

Record Operating Performance



DELEGAT'S GROUP LIMITED

Interim Report 2014

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DISCLAIMER – Operating Performance is not an IFRS measure as defined by NZ GAAP.



Oyster Bay wine captures the
distinct character of New Zealand
aromatic, zesty notes and
glorious fruit flavors

MARLBOROUGH

Sauvignon Blanc

Oyster Bay

NEW ZEALAND

E&E

Black Pepper

SHIRAZ

COLUSA VALLEY

2000

Chairman's Report

Delegat's Group Limited (The Group) presents its unaudited operating and financial results for the six months ended 31 December 2013.

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.

PERFORMANCE HIGHLIGHTS

- ❖ Achieved global case sales of 1.083 million.
- ❖ Achieved sales revenue of \$121.2 million.
- ❖ Achieved record operating EBIT of \$32.4 million.
- ❖ Achieved record operating NPAT of \$20.2 million.
- ❖ Generated Cash from Operations of \$11.5 million.

OPERATING PERFORMANCE

A record operating NPAT of \$20.2 million was generated compared to \$19.2 million for the same period the previous year. Operating EBIT of \$32.4 million is \$2.0 million higher than for the same period in the prior year. Operating expenses (before NZ IFRS adjustments) at \$45.8 million are \$3.4 million higher compared to last year. 'In-market' case price realisations are being maintained in each of the major markets.

OPERATING PERFORMANCE

NZ\$ millions	Dec 2013 Actual	Dec 2012 Actual	% change vs 2012
Sales Revenue	121.2	123.4	-2%
Total Operating Revenue ¹	121.9	123.8	-2%
Operating Gross Profit²	78.2	72.8	7%
Operating Gross Margin	65%	59%	
Operating Expenses ³	(45.8)	(42.4)	-8%
Operating EBIT⁴	32.4	30.4	7%
Operating EBIT % of Sales	27%	25%	
Interest and Tax	(12.2)	(11.2)	-9%
Operating NPAT⁴	20.2	19.2	5%
Operating NPAT % of Sales	17%	16%	
Operating EBITDA⁴	38.1	36.4	5%
Operating EBITDA % of Sales	31%	29%	

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 Note 1.

³ Operating Expenses are before fair value movements on derivative instruments (if losses) and share-based payments.

⁴ Operating EBIT, EBITDA and NPAT are before items 1, 2 and 3 above.

Chairman's Report continued

The Group achieved Sales Revenue of \$121.2 million on global case sales of 1.083 million in the six month period. Sales Revenue was down \$2.2 million on the same period last year, due to global case sales being 1% lower and adverse foreign exchange rate changes. The adverse foreign exchange rate changes have contributed to case price realisation of \$111.9, compared with the \$113.2 achieved last year.

CASE SALES, CASE PRICE REALISATION AND FOREIGN CURRENCY

Case Sales (000's)	Dec 2013 Actual	Dec 2012 Actual	% change vs 2012
UK, Ireland & Europe	348	403	-14%
North America (USA, Canada)	356	309	15%
Australia, NZ & Asia Pacific	379	378	0%
Total Cases	1,083	1,090	-1%
Case Price Realisation (\$)¹	111.9	113.2	-1%

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

Foreign Currency Rates	Dec 2013 Actual	Dec 2012 Actual	% change vs 2012
£	0.5023	0.4999	-0%
A\$	0.8510	0.7834	-9%
US\$	0.8153	0.8098	-1%
C\$	0.8521	0.8093	-5%

Chairman's Report continued

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 \$2.5 million;
- Biological Produce (Grapes) – 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 \$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-up of \$3.4 million.

In addition the Group makes some minor adjustments in respect of share-based payments. In aggregate, and after deducting taxation, the impact of fair value adjustments in the period to 31 December 2013 amounted to a write-down of \$2.4 million.

IMPACT OF 'FAIR VALUE' ADJUSTMENTS

NZ\$ millions	Dec 2013 Actual	Dec 2012 Actual	% change vs 2012
Operating NPAT	20.2	19.2	5%
Operating NPAT % of Sales	17%	16%	
NZ IFRS Fair Value Items			
Biological Assets (Vines)	(2.5)	(1.4)	-70%
Biological Produce (Grapes) ¹	(4.2)	0.9	n/m
Derivative Instruments	3.4	0.7	357%
Other ²	(0.0)	(0.0)	60%
Total Fair Value Items	(3.3)	0.2	n/m
Less: Tax	0.9	(0.1)	n/m
Fair Value Items after Tax	(2.4)	0.1	n/m
Reported NPAT	17.8	19.3	-8%

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 Items includes accounting for share-based payments.

