



FOLEY  
WINES

*made by land & hand*

HALF YEARLY REPORT

For the six months ended 31 December 2020



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*This interim financial report does not include all of the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Foley Wines Limited during the interim period.*

*Foley Wines Limited is a company incorporated and domiciled in New Zealand and listed on the NZSX Board of the New Zealand Stock Exchange (NZX). The Company is an integrated wine company producing table wines with the marketing and sales of premium wines in New Zealand and various export markets.*

*These financial statements that were approved for issue on 24 February 2021 and have not been audited.*

*made by  
land &  
hand*

**Foley Wines is 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 and distillery are linked by a common unrelenting purpose; to make great wine that people love to drink around the world – made by land & hand.

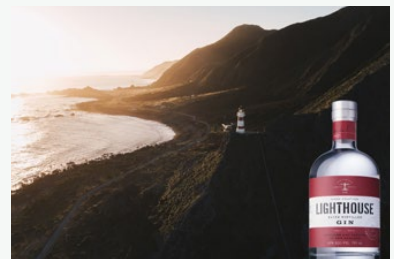
# Our wineries & distillery



**Martinborough Vineyard**  
*Martinborough*



**Te Kairanga**  
*Martinborough*



**Lighthouse Gin**  
*Martinborough*



**Grove Mill**  
*Wairau Valley, Marlborough*



**Vavasour**  
*Awatere Valley, Marlborough*



**Mt Difficulty**  
*Central Otago*

# Performance Overview

CASE SALES	281,000 (down 7%)
DOMESTIC CASES	92,000 (up 8%)
BOTTLED SALES REVENUE	\$26,235,000 (down 5.1%)
OPERATING EARNINGS	\$3,564,000 (down 8.7%)
REPORTED PROFIT AFTER TAX	\$2,566,000 (down 5.8%)
OPERATING EBITDA	\$7,131,000 (down 5.1%)



HERE FOR GOOD.

GROVE MILL

*sustainable wine*



Mark Turnbull, CEO and Director

# CEO & Directors' Report

On behalf of the Board of Directors of Foley Wines Limited (FWL) I am pleased to present its operating and financial results for the six months ended 31 December 2020.

## OPERATING PERFORMANCE

The operating profit before revaluations and income tax (“operating earnings”) for the six months was \$3,564,000 compared with \$3,904,000 for the previous financial year. As outlined previously, we are of the firm belief that operating performance (underlying profit) is the key metric to demonstrate the progress the Company is making due to the complexity around the accounting standards and fair value adjustments.

Profit for the period net of tax attributable for the shareholders was \$2,566,000, down 5.8% compared with \$2,723,000 the previous year.

New Zealand is a key market for our brands, and we have performed very well. Industry data shows the volume in New Zealand declined 0.1% in volume for the 12 months ended November, whereas our portfolio grew by 20%. Furthermore, the still wine category declined by 3.1% in December, where our brands grew by 14%.

Globally, NZ Wine Growers has stated that export revenue has grown by 8% for 12 months ended November, packaged wine was down by 3% however bulk wine was up 33%. This spike in bulk is clearly driven by growth in retail as a direct result of lockdowns in Countries such as UK and Australia.

The portfolio of wines we produce are premium brands, which have a strong emphasis on hospitality, airlines and cruise lines. These sectors have been some of the hardest hit from Covid-19. This has made trading very volatile; we saw a rebound in the UK initially in hospitality and then with subsequent resurgence, these channels were shut back down. In Australia, post lock down we saw hospitality rebound to a certain degree and like the UK, subsequent lockdowns subdued these channels.

# Bottled case sales

BOTTLED CASE SALES 6 MONTHS TO DECEMBER 2020



**NEW ZEALAND** 92,000 CASES +8%



**AUSTRALIA** 71,000 CASES (18%)



**USA/CANADA** 51,000 CASES (22%)



**UK/EUROPE** 52,000 CASES (4%)



**REST OF WORLD** 15,000 CASES +25%

**TOTAL** 281,000 CASES (7%)





## OPERATING PERFORMANCE continued

It was well publicized that there were shipping and logistics issues leading up to Christmas. Like many exporters we were affected with some delays of up to 8 weeks. These delays impacted sales for the six-month period, these would have been much closer to last year's case sales for the six months if all orders were shipped. No orders were lost, merely this is a timing issue. The good news is in recent times these delays are being reduced.

