

THE NEW ZEALAND WINE COMPANY  
LIMITED

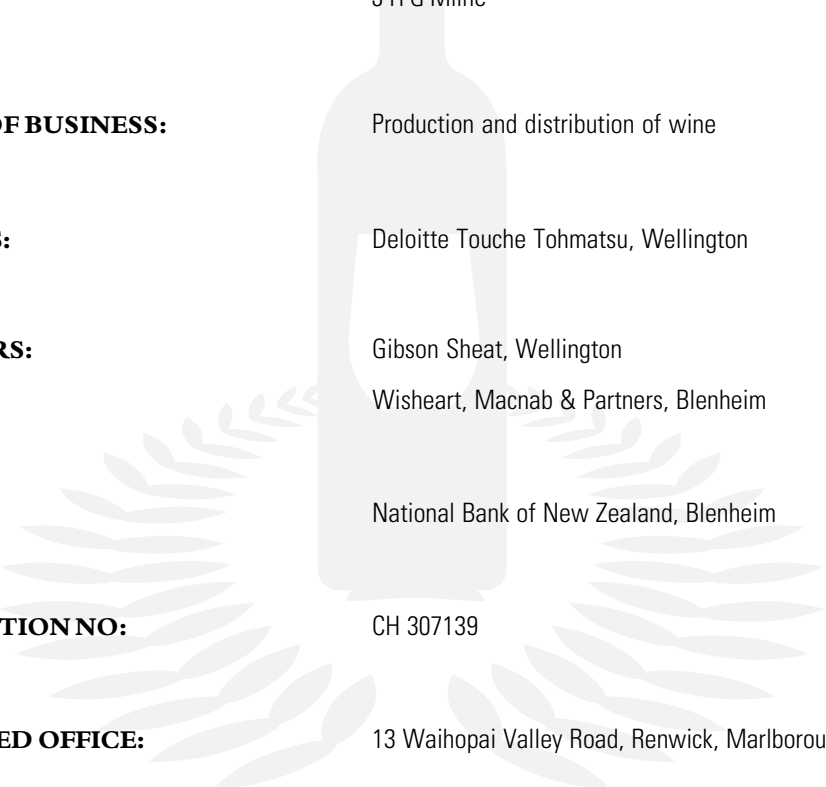


**A N N U A L R E P O R T**

**F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2**

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<b>DIRECTORS:</b>	M A Peters (Chairman) P J McAtamney (Managing Director) C P Croft J A Jamieson M J McQuillan J H G Milne
<b>NATURE OF BUSINESS:</b>	Production and distribution of wine
<b>AUDITORS:</b>	Deloitte Touche Tohmatsu, Wellington
<b>SOLICITORS:</b>	Gibson Sheat, Wellington Wisheart, Macnab & Partners, Blenheim
<b>BANKERS:</b>	National Bank of New Zealand, Blenheim
<b>REGISTRATION NO:</b>	CH 307139
<b>REGISTERED OFFICE:</b>	13 Waihopai Valley Road, Renwick, Marlborough
<b>SHARE REGISTRAR:</b>	Computershare Registry Services Limited Level 2, 159 Hurstmere Road, Takapuna Private Bag 92119 AUCKLAND 1020 Telephone +64 9 488 8700 Facsimile +64 9 488 8787
<b>SHARE TRADING:</b> "NWC"	NZSE - Unlisted Public Companies Board
<b>WEBSITE ADDRESSES:</b>	<a href="http://www.nzwineco.co.nz">www.nzwineco.co.nz</a> <a href="http://www.grovemill.co.nz">www.grovemill.co.nz</a> <a href="http://www.sanctuarywine.co.nz">www.sanctuarywine.co.nz</a>

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**C O N T E N T S**

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## CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2002

### CURRENT YEAR RESULTS

Following two relatively flat years as a consequence of the low yields from the 2000 year harvest, it is with considerable pleasure that, following a more "normal" harvest in 2001, I am able to report a record increase (by a very large margin over the \$701,000 reported for 2001) in Tax Paid Surplus of \$1,004,000 for 2002. It is also very pleasing to report an increase in earnings per share of 43% to 14.6 cents per share tax paid. The improved result was from turnover which increased by over \$1.4 million to \$6,777,000. The Company continues to focus very much on quality throughout all of its brands. Brand building is also a key. Strong sales in both new and existing export markets was a major factor contributing to the result. At the same time our important domestic market also showed encouraging growth. The management team made a major contribution with superb production efforts put in by David Pearce and his team, and equally superb brand building and marketing efforts from Peter McAtamney and his team.

