		14,709	14,627	13,155
TOTAL EQUITY		114,564	94,482	89,875
TOTAL LIABILITIES AND EQUITY		148,356	131,241	124,513

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Statement of cash flows

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers	24,534	44,599	21,851
Insurance proceeds	602	994	994
Interest received	16	1	-
Payments to suppliers and employees	(19,410)	(35,670)	(16,951)
Interest and other costs of finance paid	(519)	(1,081)	(550)
Income tax paid	(287)	(1,668)	(1,134)
Net cash flow from operating activities	4,936	7,175	4,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment	15	17	5
Purchase of property, plant and equipment and biological assets	(1,184)	(2,121)	(821)
Net cash flow from investing activities	(1,169)	(2,104)	(816)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided for (applied to)			
Issue of equity share capital	20,000	-	-
Dividends paid	(1,590)	(1,567)	(1,567)
Loans repaid	(502)	(999)	(501)
Net cash flow from financing activities	17,908	(2,566)	(2,068)
Net increase in cash held	21,675	2,505	1,326
Cash and cash equivalents at beginning of period	2,768	263	263
Cash and cash equivalents at end of period	24,443	2,768	1,589
Comprising: Cash and cash equivalents	24,443	2,768	1,589
	24,443	2,768	1,589

These financial statements should be read in conjunction with the Notes to the financial statements on pages 15 to 22

Notes to financial statements

Notes to the financial statements

For the six months ended 31 December 2018

1. ACCOUNTING PERIOD

The unaudited financial statements presented are for Foley Wines Limited (“the Company”, “the Parent”) and its subsidiaries (together referred to as “the Group”) and cover the six month period to 31 December 2018. These condensed financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Statements and should be read in conjunction with Foley Family Wines Limited’s Annual Report for the year ended 30 June 2018. The financial statements were authorised for issue by the Directors on 27 February 2019.

2. ACCOUNTING POLICIES

The same accounting policies and methods of computation are followed in the interim financial statements as were followed in the annual financial statements for the year ended 30 June 2018 with the exception of taxation.

Taxation

Income tax expense has been recorded in these financial statements on the basis of 28% of profit/(loss) before income tax. Any deferred benefits have not been brought to account. This is consistent with the prior year.

There have been no changes in accounting policies during the period.

Notes to the financial statements (continued)

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Restated Unaudited 6 Months 31 Dec 2017 Group \$'000
3. PROFIT FOR THE PERIOD			
Included in profit before income tax for the period are the following:			
REVENUE:			
Sales revenue – sale of goods – bottled wine	21,137	38,084	18,574
Sales revenue - other	1,414	3,994	1,849
Total sales revenue	22,551	42,078	20,423
Other revenue – insurance proceeds	602	-	-
	23,153	42,078	20,423
EXPENSES:			
Depreciation	1,459	2,654	1,420
Directors' fees	77	147	80
Employee benefits expense:			
- Short-term employee benefits	3,008	6,421	2,964
Excise duty and HPA (ALAC) levy	1,606	3,839	2,103
Fees paid to auditors (PwC):			
- Audit of the financial statements (fees and disbursements)	37	71	36
Non-recurring expenses			
- Mergers and acquisitions	100	375	227
- Insurance claim related expenses	425	-	-
- Capital raising costs	38	-	-
4. INTEREST EXPENSE			
Loan interest and other costs of finance paid	519	1,081	550

Notes to the financial statements (continued)

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
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5. EARNING PER SHARE

Basic Earnings per share (\$)	3.10	3.46	0.57
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The calculation is based on NZIFRS earnings of the Group of \$1,672,000 (30Jun18 \$1,805,000; 31Dec17 \$298,000) and the weighted average of 53,880,519 ordinary shares on issue during the period (30Jun18 52,222,534; 31Dec17 52,222,534).

Diluted Earnings per share (\$)	2.71	3.00	0.50
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The calculation is based on NZIFRS earnings of the Group of \$1,672,000 (30Jun18 \$1,805,000; 31Dec17 \$298,000) and the weighted average of 61,743,544 ordinary shares on issue during the period (30Jun18 60,085,559; 31Dec17 60,085,559).

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	31Dec2018 Number of shares	30Jun2018 Number of shares	31Dec2017 Number of shares
Weighted average number of ordinary shares (Basic)	53,880,519	52,222,534	52,222,534
Convertible notes outstanding at period end	7,863,025	7,863,025	7,863,025
Weighted average number of ordinary shares (Diluted)	61,743,544	60,085,559	60,085,559

Notes to the financial statements (continued)

For the six months ended 31 December 2018

6. DIVIDENDS PAID PER SHARE

The calculation of dividends per share in respect of the interim 2019 period is based on the final dividend for 2018 paid in September totalling \$1,590,000 (30Jun18: \$1,567,000; 31Dec17: \$1,567,000).