Chairman's Report continued

REPORTED ACCOUNTING PERFORMANCE

Accounting for all fair value adjustments under NZ IFRS the Group's reported unaudited financial performance for the six months ended 31 December 2013 is as follows:

- Net Profit after Tax is \$17.8 million;
- Earnings before Interest, Tax, Depreciation and Amortisation is \$34.8 million;
- Operating Cash Flows are \$11.5 million;
- Net debt increase of \$13.7 million to fund capital expenditure for future growth.

LOOKING FORWARD

The Directors continue to have confidence in the resilience of the Group's business model and its ability to deliver sustainable earnings into the future. The Group is on target to achieve operating profit in line with consensus of \$29.0 million.



ROBERT WILTON
Chairman Delegat's Group Limited

Statement of Financial Performance

	GROUP		
	Unaudited Dec 2013 6 Months \$000	Audited June 2013 12 Months \$000	Unaudited Dec 2012 6 Months \$000
Sales	121,241	222,041	123,436
Fair value movement on biological assets	4,713	2,947	4,492
Other revenue	4,058	4,672	1,180
Revenue	130,012	229,660	129,108
Cost of sales	55,154	83,125	56,151
Gross profit	74,858	146,535	72,957
Selling, marketing and promotion expenses	38,342	68,995	37,798
Corporate governance expenses	489	829	369
Administration expenses	6,946	11,341	4,292
Finance costs	4,187	7,090	3,685
Total expenses	49,964	88,255	46,144
Profit before income tax	24,894	58,280	26,813
Income tax expense	7,106	17,064	7,561
Profit for the period attributable to Shareholders of the Parent Company	17,788	41,216	19,252
Earnings Per Share			
– Basic earnings per share (cents per share)	17.62	40.84	19.07
– Fully diluted earnings per share (cents per share)	17.59	40.76	19.04

The accompanying notes form part of these financial statements

Statement of Other Comprehensive Income

	GROUP		
	Unaudited Dec 2013 6 Months \$000	Audited June 2013 12 Months \$000	Unaudited Dec 2012 6 Months \$000
Profit after income tax	17,788	41,216	19,252
<i>Other comprehensive income that may subsequently be classified to the profit and loss:</i>			
– Translation of foreign subsidiaries	(570)	(442)	(165)
– Income tax relating to components of other comprehensive income	–	–	–
Total comprehensive income for the period, net of tax	17,218	40,774	19,087
Comprehensive income attributable to Shareholders of the Parent Company	17,218	40,774	19,087

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the six months ended 31 December 2013 (Unaudited)

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$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

For the twelve months ended 30 June 2013 (Audited)

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Audited balance at 30 June 2012	48,779	(2,625)	636	138,339	185,129
Changes in equity for the year ended 30 June 2013					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	(442)	–	–	(442)
Total other comprehensive income	–	(442)	–	–	(442)
– Net profit for the year	–	–	–	41,216	41,216
Total comprehensive income for the year	–	(442)	–	41,216	40,774
<i>Equity Transactions</i>					
– Shares issued	633	–	(88)	–	545
– Dividends paid to shareholders	–	–	18	(9,109)	(9,091)
– Share-based payments expense	–	–	35	–	35
Audited balance at 30 June 2013	49,412	(3,067)	601	170,446	217,392

The accompanying notes form part of these financial statements

Statement of Changes in Equity continued

For the six months ended 31 December 2012 (Unaudited)

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Share-based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Audited balance at 30 June 2012	48,779	(2,625)	636	138,339	185,129
Changes in equity for the period ended 31 December 2012					
<i>Other comprehensive income</i>					
– Translation of foreign subsidiaries	–	(165)	–	–	(165)
Total other comprehensive income	–	(165)	–	–	(165)
– Net profit for the period	–	–	–	19,252	19,252
Total comprehensive income for the period	–	(165)	–	19,252	19,087
<i>Equity Transactions</i>					
– Shares issued	633	–	(88)	–	545
– Dividends paid to shareholders	–	–	18	(9,109)	(9,091)
– Share-based payments expense	–	–	24	–	24
Unaudited balance at 31 December 2012	49,412	(2,790)	590	148,482	195,694

