



HALF YEAR REPORT

For the six months ended 31 December 2021



Contents

CHAIRMAN AND CEO'S REVIEW.....	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	7
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS	10
COMPANY DIRECTORY	19

EXECUTIVE CHAIRMAN AND CEO'S REVIEW

For the six months ended 31 December 2021

Performance Overview

	Six months to 31 December 2021	Six months to 31 December 2020	% Change vs 2020
Total branded case sales	23,767	19,067	+25%
Domestic branded case sales	18,298	16,067	+13%
International branded case sales	5,469	2,916	+88%
Total Revenue	\$3,225,877	\$2,393,628	+35%
Gross Profit	\$586,459	\$215,787	+172%
Net loss after tax	\$339,965	\$480,816	29% improvement

General Commentary

Marlborough Wine Estates Group Limited ("MWE", "Company") is pleased to release its financial results for the six months ended 31 December 2021 (HY22).

During the period, sales revenue increased 35% compared to HY21, while the net loss after tax improved by 29% from the previous half-year.

MWE has made good progress on its FY22 growth initiatives, particularly growth of branded premium wine sales and its distribution network.

HY22 international branded premium wine sales volume increased by 88% compared to HY21

The focus in HY22 was on growth of MWE's international distribution partner network and branded premium wine sales. New distribution agreements have been signed in the US, UK and Ireland.

MWE retained sufficient supply of the 2021 vintage, to drive growth in its branded premium wine sales which, coupled with investment into people and production, has resulted in the planned international distribution partner network and branded premium wine sales growth.

Development of new and existing distribution partnerships

New distribution agreements have been signed in the US, UK and Ireland. Multiple containers have been shipped to these international markets, with more scheduled for the second half of the financial year. MWE also received and shipped additional orders to its existing customers in Australia, Japan and Taiwan in the half-year.

Strong domestic wine sales growth, with 13% increase in volume compared to HY21

MWE's domestic market also performed strongly in the half-year, with a 13% increase in volume despite COVID and supply chain headwinds.

MWE began supplying into Countdown towards the end of FY21 and believes there is still significant growth ahead. In particular, the OTU brand has shown pleasing growth in New Zealand, driven by our focus on premiumisation, wine awards reflecting the quality of our wines, and investment into distribution.

The COVID-19 lockdown and restrictions in NZ and worldwide have negatively impacted most New Zealand companies. While MWE experienced some challenges in logistics and production, which have delayed shipments MWE believes the challenges and issues caused by COVID-19 restrictions are manageable at this stage.

MWE's bulk grape sales are subject to seasonality, with grape harvests occurring yearly from March to April. The income and revenues generated from bulk grape sales are recognised and recorded in the second half of the financial year.

The gross profit for HY22 was \$586,459, representing a 172% increase from HY21. The growth in the international market and the premiumisation of the NZ market have significantly contributed to the increase in MWE's gross profit.

Outlook

Following the lower yielding 2021 vintage, the shortage of Marlborough Sauvignon Blanc is expected to continue. MWE is well-positioned with sufficient grape supply to continue taking advantage of the opportunities to further expand and grow its international market distribution and branded premium wine sales.

MWE will continue its focus on international market growth, particularly the US and UK which are two of the largest export markets for New Zealand wines. With the impact of COVID gradually easing in the majority of global markets, MWE plans to invest more into developing these key international markets.

MWE also plans to continue its focus on distributing premium branded wines in all the markets, driven by working with our global distribution partners, our committed and growing team, and the quality of our wines.

The 2021 wines have to date received a double gold, two golds, a 98 points rating from WineState (Australia), multiple 93 – 95 points ratings from WineOrbit (New Zealand), and 91 points from James Suckling (USA). These accolades and reviews continue to affirm the quality of MWE's premium wines.

We thank shareholders for their ongoing support, and our dedicated team for their resilience and commitment to ensuring we maintained our customer first focus in a very challenging six months..

Marlborough Wine Estates Group Limited.