The case sales by market below shows that the USA has been hard hit by Covid-19, this is because many of our brands in this market are hospitality orientated. Australia was impacted significantly from a combination of shipping delays and phasing of promotional activity along with hospitality impacts. In 2020 we moved into a direct relationship with a major Australian retailer for a number of our high value brands. Covid-19 meant some delay in terms of execution of this new relationship, however ranging and promotional activity is now rolling out. We expect that this will create significant value for our premium portfolio with new ranging already secured for mid-year. This new relationship is a perfect example of us executing a portfolio solution for a major retail group. We believe this is a key competitive advantage of our portfolio. In the six months we also secured a direct relationship with a large UK supermarket group for our Grove Mill and Vavasour brands. Both of these are part of the Fine Wines of New Zealand programme and are two of our most important brands. The wines have been shipped and are due to be on shelves in the coming months.

Notwithstanding the head winds faced from Covid-19, the company remains focused on implementing its previously stated strategy (essentially focusing on value versus volume), namely:

- Growing brands at higher price points
- Seeking distribution in markets where our brands are not represented
- Improving distribution arrangements where our brands are represented

We believe this is the best way to create value for our shareholders and also for our growers and the broader New Zealand economy.



## SUSTAINABILITY

The company continues to look at new ways to look after our environment. For many years we have been using New Zealand recycled glass rather than Chinese imported glass, solar energy on our wineries and invested in wastewater management. In the last six months we have begun using labels made from sugar cane on our Dashwood and Grove Mill. This is a highly renewable material that utilizes an abundant by-product.

## CASHFLOW

Operating cash flow was \$1,987,000 for the six months, down from \$4,346,000 the previous year. This year's cashflow was influenced by the decline in sales and shipping delays due to Covid-19, the phasing of sales and higher income tax paid of \$2,488,000 (vs \$1,512,000 in the prior year).

Capital expenditure was \$2,362,000 for the six months, compared with \$2,314,000 the previous year. A key item of expenditure in the current year is The Old Winery Cellar Door and Restaurant development at the Te Kairanga winery. We are really excited with this development, with the first stage (an underground barrel facility) due to be completed in March. We hope to have the Distillery completed by the end of September and by end of November have the cellar door and restaurant open for Summer. We have had overwhelmingly positive feedback on the development, and we believe it will transform all our Martinborough brands into household names over time.

The total dividend paid during the six months was \$1,972,000, the same as the previous year.

## LIGHTHOUSE GIN

Lighthouse Gin continues to be a small but important part of the business. Sales were 6,490 4.2 Litre case equivalents (equivalent to approximately 38,940 700ml bottles) compared with 3,384 cases (equivalent to approximately 20,304 700ml bottles) in same period in the prior year.

Lighthouse continues to go from strength to strength in Australia with sales up 125%. This is proving to be a hugely successful product for our key retail partner in that market.



## LIGHTHOUSE GIN continued

New routes to market in Asia have been secured in the last 12 months by securing a major retail customer. The company sees this as a new and important market but will take some time to build.

The Company continues to be very optimistic that this growth will continue in the year ahead and capacity will increase when the new purpose-designed distillery is completed later this year.

## 2021 HARVEST

The early indication is that the 2021 harvest is expected to be lower than last year due to poor weather conditions during flowering in the two major regions along with some frosts in Spring. This will constrain supply but should be the catalyst for the industry to increase pricing. We will certainly be reviewing our pricing for the year ahead.

## OUTLOOK

Over the course of the past two years the Company has demonstrated that it is gaining momentum with its premiumisation strategy. There have been some major improvements in our global distribution as well as significant gains in the New Zealand market. However, the world is in extremely uncertain times due to Covid-19, volatility of exchange rates and weather affecting this year's vintage, meaning the ability to give guidance is extremely difficult.