During the year we have continued our grape vine planting programme to ensure continued growth in supply of quality fruit from both our own and contract growers' vineyards. We have made substantial progress in securing supply by negotiating mutually beneficial long term contracts with many of our growers who had interest in such arrangements. New Company Viticulturist Doug Holmes and his Vineyard Managers have worked hard to ensure company vineyards have the best possible capability to produce excellent fruit for our winemakers. While company vineyards are still not yet at full production there is still a cost to the company in terms of running and holding costs but each year brings us closer to the time when all vineyards are producing fully.

The excellent financial result is also credit to Company Finance Manager Jane Trought and her team in respect of both the information and accounting systems in place and the careful analysis of all expenditure before it goes forward into the budget.

Our wines continued to be well received by customers, critics and judges and information on various awards is elsewhere in this report. It was though especially pleasing to see the Gold Medal success of the Grove Mill 2001 Sauvignon Blanc, not only because it is our and Marlborough's flagship wine, but because this particular wine was a single blend in a very large production run. This to me shows that the company's quality systems are on track and that we have a very good winemaking team.

### FUTURE PROSPECTS

What is simple in its planning and complicated in its delivery is the Company philosophy that quality really counts and if our Company and the New Zealand Wine Industry as a whole is to continue its remarkable success story then adherence to the principle of quality in whatever we do and whatever wines we make is an absolute must. The Industry has a real need for a nationally driven Strategic Plan and it is very pleasing to note that our very capable Managing Director is part of think tank efforts towards putting together that plan. In the meantime we have as a matter of course continued to update our own 5 year strategic plan which we do every year. We are on track to deliver the projections and goals we have set ourselves, and we know what areas of the company operation require further attention to fit within our vision. We are consistently monitoring where we are in respect of our plan and monitoring both the state of the Industry nationally and internationally. We see some challenges ahead in respect of volume increases, which makes it even more of an imperative to never compromise quality. We also see ourselves well placed to meet those challenges as they unfold.

## CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)

In the 2001 Annual Report I stated that return on and adding value to Shareholders Investment was a high priority. We believe that in both cases this has been produced over the past twelve months and we will continue to place high importance on these matters. I have already given notice that the final dividend is being increased by 33% to a fully imputed 4 cents per share, and that we are planning a 1 for 10 Bonus Issue followed by a 1 for 8 Cash Issue with Renounceable Rights at a substantial discount. The Cash Issue will require payment at the end of October 2002. Full details with appropriate background information will be delivered in due course. We see these matters as part of our philosophy to continue to reward shareholders as the company continues to successfully grow.

During the year the number of shareholders increased from 166 to 228. We welcome all of our new shareholders to the Company and trust you will enjoy being part of the next phase of the Company's development. In recent times we have read with concern of criticism of unlisted companies in general and have pointed out to the management of the NZ Stock Exchange that our Company has internal policy and procedures which are targeted at ultimately complying with NZSE Listing requirements. We intend to propose a few small changes at our next Annual Meeting, to bring our constitution fully into line with the requirements for a No.1 Board full listing on the NZ Stock Exchange. This along with our Asset base and Turnover would make us eligible for full listing, leaving only the matter of number of shareholders being an issue. At present 500 shareholders are required for such listing. We believe that if Stock Exchange management are serious about growing the number of well governed and well performed companies on the No.1 Board it would be sensible to reduce the minimum number of shareholders to 250. As soon as we meet all the requirements we will be applying for a full No 1 Board listing on the NZSE.

### ACCOUNTING POLICIES

For the past two Annual Reports I have alluded to our dissatisfaction with a lack of uniformly accepted accounting policies in respect of accounting for vineyards. We are not happy with the Australian SGARA standard, as I have previously stated. Nor it seems is the NZ Institute of Chartered Accountants who have put out an Exposure Draft, ED-90, on the matter. However we are not happy with those proposals either. In the meantime we continue with our policy of capitalising vineyard establishment costs until each vineyard is at full production, and revaluing the vineyards (along with other land and buildings) annually and taking any gain into reserves. This year we have added an increase in value of \$1,214,000 into reserves. This reflects both that our costing policy is reasonable, and the increased general value of vineyards in Marlborough. However the values adopted by our Registered Valuer are quite a way short of the highest values attributed to Marlborough vineyards through recent sales. All we seek in an appropriate Accounting Standard on this issue is to not overstate profits in any way and to adhere to the accounting convention of 'true & fair view'.

### COMPANY GROWTH

As earlier mentioned the Company is growing organically in its own right. On the other hand we are still seeking potential wine companies as merger/acquisition prospects. None of this is new, however in the light of some media speculation it is important that I reiterate our position once again.