Min Jia
Executive Chairman

Catherine Ma
Chief Executive Officer

FINANCIAL STATEMENTS



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Note	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Revenue	4	3,225,877	2,393,628
Cost of sales		(2,639,418)	(2,177,841)
Gross profit		586,459	215,787
Other operating income	5	74,782	354,806
Selling, marketing and promotion expenses		(600,093)	(637,563)
Administration and corporate governance expenses		(404,641)	(498,627)
(Loss) / profit before tax and finance cost	7	(343,493)	(565,597)
Finance income		112	4
Finance costs	9	(128,012)	(100,963)
Net finance cost		(127,900)	(100,959)
(Loss) / profit for the period before taxation		(471,393)	(666,556)
Tax benefit / (expense)		131,428	185,740
(Loss) for the period attributable to shareholders of the company		(339,965)	(480,816)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of property, plant and equipment		-	-
Income tax on items taken directly to or transferred from equity		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the period attributable to the shareholders of the Company		(339,965)	(480,816)
Basic and diluted (loss) per share	19	(0.001)	(0.002)

The above statement of comprehensive income should be read in conjunction with the attached notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

Group	Note	Share Capital	Share Capital	Retained earnings / (deficit) Restated	PPE revaluation reserve	Share-based payment reserve	Total
Balance at 30 Jun 2020 (audited)		15,174,626	-	(3,085,473)	5,330,584	40,350	17,460,087
Total comprehensive income for the year							
Loss for the period		-	-	(480,816)	-	-	(480,816)
Total comprehensive income for the year		-	-	(480,816)	-	-	(480,816)
Transactions with owners							
Share-based payment option		-	-	-	-	142	142
Share options forfeited		-	-	736	-	(736)	-
		-	-	736	-	(594)	142
Balance at 31 Dec 2020 (unaudited)		15,174,626	-	(3,565,553)	5,330,584	39,756	16,979,413
Balance at 30 Jun 2021 (audited)		16,416,098	210,886	(3,700,324)	8,207,264	39,783	21,173,707
Total comprehensive income for the year							
Loss for the period		-	-	(339,965)	-	-	(339,965)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	(339,965)	-	-	(339,965)
Transactions with owners							
Shares issued		-	-	-	-	-	-
		-	-	-	-	-	-
Balance at 31 Dec 2021 (unaudited)		16,416,098	210,886	(4,040,289)	8,207,264	39,783	20,833,742

The above statement of changes in equity should be read in conjunction with the attached notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Dec 2021 (unaudited) \$	Jun 2021 (audited) \$
ASSETS			
Current assets			
Cash and bank balances	8	394,637	1,729,757
Accounts receivable	14	724,034	744,238
Inventory	12	2,511,993	3,829,437
Biological work in progress	13	2,060,816	710,055
Prepayments		99,316	115,230
GST receivable		21,085	116,666
Total current assets		5,811,881	7,245,383
Non-current assets			
Property, plant and equipment		23,952,825	23,965,047
Deposits paid		20,000	20,000
Related party loan		51,804	51,804
Investments		28,365	28,365
Right-of-use assets		406,156	446,976
Intangible assets		14,669	16,676
Total non-current assets		24,473,819	24,528,868
Total assets		30,285,700	31,774,251
LIABILITIES			
Current liabilities			
Accounts and other payable		637,090	1,251,502
Employee benefit liabilities		24,974	26,274
Lease liabilities		101,302	96,477
Interest bearing borrowings	15	150,000	150,000
Income tax payables		335	367
Total current liabilities		913,701	1,524,620
Non-current liabilities			
Shareholder Loan	15	1,384,074	1,353,534
Interest bearing borrowings	15	4,750,000	5,150,000
Lease liabilities		191,472	228,253
Deferred tax		2,212,711	2,344,137
Total non-current liabilities		8,538,257	9,075,924
Total liabilities		9,451,958	10,600,544
Total net assets		20,833,742	21,173,707
EQUITY			
Share capital		16,416,098	16,416,098
Capital contribution		210,886	210,886
Share-based payment reserve		39,783	39,783
PPE revaluation reserve		8,207,264	8,207,264
Accumulated losses		(4,040,289)	(3,700,324)
Total equity		20,833,742	21,173,707

Signed for and on behalf of the board by:

Signature:



Executive Chairman: Min Jia

Signature:



Director: Danny Chan

Date: 25 February 2022*The above statement of financial position should be read in conjunction with the attached notes.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Note	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		3,166,424	3,407,173
Other income		74,782	354,806
GST refund		99,727	-
Interest received		112	4
		3,341,045	3,761,983
Cash was disbursed to:			
Payment to suppliers and employees		(3,870,843)	(3,482,329)
Interest paid on loans and borrowings		(84,670)	(82,507)
Interest paid on lease liabilities		(8,375)	(9,679)
GST payment		-	(40,672)
		(3,963,888)	(3,615,187)
Net cash flow generated / (used in) by operating activities	17	(622,843)	146,796
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sales of property, plant and equipment		11,217	-
		11,217	-
Cash was disbursed to:			
Payments for property, plant and equipment		(259,748)	(4,721)
		(259,748)	(4,721)
Net cash flow (used in) investing activities		(248,531)	(4,721)
Cash flows from financing activities			
Cash was disbursed to:			
Principal paid on lease liabilities		(63,746)	(39,286)
Repayment of bank loan		(400,000)	-
		(463,746)	(39,286)
Net cash flow (used in) / generated financing activities		(463,746)	(39,286)
Net (decrease) / increase in cash		(1,335,120)	102,789
Cash and cash equivalents at the beginning of the period		1,729,757	254,991
Cash and cash equivalents at the end of the period		394,637	357,780

The above statement of cash flows should be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

1 Reporting Entity

These financial statements are for Marlborough Wine Estates Group Limited (the Company) and its subsidiaries (together the Group, or MWE).

The Company and its subsidiaries are incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and the parent company is listed on main board of the New Zealand Stock Exchange("NZX")

The Company is designated as a Tier 1 for-profit entity for financial reporting purposes.

The financial statements were authorised for issue by the Board of Directors on 25 February 2022.

The principal activities of the Group are grape production, wine making, marketing and sales of premium wine in New Zealand and international markets.

2 Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. For details of these accounting policies please refer to the 2021 Annual Report.

3 Seasonal Business

The bulk grape sales are subject to seasonality as the grape harvest occurs once a year in March to April. All the bulk grapes sales will be recognised in the second half of the financial year. For the six months ended 31 December 2021, the bulk grape sales is \$nil for current vintage (31 December 2020: \$nil). This seasonality also has an impact on the operating cashflow, growing grapes requires heavy investment in Biological Work in Progress in the first half of the financial year and the cash income generated from bulk grapes sales are mostly recorded in the second half of the financial year.

4 Revenue

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Branded wine sales	2,527,760	1,806,019
Bulk wine sales	688,192	521,551
Others	9,925	66,058
	3,225,877	2,393,628

Prices of certain grape sale agreements are based on the Marlborough district regional average price (MDA) which will become available sometime in the following financial year. The Group uses its best estimation of transaction prices for each agreement to record the revenue. An adjustment of \$9,925 was recorded for the six months ended 31 December 2021 due to the MDA fluctuation (31 December 2020: \$66,058)

5 Other Income

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Lease of farmland	1,773	1,770
Wage subsidy related to Covid 19	32,355	16,372
Insurance settlement	-	300,000
Office lease	34,140	34,140
Others	6,514	2,524
	74,782	354,806

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

6 Cost of Sales

The group runs a vineyard and wine producing business and as a consequence have incurred \$2,639,418 of cost of sales (31 December 2020: \$2,177,841). These costs relate to growing grapes and producing wine.

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Cost of sales	2,639,418	2,177,841
	<u>2,639,418</u>	<u>2,177,841</u>

7 Operating Expenses

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Specific expense included in (loss) / profit before tax and finance cost:		
Wages and salaries	377,675	451,380
Kiwisaver contribution	8,563	7,544
Director fees	47,500	61,250
Contractor payment	90,650	129,266
Share-based payments to directors and staff	-	169
Foreign exchange losses	(1,308)	2,357
Depreciation- includes right-of-use assets	81,558	93,481

8 Cash and Bank Balance

	Dec 2021 (unaudited) \$	Jun 2021 (audited) \$
Cash at bank (ANZ bank, BNZ Bank and Industrial Commercial Bank of China)	394,637	1,729,757
	<u>394,637</u>	<u>1,729,757</u>

9 Interest Expense and Financing Cost

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Interest expense on loans and borrowings	119,637	91,284
Interest expense on lease liabilities	8,375	9,679
	<u>128,012</u>	<u>100,963</u>

10 Equity**Share capital**

	Jun 2021 Number	Jun 2021 \$
Balance of ordinary share capital at 1 July 2020	290,872,000	15,174,626
Ordinary shares issued for investors during the year	5,362,115	1,241,472
Balance at 30 June 2021 (audited)	<u>296,234,115</u>	<u>16,416,098</u>