The Company has laid a strong foundation for growth to take advantage of opportunities as they arise and will continue to focus on brand building and developing new routes to market at the premium price points.

For and on behalf of the Board of Directors

Mark Turnbull  
CEO and Director



**DASHWOOD**  
**THIS IS THE**  
**PLACE.**



# Financial Statements

# Income Statement

For the six months ended 31 December 2020

	Note	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>Revenue</b>	3	<b>28,293</b>	<b>55,856</b>	<b>28,931</b>
<b>Expenses</b>				
Cost of sales		(18,775)	(35,911)	(18,867)
Selling, marketing and promotion expenses		(3,208)	(5,985)	(3,276)
Administration and corporate governance expenses		(1,936)	(4,222)	(1,901)
Other expenses	3	(37)	(144)	–
<b>Expenses excluding interest</b>		<b>(23,956)</b>	<b>(46,262)</b>	<b>(24,044)</b>
<b>Profit before interest, impairment, revaluations and income tax</b>		<b>4,337</b>	<b>9,594</b>	<b>4,887</b>
Interest revenue		–	3	1
Interest expense	4	(762)	(1,829)	(972)
<b>Net finance costs</b>		<b>(762)</b>	<b>(1,826)</b>	<b>(971)</b>
<b>Profit before impairment, revaluations and income tax</b>		<b>3,575</b>	<b>7,768</b>	<b>3,916</b>
<b>Impairment</b>				
Impairment of inventory		(11)	(18)	(12)
<b>Profit before revaluations and income tax</b>		<b>3,564</b>	<b>7,750</b>	<b>3,904</b>
<b>Revaluation gains and losses</b>				
Unrealised gain in fair value of financial assets/liabilities	9	435	12	195
Unrealised gain on harvested grapes		–	1,243	–
Realised reversal of gain on harvested grapes		(436)	(594)	(318)
Revaluation of property, plant & equipment		–	(818)	–
<b>Profit before income tax</b>	3	<b>3,563</b>	<b>7,593</b>	<b>3,781</b>
Income tax expense		(997)	(2,191)	(1,058)
Income tax benefit – re-introduction of tax depreciation on buildings		–	1,519	–
<b>Profit for the period net of tax, attributable to Shareholders of the Parent Company</b>		<b>2,566</b>	<b>6,921</b>	<b>2,723</b>
Basic Earnings per share cps (after tax)	5	3.90	10.53	4.14
Diluted Earnings per share cps (after tax)	5	3.84	10.10	4.05

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 21 to 28.

# Statement of Comprehensive Income

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>Profit for the period</b>	<b>2,566</b>	<b>6,921</b>	<b>2,723</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment	–	2,888	–
Income tax on items taken directly to or transferred from equity	–	(334)	–
<b>Other comprehensive income for the period, net of tax</b>	<b>–</b>	<b>2,554</b>	<b>–</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>2,566</b>	<b>9,475</b>	<b>2,723</b>

# Statement of Changes in Equity

For the six months ended 31 December 2020

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Unaudited 6 Months 31 December 2020 Group</b>					
<b>Equity at 1 July 2020</b>		86,518	18,528	20,463	125,509
Profit for the period		–	–	2,566	2,566
<b>Total comprehensive income for the period</b>		–	–	2,566	2,566
Distributions to owners	6	–	–	(1,972)	(1,972)
<b>Transactions with owners during period</b>		–	–	(1,972)	(1,972)
<b>Added to equity during the period</b>		–	–	594	594
<b>Equity at 31 December 2020</b>		<b>86,518</b>	<b>18,528</b>	<b>21,057</b>	<b>126,103</b>
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 21 to 28.