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
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7. SHARE CAPITAL

FULLY PAID UP ORDINARY SHARES

Balance at beginning of period	66,518	66,518	66,518
Movements in share capital	20,000	-	-
Balance at end of period	86,518	66,518	66,518
Number of fully paid ordinary shares	65,736,148	52,222,534	52,222,534

There were 13,513,614 shares issued during the period at \$1.48 per share (30Jun18 and 31Dec17: Nil) - 765,634 on 3 July 2018 under the Share Purchase Plan and 12,747,980 on 19 December 2018 as Share Placements.

Notes to the financial statements (continued)

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
8. NET CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT AFTER INCOME TAX FOR THE PERIOD	1,672	1,805	298
NON-CASH ITEMS:			
Depreciation	1,459	2,654	1,420
Increase/(decrease) in deferred tax	2	(155)	15
Impairment loss/(gain) recognised on trade and other receivables	-	-	-
Impairment loss/(gain) recognised on inventories	(30)	37	66
Adjustments resulting from revaluation of grapes	265	(272)	425
Loss on disposal of property, plant and equipment	89	14	-
Loss on asset revaluations	-	153	-
	1,785	2,431	1,926
MOVEMENTS IN WORKING CAPITAL BALANCES:			
Trade and other receivables	773	521	1,229
Inventories	6,936	2,615	6,991
Biological work in progress	(3,347)	(167)	(3,329)
Prepaid expenses	(372)	(165)	(476)
Trade and other payables	(2,671)	582	(1,528)
Other financial assets/liabilities	(201)	229	132
Current tax assets/liabilities	361	(676)	(1,033)
	1,479	2,939	1,986
NET CASH FLOW FROM OPERATING ACTIVITIES	4,936	7,175	4,210

9. FINANCIAL INSTRUMENTS

Change in fair value of financial assets/liabilities consists of:

Foreign currency forward contracts	191	(256)	(143)
Foreign currency option contracts	-	(6)	(5)
Interest rate swaps	10	33	16
	201	(229)	(132)

Notes to the financial statements (continued)

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$	Audited 12 Months 30 Jun 2018 Group \$	Unaudited 6 Months 31 Dec 2017 Group \$
10. NET TANGIBLE ASSETS			
Net tangible assets per share	1.54	1.56	1.47

11. RELATED PARTY TRANSACTIONS

- (a) Material transactions with related parties during the period are set out below:
- i. Sales were made to Foley Family Wines, Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Wines Limited. Sales for the period were \$4,615,000 for the Group (Jun18: \$5,227,000; Dec17: \$2,009,000).
 - ii. Marketing support services were provided by Foley Family Wines Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Wines Limited. Marketing support charges for the period were \$54,000 for the Group (Jun18: \$101,000; Dec17: \$53,000).
 - iii. Interest was paid/payable to Foley Family Wines Holdings, New Zealand Limited the parent of the Foley Wines Limited under the convertible note. Interest paid/payable for the period was \$357,000 for the Group (Jun18: \$709,000; Dec17: \$357,000).
 - iv. Sales were made to EuroVintage Limited, a 50% associate of the parent company of Foley Wines Limited (until 30 November 2018). Sales for the period were \$1,569,000 for the Group (Jun18: \$12,980,000; Dec17: \$6,902,000). Management fees and the funding of promotional activity such as bonus stock relating to these sales of \$55,000 were charged by EuroVintage during the period (Jun18: \$1,628,000; Dec17: \$766,000). Sales from EuroVintage to the Group during the period totalled \$5,000 (Jun18: \$41,000; Dec17: \$4,000).
 - v. Sales were made to, and administration services provided to, Wharekauhau Country Estate Limited, a luxury lodge 74.6% owned by Bill Foley, the majority shareholder of the ultimate parent. Sales for the period totalled \$13,000 for the Group (Jun18: \$33,000; Dec17: \$16,000). Administration Charges for the period totalled \$1,000 for the Group (Jun18: \$6,000; Dec17 \$3,000). Accommodation and function facilities provided by Wharekauhau to the Company during the period totalled \$10,000 (Jun18: \$35,000; Dec17: \$15,000).
 - vi. Lighthouse Gin product was purchased for global distribution from Lighthouse Distillery Limited, a company owned by Mark Turnbull, CEO and Director of Foley Wines Limited. Purchases during the period totalled \$288,000 (Jun18: \$362,000; Dec17: \$134,000). Administration services, rental, electricity and contract distilling services were provided to Lighthouse Distillery Limited during the period of \$28,000 (Jun18: \$41,000; Dec17: \$21,000).