	Dec 2021 Number	Dec 2021 \$
Balance of ordinary share capital at 1 July 2021	296,234,115	16,416,098
Ordinary shares issued for investors during the period	-	-
Balance at 31 December 2021 (unaudited)	<u>296,234,115</u>	<u>16,416,098</u>

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

10 Equity (continued)

PPE revaluation reserve

	6 mths ended Dec 2021 (unaudited) \$	12 mths ended Jun 2021 (audited) \$
Balance at beginning of the period	8,207,264	5,330,584
Revaluation increments/(decrements)	-	3,179,993
Income tax on items taken directly to or transferred from equity	-	(303,313)
Balance at end of the period	8,207,264	8,207,264

The asset revaluation reserve records the revaluation of land and land improvements. Where a revalued asset is sold that proportion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Share-based payment reserve

	Jun 2021 Number	Jun 2021 \$
Balance of share-based payment reserve at 1 July 2020	780,000	40,350
Share based expenses for the year	-	169
Share options exercised/(forfeited) during the year	(60,000)	(736)
Balance at 30 June 2021 (audited)	720,000	39,783
	Dec 2021 Number	Dec 2021 \$
Balance of share-based payment reserve at 1 July 2021	720,000	39,783
Share based expenses for the period	-	-
Share options granted/(forfeited) during the period	-	-
Balance at 31 December 2021 (unaudited)	720,000	39,783
Total number of securities registered as at 31 December 2021	296,954,115	

At 31 December 2021, share capital comprised 296,954,115 authorised and issued shares (30 June 2021: 296,954,115). Other than the 720,000 shares issued under the Group's Employee Share Ownership Plan (ESOP) all issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company and on any written resolution and rank equally with regards to the Company's residual assets.

Proportionate rights for the holders of unpaid shares issued under ESOP- until a Share is fully paid it shall have the same rights and privileges as an Ordinary Share but only in the proportion to which it has been paid up. For example, if a Share is 50% paid up it will confer half of a right to vote on a poll at a meeting of shareholders and a right to receive half of the amount of any dividend paid on an Ordinary Share. However, the Shares will carry identical rights to Ordinary Shares in terms of entitlements to participate in any issue of equity (including securities convertible into equity capital) in the Company.

Issue of shares

MWE has issued no shares (30 June 2021: 5,362,115 shares) or share options (30 June 2021: nil) during the 6 months ended 31 December 2021. And no existing share options have been exercised during the 6 months ended 31 December 2021 (30 June 2021: nil).

11 Biological Asset Produce

Biological assets consist of grape vines (bearer plants) which are classified as Vines and Vineyards. The Group grows grapes to sell and use in the production of wine, as a part of normal operations. Vineyards are located in Marlborough, New Zealand. Grapes are harvested between March and April each year.

At 31 December 2021, the Group held approximately 336 hectares of land owned by the Company in Marlborough, New Zealand (30 June 2021: 336), and the total planted area is 149 hectares (30 June 2021: 149).

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

12 Inventories

	Dec 2021 (unaudited)	Jun 2021 (audited)
	\$	\$
Bottled wine	1,317,791	833,535
Bulk wine	1,001,239	2,799,543
Dry goods	192,963	196,359
Total wine in inventory and work in progress (net of impairment)	2,511,993	3,829,437
Impairment of Inventory		
Balance at beginning of the period	98,871	18,568
Provision provided during the period	-	98,871
Inventory written off during the period	(98,871)	(18,568)
Balance at the end of the period	-	98,871

Inventories are valued at the lower of cost, net realisable value. Cost is calculated on a FIFO basis.

13 Biological Work In Progress

	Dec 2021 (unaudited)	Jun 2021 (audited)
	\$	\$
Growing costs related to next harvest	2,060,816	710,055

The growth on the vines in the period from harvest to 31 December 2021 cannot be reliably measured due to the lack of market information and the variables in completing the biological transformation process between the time of harvest and the balance date. The cost of agricultural activity in the period to 31 December 2021 has been recognised as biological work in progress for the next harvest. This assumes the cost of the agricultural activity approximates the fair value of the biological transformation that has occurred in that period. The value of biological work in progress at balance date was \$2,060,816 (30 June 2021: \$710,055).

14 Accounts Receivable

	Dec 2021 (unaudited)	Jun 2021 (audited)
	\$	\$
Trade receivables	724,034	744,238
Provision for doubtful debts	-	-
	724,034	744,238

The standard credit terms on sales of goods given to domestic bottled wine customers are 20th of month following the issue of invoice. Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer. For overseas and other major customers, credit quality is assessed individually. Clients with customised purchase orders might receive a different payment term, normally not longer than 180 Days.