# Statement of Changes in Equity (continued)

For the six months ended 31 December 2020

	Note	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Audited 12 Months 30 June 2020 Group</b>					
<b>Equity at 1 July 2019</b>		86,518	16,009	16,780	119,307
Adjustment on initial application of NZ IFRS 16		–	(2)	(1,299)	(1,301)
<b>Adjusted balance at 1 July 2019</b>		86,518	16,007	15,481	118,006
Profit for the period		–	–	6,921	6,921
Other comprehensive income for the period		–	2,521	33	2,554
<b>Total comprehensive income for the year</b>		–	2,521	6,954	9,475
Distributions to owners	6	–	–	(1,972)	(1,972)
<b>Transactions with owners during year</b>		–	–	(1,972)	(1,972)
<b>Added to equity during the year</b>		–	2,521	4,982	7,503
<b>Equity at 30 June 2020</b>		<b>86,518</b>	<b>18,528</b>	<b>20,463</b>	<b>125,509</b>
Dividends paid per share cps	6				3.0
<b>Unaudited 6 Months 31 December 2019 Group</b>					
<b>Equity at 1 July 2019</b>		86,518	16,009	16,780	119,307
Adjustment on initial application of NZ IFRS 16		–	(2)	(1,805)	(1,807)
Rounding adjustment		–	–	(1)	(1)
<b>Adjusted balance at 1 July 2019</b>		86,518	16,007	14,974	117,499
Profit for the period		–	–	2,723	2,723
<b>Total comprehensive income for the period</b>		–	–	2,723	2,723
Distributions to owners	6	–	–	(1,972)	(1,972)
<b>Transactions with owners during period</b>		–	–	(1,972)	(1,972)
<b>Added to equity during the period</b>		–	–	751	751
<b>Equity at 31 December 2019</b>		<b>86,518</b>	<b>16,007</b>	<b>15,725</b>	<b>118,250</b>
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 21 to 28.



# Statement of Financial Position

*As at 31 December 2020*

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,963	5,921	3,693
Trade and other receivables	8,275	7,576	9,323
Other financial assets	438	110	285
Inventories	39,021	46,721	35,457
Biological work in progress	6,713	1,511	6,614
Prepaid expenses	1,303	406	1,133
Other current assets	–	431	–
	<b>57,713</b>	<b>62,676</b>	<b>56,505</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	102,573	102,515	100,816
Right-of-use assets	11,150	11,466	11,971
Intangible assets	35,122	35,122	35,121
	<b>148,944</b>	<b>149,103</b>	<b>147,908</b>
<b>TOTAL ASSETS</b>	<b>206,657</b>	<b>211,779</b>	<b>204,413</b>

*These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 21 to 28.*

# Statement of Financial Position (continued)

As at 31 December 2020

	Note	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>CURRENT LIABILITIES</b>				
Trade and other payables		4,044	6,786	3,687
Loans and borrowings		2,132	7,353	13,949
Lease liabilities		894	896	896
Convertible notes		10,900	10,900	10,900
Current tax liabilities		169	1,662	629
		<b>18,139</b>	<b>27,597</b>	<b>30,061</b>
<b>NON-CURRENT LIABILITIES</b>				
Loans and borrowings		35,500	31,500	26,500
Lease liabilities		11,690	11,943	12,393
Other financial liabilities		–	8	–
Deferred tax liabilities		15,225	15,222	17,209
		<b>62,415</b>	<b>58,673</b>	<b>56,102</b>
<b>TOTAL LIABILITIES</b>		<b>80,554</b>	<b>86,270</b>	<b>86,163</b>
<b>EQUITY</b>				
Share capital	7	86,518	86,518	86,518
Reserves		18,528	18,528	16,007
Retained earnings		21,057	20,463	15,725
<b>TOTAL EQUITY</b>		<b>126,103</b>	<b>125,509</b>	<b>118,250</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>206,657</b>	<b>211,779</b>	<b>204,413</b>

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 21 to 28.