**CHAIRMAN'S REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

We are only seeking companies which will add value to our Group. We are in no hurry to conclude any acquisitions and prefer to carefully evaluate as we have done with a number which for various reasons have not proceeded. If our value milestones cannot be met then we will not proceed. In the meantime our Company is continuing to maintain its growth in any event from the investments that have already been made. We are continuing to seek appropriate acquisitions and are of the view that a number of possibilities may arise in due course. The main point here is that we will take our time to find the right investment opportunities and we will continue to evaluate possibilities as they might arise.

In the meantime, as shareholders will be aware, we have formalised the Group to the point where The New Zealand Wine Company Ltd. owns Grove Mill Wine Company Ltd., Sanctuary Wine Company Ltd. and Bedford Road Investments Ltd. The Brands are all registered and remain an important Group Asset

**IN CONCLUSION**

2002 was an excellent year for the Company, returning to our previous growth path after the inhibiting factors of the poor 2000 year yields. Once again everyone involved with the Company - Board, Management and Staff all played their part in achieving this result. We have exciting plans for the future and are fully aware that we will have work continually at making those plans become realised results.

My sincere thanks must go to Management and staff for their continued commitment to the Company. A very special thanks to Peter Croft who is not seeking re-election. Peter has given a tremendous contribution over many years and has been a very valued Board member. I also sincerely thank my other fellow Directors Alton Jamieson, Peter McAtamney, Maurice McQuillan and John Milne who continue to serve the Company very well indeed.

Finally I thank shareholders for your continued support and trust that you will find that support providing suitable reward.



**Mark Peters**  
CHAIRMAN

**M A N A G I N G D I R E C T O R ' S R E P O R T**  
**F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2**

The following is a report on the operational aspects of our business.

As is obvious from our results, the 2001/2 financial year was an outstanding one for The New Zealand Wine Company. The 2001 vintage gave rise to some great wines as well as volumes more in line with our growth aspirations. Through opening new markets, moving into higher value segments and containing costs, we generated a profit result well in excess of budget. While we were still constrained by supply in 2001/2, the bigger vintage of 2002 presents us with another level of challenge. I am confident that we have the right business model in place for sustainable long-term growth of our brands.

**STRATEGY**

As already stated, our vision for Grove Mill is to be the preferred supplier of highest quality Marlborough wines to the world's finest restaurants and wine stores. Driving sales through the premium restaurant allocations system ensures maximum margin, avoidance of discounting and will optimise long-term shareholder value. Our aim is to gear the entire company to meet the specialist needs of this sector focusing on quality, service and personal contact. In time, The New Zealand Wine Company hopes to include other brands that are the best examples of particular varieties from premium areas in its portfolio.

**DOMESTIC DISTRIBUTION**

The New Zealand market accounted for 36% of our sales in 2001/2. As the domestic market continues to grow at a long-term average of less than 2%, our focus remains on the highest value segments and quality of distribution recognising the importance of home market brand image in building our reputation internationally. Listings in 80% of the Top 50 restaurants remains our firm target.

**EXPORT**

Export markets accounted for 64% of sales. While our main markets remain Australia, the US and the UK, the new markets that we opened last year are making a useful contribution to volume and profits.

We were pleased to appoint Woodford Bourne as our distributor in the Republic of Ireland during the year. Woodford Bourne is one of the oldest and most respected wine companies in Ireland. They have taken on a significant volume immediately and are confident of the potential of Grove Mill in this fastest growing major market of New Zealand wine.

We are very grateful for the continued strong support from Sainsburys supermarket, our biggest customer. Sales to Sainsburys increased 24% during the year.

We were also pleased to have launched our Frog Haven brand as the exclusive label of Waitrose supermarkets in the UK. This should allow us to place more of our second brand wine into high return, low maintenance channels going forward allowing our distributor network to give full focus to the job of building the Grove Mill brand.

Dave Kenny has made an excellent job of "passing on the passion" as Domestic Market Sales Manager and has been promoted to Area Manager for markets in Oceania and the USA. Marketing Manager Colleen Oliver has made an outstanding contribution, particularly in the market support function, ensuring that all key targets were hit.

**M A N A G I N G D I R E C T O R ' S R E P O R T**  
**F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2 ( C O N T I N U E D )**

**VINTAGE 2002**

As has been widely publicised, the 2002 vintage was the largest in New Zealand history. A good early growing season was followed by a long, dry "Indian Summer" in Marlborough.