The Group recognises a loss allowance for expected credit losses on trade and other receivables.

Included in the total receivable amount above, there were 7 customers who represent more than 5% of the total balance of trade receivables individually (30 June 2021: 4 customers).

Payment due schedule from major customers 31 December 2021	Total Receivable amount	Due in 0 - 30 days	Due in 31 - 90 days	Due in 91 days +	Past due
	\$	\$	\$	\$	\$
Customer 1	253,516	-	253,516	-	-
Customer 2	100,365	-	-	-	100,365
Customer 3	82,602	-	82,602	-	-
Customer 4	59,760	-	59,760	-	-
Customer 5	50,302	-	50,302	-	-
Customer 6	45,447	45,447	-	-	-
Customer 7	44,285	44,285	-	-	-

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

14 Accounts Receivable (continued)

Payment due schedule from major customers as of 30 June 2021	Total Receivable amount \$	Due in 0 - 30 days \$	Due in 31 - 90 days \$	Due in 91 days + \$	Past due \$
Customer 1	207,800	-	-	207,800	-
Customer 2	107,676	107,676	-	-	-
Customer 3	107,016	107,016	-	-	-
Customer 4	81,600	-	81,600	-	-

15 Borrowings

	Dec 2021 (unaudited) \$	Jun 2021 (audited) \$
Loan - ICBC	4,900,000	5,300,000
Shareholder loan	1,384,074	1,353,534
	6,284,074	6,653,534
Current	150,000	150,000
Non-current	6,134,074	6,503,534
	6,284,074	6,653,534

A subsidiary of the Group entered into a loan agreement with ICBC on 18 December 2014. The loan is secured by way of registered charge over land located at Blind River Loop Road, Seddon. The interest rate at 31 December 2021 was 3.76% (Jun 2021: 3.07%). The loan was refinanced in Jun 2021 with a core debt facility of \$4.0 million and a revolving debt facility of \$1.3 million. The revolving debt provides the Group flexibility and allows it to pay down the balance when it has more cash on hand and to repeatedly borrow to the set limit of \$1.3 million, and interest on revolving debt will be calculated monthly based on balance owing. Interest for core debt facility is calculated and paid quarterly with a repayment schedule of \$150,000 on or prior to the end of each financial year. Both facilities will mature on 30 September 2023. \$400,000 repayment was made to the revolving debt facility during the six months ended on 31 December 2021 and brought the total loan balance to \$4.9 million.

The loan from shareholder is unsecured and interest free and has been subordinated in favour of all other creditors of the company. The shareholder loan is not due for repayment until Oct 2023.

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

16 Related Party Disclosures**(a) Identity of related party**

The Group has a related party relationship with its key management personnel. All members of the Group are considered to be the related parties of the Parent, Marlborough Wine Estates Group Limited (MWE). This includes the subsidiaries identified below. This has been remained the same as last year.

Subsidiaries	Principal Activity	Proportion of ownership	Accounting balance date	Jurisdiction
Marlborough Vineyard Group Limited	International Marketing	100%	30 June	New Zealand
Otuwhero Trustee Limited	Wine production, sales and marketing	100%	30 June	New Zealand
O:TU Investments Limited	Vineyards operation	100%	30 June	New Zealand
MB Wine Limited	Music Bay trademark	100%	30 June	New Zealand

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

16 Related Party Disclosures (continued)

The Group has a related party relationship with the entities below:

New Zenith International Trading (Shanghai) Co., Ltd (NZIT)	Min Jia, the founder, major shareholder and director of MWE, owns NZIT in China. NZIT sells, distributes and markets MWE's wine in China.
Lily Investments 227 Limited	Min Jia, director of MWE, is a director and shareholder Lily Investment 227 Ltd.
Blind River Irrigation Limited	The Group holds 7.8% ownership in Blind River Irrigation Ltd.
Lily investment 265 Trustee Limited	Min Jia, director of MWE, is a beneficiary of Lily Investment 265 Trust.
Flowerzone International Ltd	Danny Chan, director of MWE, is a director and shareholder in Flowerzone International Ltd.
OTU Australia Pty Ltd	Catherine Ma, CEO of MWE, is a close relative of the director of OTU Australia Pty Ltd.
LC Wine Ltd	Catherine Ma, CEO of MWE, is a director and shareholder of LC Wine Ltd.
Move Logistics Group Ltd	Danny Chan, director of MWE, is a director in Move Logistics Group Ltd.