# Statement of Cash Flows

For the six months ended 31 December 2020

	Note	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from (applied to)				
Receipts from customers		29,637	60,628	30,812
Government grants/assistance		–	638	–
Interest received		–	3	1
Payments to suppliers and employees		(24,400)	(46,838)	(23,983)
Interest and other costs of finance paid		(762)	(1,730)	(972)
Income tax paid		(2,488)	(1,909)	(1,512)
Net cash flow from operating activities	8	1,987	10,792	4,346
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from (applied to)				
Sale of property, plant and equipment		56	74	43
Purchase of property, plant and equipment		(2,362)	(4,417)	(2,314)
Net cash flow from investing activities		(2,306)	(4,343)	(2,271)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Cash was provided for (applied to)				
Dividends paid		(1,972)	(1,972)	(1,972)
Loans advanced		5,000	1,000	1,185
Loans repaid		(6,221)	(2,108)	(598)
Lease liabilities repaid		(446)	(893)	(442)
Net cash flow from financing activities		(3,639)	(3,973)	(1,827)
Net increase in cash held		(3,958)	2,476	248
Cash and cash equivalents at beginning of period		5,921	3,445	3,445
Cash and cash equivalents at end of period		1,963	5,921	3,693
Comprising: Cash and cash equivalents		1,963	5,921	3,693

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 21 to 28.



EST.05

# LONDON DRY GIN PERFECTED IN MARTINBOROUGH



AWARDED GOLD  
IN LONDON

LIGHTHOUSE

# Notes to Financial Statements



# Notes to the Financial Statements

*For the six months ended 31 December 2020*

## **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 2020. These condensed financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Statements and should be read in conjunction with Foley Wines Limited’s Annual Report for the year ended 30 June 2020. The financial statements were authorised for issue by the Directors on 24 February 2021.

## **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 2020 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.

### **2.1 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing these interim financial statements under NZ IFRS the Directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The significant areas of estimation, assumptions and critical judgements made in the preparation of these financial statements are consistent with those set out in the 2020 Annual Report.

## Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>3. PROFIT FOR THE PERIOD</b>			
Included in profit before income tax for the period are the following:			
REVENUE:			
Sales revenue – sale of goods – bottled wine	26,235	49,951	27,640
Sales revenue – other	2,021	5,214	1,291
Total sales revenue	28,256	55,165	28,931
Other revenue – government grant (refer note 4 2020 Annual Report)	37	601	–
Other revenue – dividend received	–	90	–
	28,293	55,856	28,931
Included in profit before income tax for the period are the following:			
EXPENSES:			
Amortisation – lease right-of-use assets	507	1,009	504
Depreciation	2,287	4,560	2,127
Directors' fees	120	232	120
Employee benefits expense: Short-term employee benefits	3,879	9,239	3,810
Excise duty and HPA levy	2,873	4,600	2,482
Fees paid to auditors (Deloitte/PwC):			
– Audit of the financial statements (fees and disbursements)	–	86	–
– Other services (PwC)	–	3	–
Other expenses:			
– Acquisition and compliance expenses	28	–	–
– Covid-19 related expenses	9	144	–
<b>4. INTEREST EXPENSE</b>			
Interest on loans and borrowings	404	1,015	612
Interest on convertible notes	357	710	357
Interest expense on lease liabilities	1	5	3
Accounting interest cost recorded on deferred consideration payment	–	99	–
Total Interest expense	762	1,829	972

## Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$	Audited 12 Months 30 Jun 2020 Group \$	Unaudited 6 Months 31 Dec 2019 Group \$
<b>5. EARNINGS PER SHARE</b>			
Basic Earnings per share (\$)	3.90	10.53	4.14

The calculation is based on NZIFRS earnings of the Group of \$2,566,000 (30Jun20 \$6,921,000; 31Dec19 \$2,723,000) and the weighted average of 65,736,148 ordinary shares on issue during the period (30Jun20 65,736,148; 31Dec19 65,736,148).

Diluted Earnings per share (\$)	3.84	10.10	4.05
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The calculation of diluted earnings per share is based on profit of \$2,823,000 (30Jun20 \$7,433,000; 31Dec19 \$2,980,000), being profit for the year adjusted for the interest on the convertible notes after income tax, and the weighted average of 73,599,173 ordinary shares on issue during the year (30Jun20 73,599,173; 31Dec19 73,599,173).