The accompanying notes form part of these financial statements

Statement of Financial Position

	GROUP		
	Unaudited Dec 2013	Audited June 2013	Unaudited Dec 2012
	\$000	\$000	\$000
Equity			
Share capital	49,412	49,412	49,412
Foreign currency translation reserve	(3,637)	(3,067)	(2,790)
Share-based payment reserve	630	601	590
Retained earnings	178,118	170,446	148,482
Total Equity	224,523	217,392	195,694
Liabilities			
Current Liabilities			
Trade payables and accruals	30,206	33,745	25,538
Derivative financial instruments	670	1,133	1,550
Interest-bearing loans and borrowings (unsecured)	–	–	40,000
Income tax payable	332	2,484	643
	31,208	37,362	67,731
Non-Current Liabilities			
Deferred tax liability	30,988	27,458	25,808
Derivative financial instruments	–	1,185	3,690
Interest-bearing loans and borrowings (unsecured)	154,668	137,450	75,506
	185,656	166,093	105,004
Total Liabilities	216,864	203,455	172,735
Total Equity and Liabilities	441,387	420,847	368,429

The accompanying notes form part of these financial statements

Statement of Financial Position continued

	GROUP		
	Unaudited Dec 2013	Audited June 2013	Unaudited Dec 2012
	\$000	\$000	\$000
Assets			
Current Assets			
Cash and cash equivalents	6,077	2,570	6,561
Trade and other receivables	51,726	37,093	50,706
Derivative financial instruments	1,701	1,279	1,401
Income tax receivable	949	28	1,034
Inventories	74,075	87,336	49,498
	134,528	128,306	109,200
Non-Current Assets			
Property, plant and equipment	241,807	233,401	201,901
Biological assets	63,126	58,907	57,039
Derivative financial instruments	1,340	–	–
Deferred tax asset	586	233	289
	306,859	292,541	259,229
Total Assets	441,387	420,847	368,429

For, and on behalf of, the Board who authorised the issue of the financial statements on 27 February 2014.



RL Wilton, Director



JN Delegat, Director

The accompanying notes form part of these financial statements

Statement of Cash Flows

	GROUP		
	Unaudited Dec 2013 6 Months \$000	Audited June 2013 12 Months \$000	Unaudited Dec 2012 6 Months \$000
Operating Activities			
Cash was provided from			
Receipts from customers	111,808	222,783	113,084
Interest received	5	47	20
Income tax received	–	41	–
Net GST received/(paid)	723	(500)	500
	112,536	222,371	113,604
Cash was applied to			
Payments to suppliers and employees	83,805	149,995	81,550
Payments to grape growers	5,864	14,056	4,095
Interest paid	4,307	6,981	3,604
Income tax paid	7,020	12,092	7,147
	100,996	183,124	96,396
Net Cash Inflows from Operating Activities	11,540	39,247	17,208
Investing Activities			
Cash was provided from			
Proceeds from sale of property, plant and equipment	197	167	111
Dividends received	19	18	19
	216	185	130
Cash was applied to			
Purchase of property, plant and equipment	17,219	38,641	20,903
Purchase of biological assets	51	6,001	4,664
Capitalised interest paid	250	272	88
Capitalised lease payments	84	130	65
Acquisition of subsidiaries	–	28,678	–
	17,604	73,722	25,720
Net Cash Outflows from Investing Activities	(17,388)	(73,537)	(25,590)

The accompanying notes form part of these financial statements

Statement of Cash Flows

continued

	GROUP		
	Unaudited Dec 2013 6 Months \$000	Audited June 2013 12 Months \$000	Unaudited Dec 2012 6 Months \$000
Financing Activities			
Cash was provided from			
Proceeds from issue of shares	–	545	545
Proceeds from borrowings	19,529	48,213	21,092
	19,529	48,758	21,637
Cash was applied to			
Dividends paid to shareholders	10,112	9,104	9,098
Repayment of borrowings	–	6,436	1,278
Borrowing facility fees	–	60	–
	10,112	15,600	10,376
Net Cash Inflows from Financing Activities	9,417	33,158	11,261
Net Increase/(Decrease) in Cash Held	3,569	(1,132)	2,879
Cash and cash equivalents at beginning of the year	2,570	3,725	3,725
Effect of exchange rate changes on foreign currency balances	(62)	(23)	(43)
Cash and Cash Equivalents at End of the Period	6,077	2,570	6,561

The accompanying notes form part of these financial statements

Statement of Accounting Policies

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 2013 were authorised for issue in accordance with a resolution of the Directors on 27 February 2014.

