

## OYSTER BAY MARLBOROUGH VINEYARDS 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	\$3,969	(3%)
Loss from ordinary activities after tax attributable to shareholders	\$(599)	28%
Net loss attributable to shareholders	\$(599)	28%

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

### Dividends Paid

	Date Paid	Cents per share (unimputed)
Final Dividend for the year ended 30 June 2009	13 November 2009	10.0 cents

### Net Tangible Assets per share

	Current Year	Previous corresponding year
Net Tangible Assets per share	\$6.33	\$6.23

Oyster Bay

MARLBOROUGH

Vineyards Limited

**OYSTER BAY MARLBOROUGH VINEYARDS LIMITED**

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

The Directors of grape grower, Oyster Bay Marlborough Vineyards Limited, are pleased to report the results for the 6 months ending 31 December 2009. The interim report has been prepared in accordance with New Zealand equivalents to International Reporting Standards (NZ IFRS) and should be read together with the published financial statements for the year ended 30 June 2009, particularly the notes to the financial statements.

The Company's Interim Report is prepared partway through the growing season and consequently the results reflect the seasonality of the business, with mainly outgoings incurred in the first 6 months. The Company's revenue and profitability is determined in the following 6 months, once the grape harvest yield and price are known. In view of that, the Company reports a net loss after tax of \$599,000 for the period, compared with a net loss for the same period in 2008 of \$830,000. The main drivers of the decrease in loss were a beneficial change in the Fair Value on Interest Rate Swap of \$286,000 and lower overall costs of \$67,000, after taking into consideration the effect of income tax on these items.

NZ IFRS requires the Company to value its biological assets at their fair value at each reporting date. This revaluation of the vines has resulted in an increment in fair value of \$3,883,000, which represents the growing crop as at the date of reporting. Also under NZ IFRS we are required to expense growing costs of \$3,838,000 in the period in which they are incurred. At the end of the financial year the biological assets will be revalued, with that figure representing the vine's value without a crop growing.

Your Directors report that higher than average rainfall and cool Spring temperatures have adversely impacted on the early flowering Chardonnay and Pinot Noir varieties. Sauvignon Blanc, being a later flowering varietal, has not been affected by these conditions and is expected to deliver in line with target yields.

At the time of preparing this report, prices for the 2010 harvest are still under negotiation. Consequently, Delegat's Wine Estate Limited's interim payment against this harvest has been made by reference to last year's revenue in accordance with the grape purchase agreements.

ENDS

Announcement authorised by:  
Samford (Sandy) Lee Maier Jr.  
Chairman

For further information please contact:  
Sandy Maier 021 163 3806

**Oyster Bay Marlborough Vineyards Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the six months ended 31 December 2009

	<b>Unaudited Dec 2009 6 Months \$000</b>	<b>Audited Jun 2009 12 Months \$000</b>	<b>Unaudited Dec 2008 6 Months \$000</b>
<b>Operating Revenue</b>			
Grape Sales	-	11,495	-
Other Revenue	1	246	207
Fair Value Movements on Biological Assets and Other Items	3,968	38	3,887
<b>Total Revenue</b>	<u>3,969</u>	<u>11,779</u>	<u>4,094</u>
<b>Operating Expenses</b>			
Vineyard Labour and Contracting	1,521	3,120	1,651
Vineyard Inputs and Frost Protection	904	1,707	1,081
Vineyard Occupancy Costs	812	1,620	810
Amortisation and Depreciation	554	1,090	549
Corporate Governance	94	274	113
Administration and Other Costs	275	553	232
Takeover and Complaint Related Costs	72	207	69
<b>Total Operating Expenses</b>	<u>4,232</u>	<u>8,571</u>	<u>4,505</u>
<b>(Loss)/Profit before Interest and Income Tax</b>	(263)	3,208	(411)
Interest Expense	606	1,430	811
<b>(Loss)/Profit before Income Tax</b>	(869)	1,778	(1,222)
Income Tax Credit/(Expense)	270	(240)	392
<b>Comprehensive (Loss)/Income for the Period</b>	<u>(599)</u>	<u>1,538</u>	<u>(830)</u>
Basic and Fully Diluted Earnings per Share (cents per share)	(6.65)	17.09	(9.22)