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:

	31 Dec 2020 Number of shares	30 Jun 2020 Number of shares	31 Dec 2019 Number of shares
Weighted average number of ordinary shares (Basic)	65,736,148	65,736,148	65,736,148
Convertible notes outstanding at period end	7,863,025	7,863,025	7,863,025
Weighted average number of ordinary shares (Diluted)	73,599,173	73,599,173	73,599,173



## Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

### 6. DIVIDENDS PAID PER SHARE

The calculation of dividends per share in respect of the interim 2021 period is based on the final dividend for 2020 paid on 23 October 2020 totalling \$1,972,000 (30Jun20: \$1,972,000 paid 18Oct19; 31Dec19: \$1,972,000).

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>7. SHARE CAPITAL</b>			
FULLY PAID UP ORDINARY SHARES			
Balance at beginning of period	86,518	86,518	86,518
Movements in share capital	-	-	-
Balance at end of period	86,518	86,518	86,518
Number of fully paid ordinary shares	65,736,148	65,736,148	65,736,148

There were no shares issued during the period.

# Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>8. NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
PROFIT AFTER INCOME TAX FOR THE PERIOD	2,566	6,921	2,723
NON-CASH ITEMS:			
Depreciation	2,287	4,560	2,127
Amortisation	507	1,009	504
Increase/(decrease) in deferred tax	3	(1,812)	5
Impairment loss/(gain) recognised on inventories	11	18	12
Accounting interest recorded on deferred consideration payment	–	99	–
Adjustments resulting from revaluation of grapes	436	(649)	318
Loss/(gain) on disposal of property, plant and equipment	(39)	33	21
Loss on asset revaluations	–	818	–
	3,205	4,076	2,987
MOVEMENTS IN WORKING CAPITAL BALANCES:			
Trade and other receivables	(699)	1,704	(44)
Inventories	7,253	(2,010)	8,293
Biological work in progress	(5,202)	(209)	(5,312)
Prepaid expenses and other current assets	(466)	196	(100)
Trade and other payables	(2,742)	(449)	(3,548)
Other financial assets/liabilities	(435)	(12)	(195)
Current tax assets/liabilities	(1,493)	575	(458)
	(3,784)	(205)	(1,364)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,987	10,792	4,346
<b>9. FINANCIAL INSTRUMENTS</b>			
Change in fair value of financial assets/liabilities consists of:			
Foreign currency forward contracts	435	13	180
Foreign currency option contracts	–	(4)	12
Interest rate swaps	–	3	3
	435	12	195

# Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$	Audited 12 Months 30 Jun 2020 Group \$	Unaudited 6 Months 31 Dec 2019 Group \$
<b>10. NET TANGIBLE ASSETS</b>			
Net tangible assets per share	1.38	1.37	1.26

## 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 \$3,395,000 for the Group (Jun20: \$8,787,000; Dec19: \$4,563,000).
- (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 (Jun20: \$114,000; Dec19: \$56,000).
- (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 (Jun20: \$710,000; Dec19: \$357,000).
- (iv) Sales were made 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 \$56,000 for the Group (Jun20: \$48,000; Dec19: \$23,000). Accommodation, meals and events provided by Wharekauhau to the Company and Foley Rewards customers during the period totalled \$2,000 (Jun20: \$34,000; Dec19: \$10,000). Wharekauhau also provided contract labour totalling \$17,000 (Jun20 & Dec19: Nil).
- (v) 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 \$135,000 (Jun20: \$192,000; Dec19: \$46,000). Administration services, rental, electricity and contract distilling services were provided to Lighthouse Distillery Limited during the period of \$42,000 (Jun20: \$62,000; Dec19: \$25,000).

