

## DELEGAT'S GROUP LIMITED

### Results for announcement to the market

Reporting Period	6 months to 31 December 2009
Previous Reporting Period	6 months to 31 December 2008

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$134,921	6%
Profit from ordinary activities after tax attributable to shareholders	\$13,847	(12%)
Net profit attributable to shareholders	\$13,847	(12%)

Audit	The financial statements attached to this report have not been audited.
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Comments	Refer to the Chairman's Report appended.
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Interim Dividend	Cents per share	Cents per share (imputed)
	Not Applicable	Not Applicable

### Net Tangible Assets per share

	Current Year	Previous corresponding year
Net Tangible Assets per share	\$1.71	\$1.52



**DELEGAT'S GROUP LIMITED**

**CHAIRMAN'S REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2009**

On behalf of the Board of Directors I am pleased to report the unaudited results for Delegat's Group Limited for the six months ended 31 December 2009.

The Group grew its global case sales to 1,135,000 cases; 20% up on the same period in the previous year. The Group maintained its in-market, foreign currency price realisation across all markets, which was consistent with the same period of the previous year. The high value of the New Zealand dollar has continued to significantly impact upon the Group's sales revenue. Total Sales Revenue for the period under review is \$128.9 million, an increase of 10% on the \$117.0 million generated in the same period last year.

Earnings before interest, taxation, depreciation and amortisations (EBITDA), at \$27.5 million is 20% below the same period last year at \$34.5 million. Net profit for the period of \$13.8 million is 12% behind the \$15.7 million earned in the same period last year. As a result of ongoing sales and promotional programming the Group's operating costs were 16% higher. Unfortunately, included in the increased operating costs was the need for the provision of a significant doubtful debt in respect of a major United Kingdom retailer, which was placed into administration.

The Group generated \$17.8m in cash from operations, and whilst down on last year this reflects the phasing of receivables as is evidenced by the higher accounts receivable balance reported.

**2010 FULL YEAR OUTLOOK**

The Board of Directors continues to hold the view that the current challenging business environment is likely to prevail through the remainder of the 2010 reporting year.

Global case sales for the full year are forecast to be 1,927,000 cases, a 11% increase on the previous year. We remain confident that we can preserve the in-market, foreign currency price realisation and will continue to mitigate the impact of the high value of the New Zealand dollar through effective treasury management.

The New Zealand wine industry supply imbalance is expected to have the effect of lowering grape prices for the 2010 harvest. The resulting impact on fair values of vineyards, and more specifically the biological assets, in addition to the fair value assessment on costs incurred up to the harvest are difficult to forecast with accuracy. However, it is anticipated that lower grape prices will result in a fairly significant negative impact on reported performance.

Accordingly, the Directors now forecast the Group will achieve a 2010 profit that is between 30 – 40% lower than the result in 2009. On balance the Directors remain confident of maintaining the current dividend distribution.

The Group's stock to sales ratio and expected harvest yields are in line with current and long-term sales projections. As at the date of this report, the early growing conditions in the 2010 season have been mixed



**DELEGAT'S GROUP LIMITED**

and have resulted in reduced berry set and projected yields in many of the Chardonnay and Pinot Noir blocks. The Sauvignon Blanc vineyards have been less affected and are projected to be within target yield.

The Group is confident that long-term consumer trends continue to favour our wine styles and that the Oyster Bay brand will continue to deliver on the long-term growth potential of the business.

In December 2009 the Company celebrated being awarded the prestigious Most Improved Company of the Year Award in the Deloitte / Management Magazine Top 200 Awards, and which follows on from the Company of the Year Award received in 2008, a significant achievement.