(b) Transactions with related party

	Total Value		Asset/(liability)	
	Dec 2021 (unaudited)	Dec 2020 (unaudited)	Dec 2021 (unaudited)	Dec 2020 (unaudited)
	\$	\$	\$	\$
Wine sales				
New Zenith International Trading (Shanghai) Co., Ltd	3,396	-	-	17,973
Flowerzone International Ltd	10,895	32,894	11,276	13,910
OTU Australia Pty Ltd	100,744	-	101,025	281
Lily Investment 265 Trustee Limited	1,009	-	-	-
Office rent and other payments				
Lily Investments 227 Limited (for office rent)	17,070	17,070	-	-
Lily Investments 265 Trust (for office rent)	17,070	17,070	-	-
Blind River Irrigation Limited (for water usage)	488	20,807	-	(3,698)
LC Wine Ltd (bulk wine purchase)	-	-	(102,512)	(108,371)
Move Logistics Group Ltd (storage)	585	698	(104)	(104)
Shareholder employees other than senior officers (salary)	50,948	35,000	-	(11,017)

Transactions with Directors and Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. The key management personnel are the directors and senior officers of the Group.

	Total Value		Asset/(liability)	
	Dec 2021 (unaudited)	Dec 2020 (unaudited)	Dec 2021 (unaudited)	Dec 2020 (unaudited)
	\$	\$	\$	\$
Directors' fees				
Min Jia	5,000	22,500	(22,500)	(22,500)
Danny Chan	20,000	20,000	(11,500)	(11,500)
Christine Pears (appointed Oct 2020)	22,500	11,250	-	4,312
Songyuan Huang (resigned Oct 2020)	-	7,500	-	-

	Total Value		Asset/(liability)	
	Dec 2021 (unaudited)	Dec 2020 (unaudited)	Dec 2021 (unaudited)	Dec 2020 (unaudited)
	\$	\$	\$	\$
Senior officers' compensation (excludes directors)				
Short-term employee benefits	155,321	63,725	(23,134)	(6,697)
Share-based payments	-	142	-	-
Total senior officers' compensation (excludes directors)	155,321	63,867	(23,134)	(6,697)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

16 Related Party Disclosures (continued)

Shareholder loan- Min Jia

Amount owed to Min Jia at the beginning of the period

Amount advanced by Min Jia during the period

Interest on the loan (non-cash)

Amount owed to Min Jia at the end of the period (note 15)

6 mths ended Dec 2021 (unaudited)	6 mths ended Dec 2020 (unaudited)
\$	\$
1,353,534	1,500,000
-	-
30,540	-
1,384,074	1,500,000

Amounts owing from related parties:

Amount owing from Blind River Irrigation Limited at the beginning of the period

Amount withdrawn by the Company during the period

Amount owing from Blind River Irrigation Limited at the end of the period

6 mths ended Dec 2021 (unaudited)	6 mths ended Dec 2020 (unaudited)
\$	\$
51,804	59
-	-
51,804	59

Other related party transactions during the period

Wine purchased by shareholders and senior officers during the period

Payments reimbursed to senior officers and shareholders for business related expenses during the period

6 mths ended Dec 2021 (unaudited)	6 mths ended Dec 2020 (unaudited)
\$	\$
1,080	-
2,204	2,154

No amounts owed by related parties have been written off or forgiven during this period. All related party balances are repayable within 12 months.

The loan from shareholder is unsecured and has been subordinated in favour of all other creditors of the company.

17 Notes to Cash Flow Statement

Reconciliation of net (loss) after tax to net cash flow from operating activities:

Net (loss) / profit after tax

Add: Non-cash items

Amortisation

Depreciation

Tax expense

Share-based payments

Gain/loss on disposal of property, plant and equipment

Other non-cash adjustment

6 mths ended Dec 2021 (unaudited)	6 mths ended Dec 2020 (unaudited)
\$	\$
(339,965)	(480,816)
2,007	2,602
363,453	341,383
(131,428)	(185,740)
-	142
1,639	-
(1,187)	-
20,204	1,013,543
95,581	(40,672)
1,317,444	1,234,835
(1,350,761)	(1,243,167)
15,914	44,852
(614,412)	(540,166)
(1,300)	-
(32)	-
(622,843)	146,796

(Increase)/decrease in assets:

Decrease / (Increase) in accounts receivables

Decrease / (Increase) in GST receivable

Decrease / (Increase) in inventory

(Increase) / Decrease in biological work in progress

Decrease / (Increase) in prepayments

Increase / (Decrease) in liabilities:

(Decrease) / Increase in trade and other payable

(Decrease) / Increase in employee benefit liabilities

(Decrease) / Increase in tax paid

Net cash provided by operating activities

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

18 Segment Reporting

The Group operates in the wine industry and is considered to operate in a single segment.