Basis of Preparation

The interim consolidated financial statements of the Group are for the six months ended 31 December 2013 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 2014) 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 2013 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'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, 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.

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 2013	Delegat's Wine Estate Ltd	Oyster Bay Wines Australia Pty Ltd	Delegat's Wine Estate (UK) Ltd	Oyster Bay Wines USA, Inc.	Other Segments	Eliminations and Adjustments ⁸	31 December 2013 Consolidated
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating income							
External sales ⁶	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

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 \$250,000 was capitalised to long-term assets (December 2012: \$88,000).

³ For the six months ended 31 December 2013 depreciation and amortisation expenses incurred includes \$3,595,000 (December 2012: \$4,274,000) 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 2012	Delegat's Wine Estate Ltd	Oyster Bay Wines Australia Pty Ltd	Delegat's Wine Estate (UK) Ltd	Oyster Bay Wines USA, Inc.	Other Segments	Eliminations and Adjustments ⁸	31 December 2012 Consolidated
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating income							
External sales ⁷	25,479	41,739	35,549	19,717	952	–	123,436
Internal sales	82,563	–	–	–	–	(82,563)	–
Total segment revenues¹	108,042	41,739	35,549	19,717	952	(82,563)	123,436
Interest revenue	4	7	–	–	1,788	(1,778)	21
Fair value adjustments							
Biological assets increase	4,492	–	–	–	–	–	4,492
Operating expenses							
Interest expense ²	5,458	–	–	–	5	(1,778)	3,685
Depreciation and amortisation ³	5,910	67	7	21	32	–	6,037
Income tax expense ⁴	6,101	279	286	312	556	27	7,561
Segment profit/(loss)	15,505	646	966	476	29,975	(28,316)	19,252
Assets							
Segment assets ⁵	332,120	25,781	13,538	6,818	87,474	(97,302)	368,429
Capital expenditure	26,482	212	8	–	6	–	26,708
Segment liabilities	233,325	18,237	9,803	4,177	1,375	(94,182)	172,735

⁶ For the six months ended 31 December 2013 Oyster Bay Wines Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$17,399,000.

⁷ For the six months ended 31 December 2012 Oyster Bay Wines Australia Pty Limited had a single customer which comprised 10% or more of Group sales amounting to \$14,038,000.

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 \$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

	GROUP		
	Unaudited Dec 2013 6 Months \$000	Audited June 2013 12 Months \$000	Unaudited Dec 2012 6 Months \$000
Reported profit after tax	17,788	41,216	19,252
Plus items not involving cash flows			
Fair value movement on biological assets	(4,713)	(2,947)	(4,492)
Amortisation of leases	218	597	380
Depreciation expense	5,503	11,595	5,657
Other non-cash items	(957)	(236)	(37)
Loss/(gain) on disposal of assets	741	(95)	(55)
Movement in derivative financial instruments	(3,410)	(3,546)	(746)
Movement in deferred tax assets	(353)	(91)	(147)
Movement in deferred tax liabilities	3,530	5,345	3,695
	18,347	51,838	23,507
Movement in working capital balances are as follows:			
Trade payables and accruals	(3,539)	4,639	(3,568)
Trade and other receivables	(14,633)	(273)	(13,886)
Inventories	13,261	(22,543)	15,295
Income tax	(3,073)	(296)	(3,143)
	(7,984)	(18,473)	(5,302)
Deduct items classified as investing and financing activities			
Capital purchases included within trade payables and inventories	1,177	5,798	(997)
Acquisition costs	–	84	–
	(6,807)	(12,591)	(6,299)
Net Cash Inflows from Operating Activities	11,540	39,247	17,208

Notes to the Financial Statements *continued*

3. Acquisition and Disposal of Assets

During the six months ended 31 December 2013 the Group incurred total capital expenditure of \$16,760,000 (six months ended 31 December 2012: \$26,708,000). There were no significant asset disposals in the six month period ended 31 December 2013.

4. Capital Commitments

The estimated capital expenditure contracted for at 31 December 2013 but not provided for is \$7,443,000 (31 December 2012: \$13,933,000).

Directory

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