RL Wilton  
Chairman  
26 February 2010

**Delegat's Group Limited and Subsidiaries**  
**Statement of Financial Performance**  
**For the Six Months Ended 31 December 2009**

	<b>Group</b>		
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Dec 2009</i>	<i>June 2009</i>	<i>Dec 2008</i>
	<i>6 Months</i>	<i>12 Months</i>	<i>6 Months</i>
	\$000	\$000	\$000
Sales	<b>128,859</b>	216,590	117,027
Fair value movement on biological assets	<b>5,715</b>	1,601	4,697
Other revenue	<b>347</b>	11,207	6,105
<b>Revenue</b>	<b>134,921</b>	229,398	127,829
Cost of sales	<b>63,716</b>	101,282	61,293
<b>Gross profit</b>	<b>71,205</b>	128,116	66,536
Marketing and promotion expenses	<b>40,220</b>	61,129	32,225
Corporate governance expenses	<b>496</b>	1,172	573
Administration expenses	<b>7,318</b>	11,691	4,582
Finance costs	<b>3,375</b>	11,180	7,076
Production management expenses	<b>466</b>	707	328
<b>Profit before income tax</b>	<b>19,330</b>	42,237	21,752
Income tax expense	<b>5,782</b>	11,421	6,498
<b>Profit after income tax</b>	<b>13,548</b>	30,816	15,254
(Loss)/profit attributable to minority interests	<b>(299)</b>	767	(414)
<b>Profit for the period attributable to shareholders of the parent company</b>	<b>13,847</b>	30,049	15,668
Earnings Per Share			
- Basic earnings per share (cents per share)	<b>13.85</b>	30.05	15.67
- Fully diluted earnings per share (cents per share)	<b>13.80</b>	30.05	15.67

**Delegat's Group Limited and Subsidiaries**  
**Statement of Comprehensive Income**  
**For the Six Months Ended 31 December 2009**

Profit after income tax	<b>13,548</b>	30,816	15,254
Other comprehensive income:			
- Translation of foreign subsidiaries	<b>(1,225)</b>	(28)	(128)
- Income tax relating to components of other comprehensive income	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>12,323</b>	30,788	15,126
Comprehensive (loss)/income attributable to minority interests	<b>(299)</b>	767	(414)
Comprehensive income attributable to shareholders of the parent company	<b>12,622</b>	30,021	15,540

*The accompanying notes form part of these financial statements*

**Delegat's Group Limited and Subsidiaries**  
**Statement of Changes in Equity**  
**For the Six Months Ended 31 December 2009**

**For the six months ended 31 December 2009 (Unaudited)**

	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>Share-based Payment Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Minority Interests</b>	<b>Total Equity</b>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2009	47,481	(427)	311	92,338	<b>139,703</b>	29,171	<b>168,874</b>
Total comprehensive income/(loss) for the period	-	(1,225)	-	13,847	<b>12,622</b>	(299)	<b>12,323</b>
<i>Equity Transactions</i>							
- Dividends paid to shareholders	-	-	28	(8,036)	<b>(8,008)</b>	-	<b>(8,008)</b>
- Dividends paid to minority shareholders	-	-	-	-	-	(449)	<b>(449)</b>
- Share-based payments expense	-	-	35	-	<b>35</b>	-	<b>35</b>
<b>Unaudited balance at 31 December 2009</b>	<b>47,481</b>	<b>(1,652)</b>	<b>374</b>	<b>98,149</b>	<b>144,352</b>	<b>28,423</b>	<b>172,775</b>

**For the twelve months ended 30 June 2009 (Audited)**

	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>Share-based Payment Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Minority Interests</b>	<b>Total Equity</b>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2008	47,481	(399)	238	68,315	<b>115,635</b>	29,301	<b>144,936</b>
Total comprehensive income/(loss) for the year	-	(28)	-	30,049	<b>30,021</b>	767	<b>30,788</b>
<i>Equity Transactions</i>							
- Dividends paid to shareholders	-	-	21	(6,026)	<b>(6,005)</b>	-	<b>(6,005)</b>
- Dividends paid to minority shareholders	-	-	-	-	-	(897)	<b>(897)</b>
- Share-based payments expense	-	-	52	-	<b>52</b>	-	<b>52</b>
<b>Audited balance at 30 June 2009</b>	<b>47,481</b>	<b>(427)</b>	<b>311</b>	<b>92,338</b>	<b>139,703</b>	<b>29,171</b>	<b>168,874</b>