The Group operates in one principal geographical area - Marlborough, New Zealand. During the financial year, majority of Group's sales were generated from supplying products to customers based in New Zealand, United States and UK / Europe. At reporting date, the Group held all non-current assets in Marlborough, New Zealand.

The below represents a geographical analysis of sales:

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Sales		
New Zealand	2,067,624	1,736,690
United States	774,017	480,000
UK / Europe	226,536	9,756
Others	157,700	167,182
Total	3,225,877	2,393,628

For the 6 months ended 31 December 2021, there were 3 customers (31 December 2020: 3 customers) who individually accounted for greater than 10% of the Group's total sales. The sales amount to these customers in total was \$1.71 million (31 December 2020: \$1.99 million). The following table shows only the amount which is greater than 10% of the Group's total sales.

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Customer A	685,067	480,000
Customer B	838,178	1,090,273
Customer C	187,819	417,993
Total	1,711,064	1,988,266

19 Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
Number of ordinary share at the beginning of the period	296,234,115	290,872,000
Ordinary shares issued and paid during the period	-	-
Number of ordinary share at the end of the period	296,234,115	290,872,000
Weighted average number of ordinary shares	296,234,115	290,872,000
	6 mths ended Dec 2021 (unaudited) \$	6 mths ended Dec 2020 (unaudited) \$
(Loss) / profit attributable to equity holders of the Company (in dollars)	(339,965)	(480,816)
Weighted average number of ordinary shares on issue	296,234,115	290,872,000
Basic (loss) per share (in dollars)	(0.001)	(0.002)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

19 Earnings Per Share (continued)

(b) Diluted earnings per share

Same earning was used for diluted earning per share, Share options have not been included in the current year DEPS calculation as these would be anti-dilutive due to loss for the periods.

	6 mths ended Dec 2021 (unaudited)	6 mths ended Dec 2020 (unaudited)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	296,234,115	290,872,000
Share options	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	296,234,115	290,872,000
Diluted (loss) per share (in dollars)	(0.001)	(0.002)

20 Net Tangible Assets Per Share

	Dec 2021 (unaudited) \$	Jun 2021 (audited) \$
Net tangible assets	20,819,073	21,157,031
Net tangible assets per share	0.070	0.072

21 Contingent Liabilities

There were no contingent liabilities or any outstanding litigation against the Group as at 31 December 2021.

22 Capital Commitments

There was no capital expenditure commitment as at 31 December 2021 (31 December 2020: \$nil).

23 Subsequent Events

There were no significant events between balance date and the date the financial statements were authorised for issue.

24 Going Concern

The ongoing COVID-19 pandemic during the half year had negative impact on the Group's growth strategy. However, the Group is experiencing the recovery trend toward the end of 2021 and continues to monitor the risk of the COVID-19 pandemic and respond to different levels of COVID-19 policy appropriately.

Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources to continue in business for the foreseeable future. On this basis, the Directors believe that the use of the Going Concern assumption in the preparation of the financial statements remains appropriate.

COMPANY DIRECTORY
As At 31 December 2021

Company Registration Number

5639568

Registered office

Level 6, 5-7 Kingdon Street
Newmarket, Auckland Central
New Zealand

Directors

Min Jia (executive chairman)
Christine Pears (independent)
Danny Chan (independent)

Auditors

BDO Auckland
Level 4, BDO Centre
4 Graham Street, Auckland CBD, Auckland 1010
PO Box 2219, Auckland 1140
New Zealand

Solicitors

Duncan Cotterill
Level 2, Chartered Accountants House
50 Custom House Quay, Wellington

Bankers

Industrial Commercial Bank of China (New Zealand) Limited
ANZ Bank Limited
BNZ Bank Limited

Share Registrar

Link Market Services Limited
Level 30, PWC Tower
15 Customs Street West, Auckland 1010