The Chardonnay fruit from 2002 is among the best we have seen. Pinot Noir and Pinot Gris look excellent also. This very long ripening time allowed flavours to build up slowly and this looks to have countered the effects of heavier crop loads in Sauvignon Blanc and Riesling more so. For the first time, we also sold on some fruit from higher yielding blocks in order to lift overall quality.

**VINEYARDS**

The final stage of planting of our 33 hectare 17 Valley vineyard is about to be completed. Numerous international accolades won by our immediate neighbours speak to the quality possible for this site. In March, we made history by handing over historic food storage pits on the site to the Te Runanga A Rangitane O Wairau Iwi making The New Zealand Wine Company Ltd (then Grove Mill) the first corporate in New Zealand to voluntarily hand land back to Maori. At the same time, we are completing planting the 17-hectare property leased from Richard and Sandy Dowling in the most prime part of the Wairau Valley, adjacent to our Avenelle Vineyard. They have agreed to lease to us a further 8 hectares, which is also being planted at time of writing.

**GROWERS**

We have now entered into longer-term partnerships with the majority of our growers. As we go forward, 80% of our total intake will be from vineyards we either own or manage and from growers with whom we have a long-term arrangement. We have used a combination of leasing, per acre contracts and long-term standard contracts to achieve this. This balanced approach also will ensure both ever-improving wine quality and optimum return on Shareholder funds employed.

**WINERY**

It was another great year for our winemaking team, lead by Dave Pearce. Our three lead white wine styles (Sauvignon Blanc, Riesling and Chardonnay) all won Gold medals at the Royal Easter Show 2002. This clearly places The New Zealand Wine Company among the top echelon of wine producers in the country. Our Pinot Gris continues to build on its cult following and our Pinot Noir 2000 showed some early promise with a 5 star rating in Australia's highly influential Winestate magazine.

Finally I would like to thank the board, staff and management team, for all their support during this time. The tireless effort and enthusiasm of Finance Manager Jane Trought, our Viticulturist Doug Holmes and the rest of the Senior Management team is truly impressive. Focus, discipline and ownership have delivered an outstanding result.



Peter McAtamney  
MANAGING DIRECTOR



THE NEW ZEALAND WINE COMPANY  
LIMITED

**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30TH JUNE 2002

**APPROVAL BY DIRECTORS**

The Directors have approved the Financial Statements of The New Zealand Wine Company Limited for the year ended 30 June 2002 on pages 8 to 24.

For and on behalf of the Board of Directors 7 August 2002.



**Mark A Peters**  
CHAIRMAN



**Peter J McAtamney**  
MANAGING DIRECTOR

**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 30TH JUNE 2002**

The financial statements of The New Zealand Wine Company Limited have been prepared in accordance with the New Zealand Companies Act 1993 and the Financial Reporting Act 1993. The Company changed its name from Grove Mill Wine Company Limited on 17 June 2002.

**1. BASIS FOR PREPARATION**

The financial statements have been prepared on the historical cost basis modified to include the revaluation of certain assets. Accrual accounting is used to recognise revenue and expenses. The reporting currency is New Zealand dollars.

**2. SPECIFIC ACCOUNTING POLICIES**

The specific accounting policies used in the preparation of the financial statements are as follows:

**2.1 PROPERTY, PLANT AND EQUIPMENT**

Land, land improvements and buildings are revalued to market value every year by an independent valuer. Land, land improvements and buildings acquired since the last revaluation are recorded at historical cost.

Revaluation surpluses are taken directly to the revaluation reserve. Decreases in value are debited directly to the revaluation reserve to the extent that they reverse previous surpluses within the class of asset concerned and are otherwise recognised as expenses in the Statement of Financial Performance.

All other items of property, plant and equipment are recorded on the historical cost basis.

Provision is made for any permanent impairment in the value of property, plant and equipment.

All items of property, plant and equipment other than land, are depreciated on a straight line basis at rates which will write off their cost or revalued amount less estimated residual value over their expected useful lives.

Land improvements include all costs incurred in developing vineyards including direct material, direct labour and an allocation of overhead and financing costs and are not depreciated until the asset reaches commercial production.

**2.2 IDENTIFIABLE INTANGIBLE ASSETS**

Purchased identifiable intangible assets, comprising brands and trademarks, are shown at cost and amortised on a straight line basis over their estimated useful lives. Provision is made for any permanent impairment in the value of identifiable intangible assets.

**2.3 INVESTMENTS**

Non-current investments are valued at cost less provision for any permanent impairment.

**STATEMENT OF ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

2.4 INVENTORIES

All inventories are valued at the lower of cost and net realisable value. Cost is calculated on an average cost basis.