**For the six months ended 31 December 2008 (Unaudited)**

	<b>Share Capital</b>	<b>Foreign Currency Translation Reserve</b>	<b>Share-based Payment Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Minority Interests</b>	<b>Total Equity</b>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Audited balance at 30 June 2008	47,481	(399)	238	68,315	<b>115,635</b>	29,301	<b>144,936</b>
Total comprehensive income/(loss) for the period	-	(128)	-	15,668	<b>15,540</b>	(414)	<b>15,126</b>
<i>Equity Transactions</i>							
- Dividends paid to shareholders	-	-	21	(6,026)	<b>(6,005)</b>	-	<b>(6,005)</b>
- Dividends paid to minority shareholders	-	-	-	-	-	(898)	<b>(898)</b>
- Share-based payments expense	-	-	17	-	<b>17</b>	-	<b>17</b>
<b>Unaudited balance at 31 December 2008</b>	<b>47,481</b>	<b>(527)</b>	<b>276</b>	<b>77,957</b>	<b>125,187</b>	<b>27,989</b>	<b>153,176</b>

The accompanying notes form part of these financial statements

**Delegat's Group Limited and Subsidiaries**  
**Statement of Financial Position**  
**As at 31 December 2009**

	<b>Group</b>		
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Dec 2009</i>	<i>June 2009</i>	<i>Dec 2008</i>
	<i>6 Months</i>	<i>12 Months</i>	<i>6 Months</i>
	\$000	\$000	\$000
<b>Equity</b>			
Share capital	47,481	47,481	47,481
Foreign currency translation reserve	(1,652)	(427)	(527)
Share-based payment reserve	374	311	276
Retained earnings	98,149	92,338	77,957
Shareholders' equity	144,352	139,703	125,187
Minority interests	28,423	29,171	27,989
<b>Total Equity</b>	<b>172,775</b>	<b>168,874</b>	<b>153,176</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade payables and accruals	27,554	32,782	24,716
Derivative financial instruments	7	-	1,495
Interest-bearing loans and borrowings (secured)	76,106	-	68,397
Income tax payable	3,079	717	2,745
	<b>106,746</b>	<b>33,499</b>	<b>97,353</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	18,988	19,292	13,674
Interest-bearing loans and borrowings (secured)	80,769	143,470	93,146
	<b>99,757</b>	<b>162,762</b>	<b>106,820</b>
<b>Total Liabilities</b>	<b>206,503</b>	<b>196,261</b>	<b>204,173</b>
<b>Total Equity and Liabilities</b>	<b>379,278</b>	<b>365,135</b>	<b>357,349</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7,568	4,332	6,722
Trade and other receivables	64,803	49,338	56,206
Derivative financial instruments	1,124	1,750	-
Income tax receivable	-	2,851	-
Inventories	69,004	88,629	70,787
	<b>142,499</b>	<b>146,900</b>	<b>133,715</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	179,550	167,919	169,872
Biological assets	56,082	49,178	52,666
Deferred tax asset	108	99	57
Intangible assets	1,039	1,039	1,039
	<b>236,779</b>	<b>218,235</b>	<b>223,634</b>
<b>Total Assets</b>	<b>379,278</b>	<b>365,135</b>	<b>357,349</b>

For and on behalf of, the Board who authorised the issue of the financial statements on 26 February 2010.



RL Wilton, Director



JN Delegat, Director

The accompanying notes form part of these financial statements

**Delegat's Group Limited and Subsidiaries**  
**Statement of Cash Flows**  
**For the Six Months Ended 31 December 2009**