**Oyster Bay Marlborough Vineyards Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 31 December 2009

	<b>Unaudited Dec 2009 6 Months \$000</b>	<b>Audited Jun 2009 12 Months \$000</b>	<b>Unaudited Dec 2008 6 Months \$000</b>
<b>Equity at Beginning of Year</b>	58,458	58,720	58,720
<b>Recognised Income and Expense</b>			
Comprehensive (Loss)/Income for the Period	(599)	1,538	(830)
Total Recognised Income and Expense for the Period	(599)	1,538	(830)
<b>Equity Transactions</b>			
Dividends paid to Shareholders (Dec-09: 10 cents per share, Dec-08: 20 cents per share)	(900)	(1,800)	(1,800)
<b>Equity at End of Period</b>	<u>56,959</u>	<u>58,458</u>	<u>56,090</u>

The accompanying notes form part of these financial statements.

**Oyster Bay Marlborough Vineyards Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2009**

	<b>Unaudited Dec 2009 \$000</b>	<b>Audited Jun 2009 \$000</b>	<b>Unaudited Dec 2008 \$000</b>
<b>Equity</b>			
Share Capital (\$2 fully paid)			
Retained Earnings	18,000	18,000	18,000
<b>Total Equity</b>	<u>38,959</u>	<u>40,458</u>	<u>38,090</u>
	56,959	58,458	56,090
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	11,771	12,042	11,410
Borrowings (secured)	15,769	9,333	18,000
<b>Total Non-Current Liabilities</b>	<u>27,540</u>	<u>21,375</u>	<u>29,410</u>
<b>Current Liabilities</b>			
Derivative Financial Instruments	7	92	191
Trade and Other Payables	318	1,216	421
Amounts Owed to Related Parties	231	123	172
<b>Total Current Liabilities</b>	<u>556</u>	<u>1,431</u>	<u>784</u>
<b>Total Liabilities</b>	<u>28,096</u>	<u>22,806</u>	<u>30,194</u>
<b>Total Equity and Liabilities</b>	<u>85,055</u>	<u>81,264</u>	<u>86,284</u>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Biological Assets	41,170	37,287	41,235
Land and Land Improvements	26,311	26,311	26,311
Buildings, Plant and Equipment	16,856	17,125	17,456
<b>Total Non-Current Assets</b>	<u>84,337</u>	<u>80,723</u>	<u>85,002</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	5	577
Trade Receivables	441	370	554
Prepaid Expenses	173	33	64
Amounts Owed from Related Parties	100	133	87
<b>Total Current Assets</b>	<u>718</u>	<u>541</u>	<u>1,282</u>
<b>Total Assets</b>	<u>85,055</u>	<u>81,264</u>	<u>86,284</u>

The accompanying notes form part of these financial statements.

**Oyster Bay Marlborough Vineyards Limited****CASH FLOW STATEMENT**

For the six months ended 31 December 2009

	<b>Unaudited Dec 2009 6 Months \$000</b>	<b>Audited Jun 2009 12 Months \$000</b>	<b>Unaudited Dec 2008 6 Months \$000</b>
<b>Operating Activities</b>			
Total Operating Receipts	1	11,741	207
Total Operating Payments	(5,306)	(9,567)	(6,384)
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	<u>(5,305)</u>	<u>2,174</u>	<u>(6,177)</u>
<b>Investing Activities</b>			
Total Investing Receipts	-	18	-
Total Investing Payments	(232)	(1,452)	(1,178)
<b>Net Cash Outflows from Investing Activities</b>	<u>(232)</u>	<u>(1,434)</u>	<u>(1,178)</u>
<b>Financing Activities</b>			
Total Financing Receipts	6,436	2,063	-
Total Financing Payments	(900)	(12,530)	(1,800)
<b>Net Cash Inflows/(Outflows) from Financing Activities</b>	<u>5,536</u>	<u>(10,467)</u>	<u>(1,800)</u>
<b>Net Decrease in Cash Held</b>	<u>(1)</u>	<u>(9,727)</u>	<u>(9,155)</u>
Cash at Beginning of the Year	5	9,732	9,732
<b>Cash at End of Period</b>	<u>4</u>	<u>5</u>	<u>577</u>

The accompanying notes form part of these financial statements.