Costs include a systematic allocation of appropriate production overheads that relate to putting inventories in their present location and condition. The allocation of production overheads is based on the normal capacity of the production facilities.

2.5 TRADE RECEIVABLES

Trade receivables are stated at net realisable values. Bad debts are written off during the year in which they are identified.

2.6 STATEMENT OF CASH FLOWS

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the Statement of Cash Flows are:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the company as part of its day-to-day cash management.

“Investing activities” are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

“Financing activities” are those activities relating to changes in equity and debt capital structure of the company and those activities relating to the cost of servicing the company’s equity capital.

“Operating activities” include all transactions and other events that are not investing or financing activities.

2.7 TAXATION

Deferred taxation, which is calculated on the liability basis using the comprehensive method, arises from amounts of income or expense recognised for tax purposes in years different from those in which they are dealt with in the financial statements.

A debit balance in the deferred taxation account is only carried forward to the extent that there is virtual certainty of its recovery.

Income taxation benefits arising from income taxation losses are recognised only to the extent of accumulated net credits from timing differences in the deferred taxation account unless there is virtual certainty of their realisation.

**S T A T E M E N T O F A C C O U N T I N G P O L I C I E S**  
**F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2 ( C O N T I N U E D )**

2.8 OPERATING LEASES

Operating lease rentals are recognised on a systematic basis that is representative of the time pattern of the benefit to the Company.

2.9 FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the close of the transaction date.

Monetary items receivable or payable in a foreign currency, other than those resulting from short term transactions covered by forward exchange contracts, are translated at balance date at the closing rate. For transactions covered by short term forward exchange contracts, the rates specified in those contracts are used as the basis for measuring and reporting the transaction.

Exchange differences on foreign exchange balances are recognised in the Statement of Financial Performance.

2.10 FINANCIAL INSTRUMENTS

The Company uses forward exchange contracts with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the item being hedged.

Forward exchange contracts entered into as hedges of foreign exchange assets or liabilities are valued at the exchange rates prevailing at year end. Any unrealised gains or losses are offset against foreign exchange gains or losses on the related asset or liability.

2.11 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year.

THE NEW ZEALAND WINE COMPANY  
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**STATEMENT OF FINANCIAL PERFORMANCE**  
FOR THE YEAR ENDED 30TH JUNE 2002

	Note	2002 \$'000	2001 \$'000
TOTAL REVENUE	1	6,777	5,316
Surplus from operations	2	1,752	1,223
Financing costs (net)	3	(237)	(172)
Surplus before taxation		1,515	1,051
Taxation	4	(511)	(350)
<b>NET SURPLUS FOR THE YEAR</b>		<b>1,004</b>	<b>701</b>
Earnings per share cps (after tax)	5	14.6	10.2
Dividends per share cps	6	6.0	4.8

**STATEMENT OF MOVEMENTS IN EQUITY**  
FOR THE YEAR ENDED 30TH JUNE 2002

	Note	2002 \$'000	2001 \$'000
Net surplus for the year		1,004	701
Surplus on revaluation of land, land improvements and buildings	9	1,214	741
<b>Comprehensive income for the year</b>		<b>2,218</b>	<b>1,442</b>
Contributions by owners	8, 10	61	70
Distributions to owners	7	(344)	(124)
<b>Added to equity during the year</b>		<b>1,935</b>	<b>1,388</b>
Equity at beginning of year		8,823	7,435
<b>Equity at end of year</b>		<b>10,758</b>	<b>8,823</b>

The Statement of Accounting Policies (pages 8 to 10) and the Notes to the Financial Statements (pages 15 to 24) form an integral part of these Financial Statements.

THE NEW ZEALAND WINE COMPANY  
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**STATEMENT OF FINANCIAL POSITION**

A S A T 3 0 T H J U N E 2 0 0 2

	Note	2002 \$'000	2001 \$'000
<b>CURRENT ASSETS</b>			
Trade receivables		1,937	1,314
Inventories	16	4,355	3,007
Taxation		40	88
Other current assets		43	570
		<b>6,375</b>	<b>4,979</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	12,060	8,748
Identifiable intangibles	14	161	91
Goodwill	15	4	5
Investments	18	10	10
Other non-current assets		18	32
		<b>12,253</b>	<b>8,886</b>
<b>TOTAL ASSETS</b>		<b>18,628</b>	<b>13,865</b>

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THE NEW ZEALAND WINE COMPANY  
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**STATEMENT OF FINANCIAL POSITION**

A S A T 3 0 T H J U N E 2 0 0 2 ( C O N T I N U E D )