	<b>Group</b>		
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Dec 2009</i>	<i>June 2009</i>	<i>Dec 2008</i>
	<i>6 Months</i>	<i>12 Months</i>	<i>6 Months</i>
	\$000	\$000	\$000
<b>Operating Activities</b>			
<b>Cash was provided from</b>			
Receipts from customers	117,764	222,042	118,390
Interest received	27	271	250
Income tax received	18	-	-
Net GST (paid)/ received	(3,041)	529	(2,092)
	<b>114,768</b>	<b>222,842</b>	<b>116,548</b>
<b>Cash was applied to</b>			
Payments to suppliers and employees	85,641	138,956	71,877
Payments to grape growers	7,118	21,057	9,414
Interest paid	3,467	11,355	7,348
Income tax paid	711	8,847	4,559
	<b>96,937</b>	<b>180,215</b>	<b>93,198</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>17,831</b>	<b>42,627</b>	<b>23,350</b>
	2		
<b>Investing Activities</b>			
<b>Cash was provided from</b>			
Proceeds from sale of property, plant and equipment	-	69	22
Dividends received	28	21	21
	<b>28</b>	<b>90</b>	<b>43</b>
<b>Cash was applied to</b>			
Purchase of property, plant and equipment	8,918	5,646	3,683
Vineyard development purchases	8,466	10,514	4,267
Purchase of biological assets	521	1,406	850
Capitalised interest paid	501	537	513
Capitalised lease payments	454	889	438
	<b>18,860</b>	<b>18,992</b>	<b>9,751</b>
<b>Net Cash Outflows from Investing Activities</b>	<b>(18,832)</b>	<b>(18,902)</b>	<b>(9,708)</b>
<b>Financing Activities</b>			
<b>Cash was provided from</b>			
Proceeds from borrowings	13,405	2,063	-
	<b>13,405</b>	<b>2,063</b>	<b>-</b>
<b>Cash was applied to</b>			
Finance lease principal repayments	-	2,326	1,374
Dividends paid to shareholders	8,480	6,929	6,408
Repayment of borrowings	-	26,566	13,382
Borrowing facility fees	490	70	60
	<b>8,970</b>	<b>35,891</b>	<b>21,224</b>
<b>Net Cash Inflows/(Outflows) from Financing Activities</b>	<b>4,435</b>	<b>(33,828)</b>	<b>(21,224)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>3,434</b>	<b>(10,103)</b>	<b>(7,582)</b>
Cash at beginning of the year	4,332	14,519	14,519
Effect of exchange rate change on foreign currency balance	(198)	(84)	(215)
<b>Cash at End of the Period</b>	<b>7,568</b>	<b>4,332</b>	<b>6,722</b>

The accompanying notes form part of these financial statements

**Delegat's Group Limited and Subsidiaries**  
**Statement of Accounting Policies**  
**For the Six Months Ended 31 December 2009**

**Reporting Entity**

The financial statements presented are those of Delegat's Group Limited (the Parent) and its subsidiaries (the Group). Delegat's 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 2009 were authorised for issue in accordance with a resolution of the Directors on 26 February 2010.

**Basis of Preparation**

The interim consolidated financial statements of the Group are for the six months ended 31 December 2009 and have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. Accounting policies applied in these interim financial statements comply with NZ IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (February 2010) as applicable to the Group as a profit-oriented entity. The NZ IFRS standards and NZ IFRIC interpretations that will be applicable as at 30 June 2010, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements.

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 and biological assets 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 judgments, 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 on-going 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.

**Changes in Accounting Policies**

The Group has adopted NZ IAS1 Presentation of Financial Statements (revised 2007) effective 1 January 2009. The standard introduces a statement of comprehensive income which the Group presents as a separate statement. The Group has adopted the changes to the titles of the financial statements in the current period as prescribed under NZ IAS1.

Except as noted above 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 2009 for a complete listing of the Group accounting policies.

**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's Wine Estate Limited (Delegat's) 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's sells and markets its product through a combination of subsidiary companies based overseas or to customers and distributors directly in the New Zealand, Canadian, United States, Asian and Pacific Island markets. Oyster Bay Wines Australia Pty Limited, Delegat's Wine Estate (UK) Limited, and 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.

- Oyster Bay Marlborough Vineyards Limited (Oyster Bay) is a vineyard operator being party to vineyard leases and has interests in freehold land in which the company undertakes growing operations. Fruit harvested from these vineyards are sold to the 50.1% majority shareholder, Delegat's, under a long-term contractual supply contract.

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.