## **Oyster Bay Marlborough Vineyards Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 31 December 2009**

#### **Reporting Entity**

The financial statements presented are those of Oyster Bay Marlborough Vineyards Limited (the Company). Oyster Bay Marlborough Vineyards 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 Company shares are publicly traded on the New Zealand Alternative Stock Exchange (NZAX).

The financial statements for the Company for the six months ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 24 February 2010.

#### **Basis of Preparation**

The interim financial statements of the Company 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 as applicable to the Company as a profit-oriented entity. The NZ IFRS standards and IFRIC interpretations that will be applicable 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 financial statements in conformity with NZ IAS 34 requires the Company 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.

The specific accounting policies that materially affect the measurement of the income statement are set out below:

#### **Revenue**

The Company recognises revenue from grape sales when the significant risks and rewards of ownership have passed to the buyer, generally at the point of harvest, which occurs each year in March or early April. No grape sale revenue is recognised in the interim period. At December, a fair value increment on the biological assets is reported, representing the decreased time to the impending year's grape harvest. The fair value of the biological assets has been calculated on a consistent basis with the prior year.

Delegat's Wine Estate Limited purchases 100% of the harvested volumes from the Company.

#### **Changes in Accounting Policies**

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

Except for 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 Company accounting policies.

#### **1. Segmental Analysis**

The Company manages three vineyards in the greater Marlborough Region in New Zealand. The three vineyards have the same economic, procurement and cultivation methods and the same end customer and are considered a single segment as defined by NZ IFRS 8. The segment result is equivalent to the financial information as presented.

**Oyster Bay Marlborough Vineyards Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** CONTINUED  
**For the six months ended 31 December 2009**

**2. Reconciliation of (Loss)/Profit for the Period with Net Cash (Outflows)/Inflows from Operating Activities**

	<b>Unaudited Dec 2009 6 Months \$000</b>	<b>Audited Jun 2009 12 Months \$000</b>	<b>Unaudited Dec 2008 6 Months \$000</b>
Reported (Loss)/Profit for the Period	(599)	1,538	(830)
Items not Involving Cash Flows	305	1,322	157
Fair Value Movements on Biological Assets and Other Items	(3,968)	(38)	(3,887)
Impact of Changes in Working Capital Items	(969)	(697)	(1,612)
Items Classified as Investing Activities	(74)	49	(5)
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	<b>(5,305)</b>	<b>2,174</b>	<b>(6,177)</b>

**3. Contingent Assets and Liabilities**

The Company has incurred NZX complaint related costs which are believed to be recoverable from Peter Yealands Investments Limited (PYIL). The Company is pursuing court action to reach a final determination on the recovery of these costs.

Claims have been raised against the Company (and Delegates Wine Estate Limited) alleging that the Company has engaged in oppressive conduct towards PYIL. The Company disputes the amounts claimed and considers court action will be required to reach a final determination.

There have not been any material changes in the circumstances or values of the contingent asset or contingent liability from what was reported at 30 June 2009.

**4. Acquisition and Disposal of Assets**

During the six months ended 31 December 2009 the Company incurred total capital expenditure of \$291,000 (six months ended 31 December 2008: \$1,184,000). There were no significant asset disposals in the six month period ended 31 December 2009.

**5. Capital Commitments**

The estimated capital expenditure contracted for, at 31 December 2009, but not provided for is \$2,000 (31 December 2008: \$209,000).