	Note	2002 \$'000	2001 \$'000
<b>CURRENT LIABILITIES</b>			
Bank overdraft	11	1,564	1,393
Loans	11	283	156
Trade creditors		941	768
Payables	17	146	130
		<hr/>	<hr/>
		2,934	2,447
		<hr/>	<hr/>
<b>NON CURRENT LIABILITIES</b>			
Loans	11	4,471	2,356
Deferred taxation	12	465	239
		<hr/>	<hr/>
		4,936	2,595
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>7,870</b>	<b>5,042</b>
		<hr/>	<hr/>
<b>EQUITY</b>			
Share capital	8	6,770	6,709
Reserves	9	3,953	2,079
Convertible notes	10	35	35
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>10,758</b>	<b>8,823</b>
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18,628</b>	<b>13,865</b>
		<hr/>	<hr/>

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THE NEW ZEALAND WINE COMPANY  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**

	Note	2002 \$'000	2001 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from (applied to)</b>			
Receipts from customers		7,385	6,551
Interest received		6	5
Payments to suppliers and employees		(6,435)	(4,938)
Interest paid		(360)	(262)
Taxation paid		(238)	(254)
<b>Net cash flow from operating activities</b>	19	<b>358</b>	<b>1,102</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from (applied to)</b>			
Sale of property, plant and equipment		4	69
Purchase of property, plant and equipment		(2,420)	(2,309)
Purchase of identifiable intangible assets		(31)	(4)
Grower loan advances		14	1
Employee share scheme		7	37
<b>Net cash flow from investing activities</b>		<b>(2,426)</b>	<b>(2,206)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from (applied to)</b>			
Loan advanced		2,500	-
Loans repaid		(259)	(156)
Dividends paid		(344)	(312)
<b>Net cash flow from financing activities</b>		<b>1,897</b>	<b>(468)</b>
<b>Net (decrease) in cash held</b>		<b>(171)</b>	<b>(1,572)</b>
<b>Cash at beginning of year</b>		<b>(1,393)</b>	<b>179</b>
<b>Cash at end of year</b>		<b>(1,564)</b>	<b>(1,393)</b>
<b>Comprising: Cash</b>			
Bank overdraft		<b>(1,564)</b>	<b>(1,393)</b>
		<b>(1,564)</b>	<b>(1,393)</b>

The Statement of Accounting Policies (pages 8 to 10) and the Notes to the Financial Statements (pages 15 to 24) form an integral part of these Financial Statements.



THE NEW ZEALAND WINE COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002**

	2002 \$'000	2001 \$'000
<b>1. TOTAL REVENUE</b>		
<i>Total revenue comprises:</i>		
Turnover (net of excise duty)	6,777	5,316
<b>2. SURPLUS FROM OPERATIONS</b>		
<i>Included in surplus from operations are the following:</i>		
REVENUE ITEMS:		
Net foreign exchange gain (loss)	29	5
EXPENSES:		
Amortisation of goodwill	1	1
Amortisation of identifiable assets	14	13
Bad and doubtful debts		
- Bad debts	-	-
Depreciation*	146	101
Director's fees	88	88
Donations	1	1
Excise duty	427	397
Fees paid to auditors:		
- Audit of financial report	10	10
- For other services	17	-
Operating lease rentals	50	11
*Total depreciation on property, plant and equipment totalled \$316,000 (2001: \$244,000). \$170,000 has been applied to inventories (2001: \$142,000).		
<b>3. NET FINANCING COSTS</b>		
Interest expense	373	262
Less: Interest revenue	(6)	(5)
Less: Interest capitalised	(130)	(85)
	237	172

THE NEW ZEALAND WINE COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

	2002 \$'000	2001 \$'000
<b>4. TAXATION</b>		
SURPLUS BEFORE TAXATION	1,515	1,051
Income taxation expense calculated at current rate of 33 cents	500	347
<i>Taxation effect of permanent differences</i>		
Other permanent differences	11	3
Taxation expense as reported	511	350
<b>ANALYSIS OF TAXATION EXPENSE</b>		
Current taxation	285	226
Deferred taxation	226	124
	511	350
<b>IMPUTATION CREDITS</b>		
Balance at beginning of year	130	336
Taxation paid	238	254
Attached to dividends paid and bonus issues	(167)	(460)
Balance at end of year	201	130
	2002	2001
	cents per share	cents per share
<b>5. EARNINGS PER SHARE</b>	14.6	10.2

The calculation of earnings per share in respect of 2002 is based on earnings of \$1,004,120 (2001: \$701,377) and the weighted average of 6,881,266 ordinary shares in issue during the year (2001: 6,867,599). Diluted earnings per share have not been disclosed separately as they are not materially different from the basic earnings per share.