**Delegat's Group Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the Six Months Ended 31 December 2009**

**1 Segment Reporting continued**

	Delegat's Wine Estate Ltd	Oyster Bay Wines Australia Pty	Delegat's Wine Estate (UK) Ltd	Oyster Bay Marlborough Vineyards Ltd	Oyster Bay Wines USA, Inc	Other Segments	Eliminations and Adjustments	31 December 2009 Consolidated
<b>Operating Income</b>								
External sales <sup>7</sup>	18,116	41,556	58,841	-	10,346	-	-	128,859
Internal sales	94,710	-	-	-	-	-	(94,710)	-
Total segment revenues <sup>1</sup>	112,826	41,556	58,841	-	10,346	-	(94,710)	128,859
Interest revenue	155	8	-	-	-	1,787	(1,778)	172
<b>Fair Value Adjustments</b>								
Biological assets	1,832	-	-	3,883	-	-	-	5,715
<b>Operating expenses</b>								
Interest expense <sup>2</sup>	4,543	-	3	606	-	1	(1,778)	3,375
Depreciation and amortisation <sup>3</sup>	4,291	41	29	554	25	15	-	4,955
Income tax expense/(credit) <sup>4</sup>	4,017	286	650	(270)	38	629	432	5,782
<b>Segment profit</b>	<b>9,458</b>	<b>636</b>	<b>1,641</b>	<b>(599)</b>	<b>67</b>	<b>32,755</b>	<b>(30,410)</b>	<b>13,548</b>
<b>Assets</b>								
Segment assets <sup>5</sup>	280,851	25,749	38,004	85,055	4,300	73,567	(128,248)	379,278
Capital expenditure <sup>6</sup>	17,600	10	2	291	24	15	-	17,942
<b>Segment liabilities</b>	<b>230,503</b>	<b>22,007</b>	<b>30,371</b>	<b>28,096</b>	<b>4,198</b>	<b>1,226</b>	<b>(109,898)</b>	<b>206,503</b>

	Delegat's Wine Estate Ltd	Oyster Bay Wines Australia Pty Ltd	Delegat's Wine Estate (UK) Ltd	Oyster Bay Marlborough Vineyards Ltd	Oyster Bay Wines USA, Inc	Other Segments	Eliminations and Adjustments	31 December 2008 Consolidated
<b>Operating Income</b>								
External sales <sup>8</sup>	21,527	41,280	54,220	-	-	-	-	117,027
Internal sales	91,223	-	-	-	-	-	(91,223)	-
Total segment revenues <sup>1</sup>	112,750	41,280	54,220	-	-	-	(91,223)	117,027
Interest revenue <sup>2</sup>	21	25	1	207	-	1,780	(1,778)	256
<b>Fair Value Adjustments</b>								
Biological assets	609	-	-	4,088	-	-	-	4,697
<b>Operating expenses</b>								
Interest expense <sup>2</sup>	8,043	-	-	811	-	-	(1,778)	7,076
Depreciation and amortisation <sup>3</sup>	5,331	16	11	549	-	17	-	5,924
Income tax expense/(credit) <sup>4</sup>	6,825	284	682	(392)	-	714	(1,615)	6,498
<b>Segment profit</b>	<b>15,862</b>	<b>621</b>	<b>1,781</b>	<b>(830)</b>	<b>-</b>	<b>1,640</b>	<b>(3,820)</b>	<b>15,254</b>
<b>Assets</b>								
Segment assets <sup>5</sup>	269,699	41,532	30,939	86,198	-	50,232	(121,251)	357,349
Capital expenditure <sup>6</sup>	8,083	53	203	1,183	-	4	-	9,526
<b>Segment liabilities</b>	<b>203,434</b>	<b>39,067</b>	<b>24,699</b>	<b>30,108</b>	<b>-</b>	<b>2,649</b>	<b>(95,784)</b>	<b>204,173</b>

1. Inter-segment revenues are eliminated on consolidation.

2. Interest expense is net of any capitalised interest into long-term assets. During the year \$501,000 was capitalised to long-term assets (December 2008 \$513,000).

3. For the six months ended 31 December 2009 depreciation and amortisation expenses incurred includes \$4,218,000 (December 2008: \$5,266,000) which has been included within inventory.

4. Segment income tax expense does not include the deferred tax impacts of temporary differences arising from inter-company stock margin eliminations or fair value adjustments resulting from the purchase of subsidiary companies.

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

6. Capital expenditure consists of additions of property, plant and equipment, and capitalised interest. During the six months ended 31 December 2009 \$501,000 (six months ended 31 December 2008: \$513,000) of interest was capitalised.