Notes to the financial statements (continued)

For the six months ended 31 December 2018

	Unaudited 6 Months 31 Dec 2018 Group \$'000	Audited 12 Months 30 Jun 2018 Group \$'000	Unaudited 6 Months 31 Dec 2017 Group \$'000
11. RELATED PARTY TRANSACTIONS (CONTINUED)			
(b) Amounts owing to related parties at balance date:			
Foley Family Wines Inc.	36	27	27
Foley Family Wines Holdings, New Zealand Limited – convertible note	10,900	10,900	10,900
EuroVintage Limited*	-	97	205
Wharekauhau Country Estate Limited	3	1	5
Lighthouse Distillery Limited	57	37	45
(c) Amounts owing from related parties at balance date:			
Foley Family Wines Inc.	2,693	1,707	941
EuroVintage Limited*	-	1,096	2,091
Wharekauhau Country Estate Limited	-	6	5
Lighthouse Distillery Limited	8	31	24

*EuroVintage Limited ceased to be a related party on 30 November 2018 when Foley Family Wines Holdings, New Zealand Limited, parent of Foley Wines Limited, sold its shareholding in that company.

12. FOREIGN CURRENCY EXCHANGE RATES

The following spot foreign exchange rates have been applied at balance date:

	31 Dec 2018 FWL Buy	31 Dec 2018 FWL Sell	30 June 2018 FWL Buy	30 June 2018 FWL Sell	31 Dec 2017 FWL Buy	31 Dec 2017 FWL Sell
NZ \$1.00 =						
Australian dollar	0.9464	0.9540	0.9160	0.9212	0.9061	0.9117
United States dollar	0.6674	0.6740	0.6724	0.6775	0.7055	0.7109
Great British pound	0.5255	0.5307	0.5143	0.5184	0.5244	0.5286
Euro	0.5828	0.5888	0.5817	0.5864	0.5899	0.5947

Notes to the financial statements (continued)

For the six months ended 31 December 2018

13. SUBSEQUENT EVENTS

On 3 January 2019 the Company completed its purchase of the assets and business of Mt Difficulty Wines.

Based on a preliminary assessment the impact of this acquisition on the balance sheet is estimated to be as follows:

	\$'000
Cash	1
Trade and other receivables	381
Inventories	8,612
Biological work in progress	2,569
Prepayments	37
Property, plant and equipment	24,229
Total assets acquired	35,829
Trade and other payables	(247)
Deferred tax	(1,076)
Other financial liabilities	(5,454)
Total liabilities acquired	(6,777)
Net assets acquired	29,052
Goodwill on acquisition	17,627
Total net assets acquired	46,679
Funded as follows:	
Liabilities – Loans and borrowings	26,679
Equity – Share capital	20,000
Total	46,679

The Other financial liabilities consists of the Fair Value (Net Present Value) of the Net Working Capital Adjustment Amount of \$404,000 required to be paid in February 2019 and the Deferred Consideration of \$5,200,000 which is due to be paid on 3 July 2020 in accordance with the Sale and Purchase Agreement.

The above assessment may change as not all of the information required to complete the full assessment for audit has been received at the date of finalising this Report.

No other material events have occurred since balance date.

**Company directory
& shareholder information**

Directory

DIRECTORS	WP Foley, II (Chairman) AJ Anselmi PR Brock (appointed 1 November 2018) AM Turnbull (CEO)
HEAD OFFICE ADDRESS	13 Waihopai Valley Road, RD 6, Blenheim 7276, Marlborough, New Zealand Telephone +64 3 572 8200 Facsimile +64 3 572 8211
POSTAL ADDRESS	PO Box 67, Renwick 7243, Marlborough, New Zealand
EMAIL	info@foleywines.co.nz
WEBSITES	www.foleywines.co.nz www.grovemill.co.nz www.vavasour.com www.tekairanga.com www.martinborough-vineyard.co.nz
NATURE OF BUSINESS	Production and distribution of wine

Directory

AUDITORS	PricewaterhouseCoopers, Auckland
SOLICITORS	Bell Gully, Auckland
BANKERS	Bank of New Zealand, Auckland
REGISTRATION NO.	307139
REGISTERED OFFICE	13 Waihopai Valley Road, RD 6 Blenheim 7276, Marlborough, New Zealand
SHARE REGISTER	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna, Auckland Private Bag 92119, Auckland 1020 Telephone +64 9 488 8777 Facsimile +64 9 488 8787 General enquiries can be directed to: enquiry@computershare.co.nz (please quote CSN or shareholder number) Managing your shareholding online To change your address or payment instructions or view your investment portfolio: www.computershare.co.nz/investorcentre
SHARE TRADING	NZX Main Board Security Code "FWL"

Shareholder information

AUGUST 2019	Annual Report published
NOVEMBER 2019	Annual Shareholders Meeting



*Investors who wish to join the Foley Investors Wine Club,
please email info@foleywines.co.nz*