<b>6. DIVIDENDS PER SHARE</b>	6.0	4.8
-------------------------------	-----	-----

The calculation of dividends per share in respect of 2002 is based on dividends paid/payable of \$414,006 (2001: \$331,110) and the weighted average of 6,881,266 ordinary shares in issue during the year (2001: 6,867,599). The dividends per share calculation has been adjusted for \$276,124 proposed for the final dividend not included in these financial statements.

	2002 \$'000	2001 \$'000
<b>7. DISTRIBUTIONS TO OWNERS</b>		
2001 interim dividend 2 cps fully imputed paid 12/4/01	-	124
2001 final dividend 3 cps fully imputed paid 19/10/01	206	-
2002 interim dividend 2 cps fully imputed paid 12/4/02	138	-
	344	124

No final dividend has been declared and included in these financial statements. A proposed fully imputed final dividend of 4 cents per share was approved by the Board on 7 August 2002.

THE NEW ZEALAND WINE COMPANY  
LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

8. SHARE CAPITAL	2002 Number of shares issued	2001 Number of shares issued	2002 \$'000	2001 \$'000
ORDINARY SHARES				
Balance at beginning of year	6,872,099	6,229,362	6,709	6,049
Share issue	22,000	18,000	61	35
Bonus shares issued	-	624,737	-	625
Balance at end of year	<u>6,894,099</u>	<u>6,872,099</u>	<u>6,770</u>	<u>6,709</u>

The Company issued 22,000 ordinary shares on 23 January 2001 at an issue price of \$2.80 per share.

SHARE OPTIONS

Balance at end of year	<u>160,000</u>	<u>61,500</u>
------------------------	----------------	---------------

EMPLOYEE SHARE OWNERSHIP SCHEME

An employee share ownership scheme was established by the Company in 1998 to assist employees to become shareholders in the Company. Permanent employees are eligible to participate in the plan following invitation from the Trustees. The issue price of shares under the plan is based on the market price at that time. Shares acquired under the scheme are held in trust until fully paid for. Purchases under the scheme are financed by way of a five year interest-free loan from the Company. The employee share ownership scheme held the following ordinary shares at the end of the year in the names of M A Peters and J H G Milne:

Shares allocated to employees	2,376	8,593
Percentage of total shares	0.03%	0.1%
Amount not paid up	<u>\$2,205</u>	<u>\$8,945</u>
Due within 1 year	\$735	\$2,236
Due after 1 year	<u>\$1,470</u>	<u>\$6,709</u>
	<u>\$2,205</u>	<u>\$8,945</u>

SHARE OPTION SCHEME

An employee share option scheme was established by the Company in February 2001 for eligible employees to help align incentives with the Company's quoted share value. The Company has restricted the issue of options to the criteria laid down in the NZ Stock Exchange Listing Rules whereby during a 12 month period the maximum number of options and ordinary shares issued to employees, excluding any authorised by separate shareholder resolution, is 2% of the total number of ordinary shares on issue at the commencement of that period and during the period of 5 years from the date of issue a maximum of 5% of the total number of ordinary shares immediately preceding the date of issue. The term of the options is for a maximum of 5 years and they may be redeemed at specified periods during October of each year from October 2002 on a phased basis of up to a maximum of one-third cumulative each year. Options will be adjusted on redemption as to the exercise price for any bonus issues and as to volume for any share split or consolidations since the date of issue. Until exercised the options have no voting, dividend or other rights in respect of the shares under option. Shares issued pursuant to the options will rank pari passu with shares already issued except that they will not rank for dividends attaching to shares by reference to a record date falling prior to the date of issue. The options are not disposable or transferable and lapse on cessation of employment except in special circumstances at the discretion of the Directors such as retirement or death of the employee or on change in control of the Company.

Information regarding options granted under the scheme is as follows:

	7 Mar 2001	31 Oct 2001	Total
Number of options granted	65,400	98,500	163,900
Number of options exercised	-	-	-
Number of options lapsed	(3,900)	-	(3,900)
Number of options outstanding at year end	<u>61,500</u>	<u>98,500</u>	<u>160,000</u>
Issue price	\$1.90	\$2.75	
Exercise price adjusted for bonus issue	\$1.73	\$2.75	
Percentage of total shares	1.0%	1.4%	2.4%

THE NEW ZEALAND WINE COMPANY  
LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)