7. For the six months ended 31 December 2009 there was one single customer in Delegat's Wine Estate (UK) Limited that comprised 10% or more of Group sales. This customer accounted for sales of \$18,255,000.

8. For the six months ended 31 December 2008 there was one single customer in each of Oyster Bay Wines Australia Pty Limited and Delegat's Wine Estate (UK) Limited that comprised 10% or more of Group sales. These customers accounted for sales of \$13,264,000 and \$15,496,000 respectively.

**Delegat's Group Limited and Subsidiaries**  
**Notes to the Financial Statements (continued)**  
**For the Six Months Ended 31 December 2009**

**2 Reconciliation of Profit for the Period with Net Cash Flows from Operating Activities**

	<b>Group</b>		
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>Dec 2009</i>	<i>June 2009</i>	<i>Dec 2008</i>
	<i>6 Months</i>	<i>12 Months</i>	<i>6 Months</i>
	\$000	\$000	\$000
<b>Reported net profit after tax</b>	<b>13,847</b>	30,049	15,668
Minority interest share of (loss)/profit	<b>(299)</b>	767	(414)
	<b>13,548</b>	30,816	15,254
<b>Plus items not involving cash flows</b>			
Fair value movement on biological assets	<b>(5,715)</b>	(1,601)	(4,697)
Fair value movement on items derivative instruments			
Amortisation of leases	<b>840</b>	1,680	840
Depreciation expense	<b>4,115</b>	10,233	5,084
Other non-cash items	<b>682</b>	232	(306)
Loss/(gain) on disposal of assets	<b>6</b>	263	255
Movement in derivative financial instrument assets	<b>632</b>	(3,749)	(504)
Movement in deferred tax assets	<b>(9)</b>	(40)	-
Movement in deferred tax liabilities	<b>(304)</b>	3,933	(1,683)
	<b>13,795</b>	41,767	14,243
<b>Movement in operating balances are as follows:</b>			
Trade payables and accruals	<b>(5,228)</b>	2,560	(5,506)
Trade and other receivables	<b>(15,465)</b>	(2,729)	(9,597)
Inventories	<b>19,625</b>	2,554	20,396
Income tax	<b>5,213</b>	(1,266)	3,613
	<b>4,145</b>	1,119	8,906
<b>Deduct items classified as investing and financing activities</b>			
Vineyard development receivables and facility fees	<b>548</b>	17	70
Capital purchases included within trade payables	<b>(657)</b>	(276)	131
	<b>4,036</b>	860	9,107
<b>Net Cash Flow from Operating Activities</b>	<b>17,831</b>	42,627	23,350

**3 Contingent Assets**

The Group's subsidiary, Oyster Bay, was the subject of an ongoing complaint by Peter Yealands Investments Limited (PYIL) regarding the takeover undertaken by Delegat's in 2005. Oyster Bay has issued invoices to PYIL for its bid and related complaints amounting to \$600,000 plus GST. The target company statement related costs of \$295,000 plus GST continue to be recorded as a receivable by Oyster Bay. Oyster Bay has provided for \$305,000 for the complaint related portion of the invoices, as to date no payment has been made by PYIL for any of these invoices. Oyster Bay is pursuing court action to reach a final determination on recovery of these costs.

**4 Contingent Liabilities**

At 31 December 2009 Delegat's Wine Estate Limited (Delegat's) and Oyster Bay have received claims from PYIL arising from the takeover process in the amount of \$293,000. In late 2007, PYIL issued proceedings against both Delegat's and Oyster Bay alleging that the companies had engaged in oppressive conduct towards PYIL. The Group disputes the amounts claimed and considers court action will be required to reach a final determination. Given the uncertainty concerning the Group's liability in regard to the claims and any required payment, no amount has been recognised in the financial statements.

**5 Acquisition and Disposal of Assets**

During the six months ended 31 December 2009 the Group incurred total capital expenditure of \$17,942,000 (six months ended 31 December 2008: \$9,526,000). There were no significant asset disposals in the six month period ended 31 December 2009.

**6 Capital Commitments**

The estimated capital expenditure contracted for at 31 December 2009 but not provided for is \$2,415,000 (31 December 2008: \$1,484,000).