# Notes to the Financial Statements (continued)

For the six months ended 31 December 2020

	Unaudited 6 Months 31 Dec 2020 Group \$'000	Audited 12 Months 30 Jun 2020 Group \$'000	Unaudited 6 Months 31 Dec 2019 Group \$'000
<b>11. RELATED PARTY TRANSACTIONS (continued)</b>			
(b) Amounts owing to related parties at balance date:			
Foley Family Wines Inc.	8	–	–
Foley Family Wines Holdings, New Zealand Limited – convertible note	10,900	10,900	10,900
Lighthouse Distillery Limited	17	48	15
(c) Amounts owing from related parties at balance date:			
Foley Family Wines Inc.	1,678	1,807	2,727
Wharekauhau Country Estate Limited	7	7	11
Lighthouse Distillery Limited	9	11	8

# Notes to the Financial Statements (continued)

*For the six months ended 31 December 2020*

## 12. FOREIGN CURRENCY EXCHANGE RATES

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

NZ \$1.00 =	31 December 2020		30 June 2020		31 December 2019	
	FWL Buy	FWL Sell	FWL Buy	FWL Sell	FWL Buy	FWL Sell
Australian dollar	0.9347	0.9422	0.9317	0.9385	0.9576	0.9645
United States dollar	0.7180	0.7238	0.6388	0.6441	0.6705	0.6759
Great British pound	0.5275	0.5317	0.5201	0.5225	0.5108	0.5131
Euro	0.5843	0.5889	0.5688	0.5737	0.5981	0.6032

## 13. SUBSEQUENT EVENTS

No material events have occurred since balance date..

## 14. SHAREHOLDER INFORMATION

August 2021

Annual Report Published

November 2021

Annual Shareholders Meeting

# Company Directory

*For the six months ended 31 December 2020*

<b>DIRECTORS:</b>	WP Foley, II (Chairman) PR Brock (Deputy Chairman) AJ Anselmi GR Graham AM Turnbull (CEO)
<b>HEAD OFFICE ADDRESS:</b>	13 Waihopai Valley Road RD6, Blenheim 7276, Marlborough, New Zealand Telephone +64 3 572 8200 Facsimile +64 3 572 8211
<b>POSTAL ADDRESS:</b>	PO Box 67, Renwick 7243, Marlborough, New Zealand
<b>EMAIL:</b>	info@foleywines.co.nz
<b>WEBSITES:</b>	www.foleywines.co.nz www.grovemill.co.nz www.vavasour.com www.tekairanga.com www.martinborough-vineyard.co.nz www.mtdifficulty.nz www.lighthousegin.co.nz
<b>NATURE OF BUSINESS:</b>	Production and distribution of wine
<b>AUDITORS:</b>	Deloitte Limited, Wellington
<b>SOLICITORS:</b>	Bell Gully, Auckland
<b>BANKERS:</b>	Bank of New Zealand, Auckland
<b>REGISTRATION NO.</b>	307139
<b>REGISTERED OFFICE:</b>	13 Waihopai Valley Road, RD6 Blenheim 7276, Marlborough, New Zealand
<b>SHARE REGISTRAR:</b>	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna, Auckland Private Bag 92119, Auckland 1142 Telephone +64 9 488 8777 Facsimile +64 9 488 8787 General enquiries can be directed to: Email: 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 please visit: www.investorcentre.com/NZ
<b>SHARE TRADING:</b>	NZX Main Board – Security Code “FWL”

# 30

YEARS IN THE  
AWATERE VALLEY,  
AND WE'VE ONLY  
JUST BEGUN.

I'm the fifth generation Marfell in the Awaterre Valley.  
It's a great place to live, and a great place to make wine.

Vavasour was the first to make wine here in 1989. We know  
how this story soil and unforgiving climate conspire to create  
wines of great complexity, perfume and elegance. And we've  
only just begun.

Every year we become more curious and ask more questions  
of this valley. Every year we capture more layers of flavour,  
intensity and intrigue - wines that keep you coming back for  
another sip.

That's something I can't just create, that comes from the place.

*Stu Marfell*

Stu Marfell  
Chief Winemaker



See our story at  
[Vavasour.com](http://Vavasour.com)





*Investors who wish to join the Foley Investors Wine Club,  
please email [info@foleywines.co.nz](mailto:info@foleywines.co.nz)*