	2002 \$'000	2001 \$'000		
<b>9. RESERVES</b>				
<b>Revaluation reserve</b>				
Balance at beginning of year	1,426	685		
Revaluation surplus during the year	1,214	741		
Balance at end of year	2,640	1,426		
<b>Retained surplus</b>				
Balance at beginning of year	653	701		
Net surplus for the year	1,004	701		
	1,657	1,402		
Distributions to owners (Note 7)	(344)	(124)		
Bonus issue	-	(625)		
Balance at end of year	1,313	653		
<b>TOTAL RESERVES</b>	3,953	2,079		
<b>10. CONVERTIBLE NOTES</b>				
18,000 Convertible notes	35	35		
<p>The notes were issued on 29 September 2000, are unsecured and carry a zero coupon. They are convertible on a 1 for 1 basis to fully paid ordinary shares at an agreed value of \$1.95 at the time when specified criteria are met under an agreement with the Company.</p>				
<b>11. FUNDING</b>				
	<b>Interest Rate %</b>	<b>Repayable</b>	<b>2002 \$'000</b>	<b>2001 \$'000</b>
BANK OVERDRAFT/ (CASH AT BANK)	7.09 % Floating		1,564	1,393
<b>NATIONAL BANK LOANS</b>				
Loan # 1	7.60 % Fixed	20/5/2011	571	635
Loan # 2	8.79% Fixed	2/7/2014	1,324	1,383
Loan # 3	7.28% Fixed	9/7/2016	1,432	-
Loan # 4	7.06% Fixed	9/7/2016	971	-
Loan # 5	7.06% Fixed	19/2/2012	456	-
Loan # 6	N/A	Repaid Nov 01	-	248
Loan # 7	N/A	Repaid Nov 01	-	246
<b>TOTAL LOANS</b>			4,754	2,512
<b>TOTAL FUNDING</b>			6,318	3,905
Bank overdraft/ (Cash at bank)			1,564	1,393
Loans due within 1 year			283	156
Loans due after 1 year			4,471	2,356
			6,318	3,905

THE NEW ZEALAND WINE COMPANY  
LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

11. FUNDING (continued)

NATIONAL BANK FLEXIBLE CREDIT FACILITY

The Company has a flexible credit facility of \$2 million on a 90-day rolling bill linked interest rate.

SECURITY

Loans and advances are secured by way of mortgage on land and buildings and a floating charge over the Company's other assets.

	2002 \$'000	2001 \$'000
<b>12. DEFERRED TAXATION</b>		
Balance at beginning of year	239	115
Movements during the year: Timing differences	226	124
Balance at end of year	465	239

13. PROPERTY, PLANT AND EQUIPMENT

FREEHOLD LAND:

At valuation	3,600	3,180
<i>Revaluation surplus</i>	<i>930</i>	<i>546</i>
<i>Depreciation expense current year</i>	-	-

LAND IMPROVEMENTS:

At valuation	4,741	2,300
Work in progress at cost	263	199
Total Land Improvements	5,004	2,499
<i>Revaluation surplus</i>	<i>1,556</i>	<i>774</i>
<i>Depreciation expense current year</i>	<i>73</i>	<i>36</i>

THE NEW ZEALAND WINE COMPANY  
LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

	2002 \$'000	2001 \$'000
<b>13. PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
<b>BUILDINGS:</b>		
At valuation	1,504	1,500
Work in progress at cost	167	-
<b>Total Buildings</b>	<b>1,671</b>	<b>1,500</b>
<i>Revaluation surplus</i>	<i>154</i>	<i>107</i>
<i>Depreciation expense current year</i>	<i>45</i>	<i>38</i>
 <b>PLANT AND MACHINERY:</b>		
At cost	2,178	1,967
Work in progress at cost	51	-
Accumulated depreciation	(721)	(595)
	<b>1,508</b>	<b>1,372</b>
<i>Depreciation expense current year</i>	<i>126</i>	<i>98</i>
 <b>MOTOR VEHICLES:</b>		
At cost	339	204
Accumulated depreciation	(117)	(78)
	<b>222</b>	<b>126</b>
<i>Depreciation expense current year</i>	<i>47</i>	<i>47</i>
 <b>FURNITURE AND FITTINGS:</b>		
At cost	160	190
Accumulated depreciation	(105)	(119)
	<b>55</b>	<b>71</b>
<i>Depreciation expense current year</i>	<i>25</i>	<i>25</i>
 <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>12,060</b>	<b>8,748</b>
<i>Total Depreciation expense current year</i>	<i>316</i>	<i>244</i>

Land, land improvements and buildings shown at valuation were valued at market value by Alexander Hayward Limited, registered valuers, on 30 June 2002 (2001: 30 June 2001).

Land and buildings are subject to mortgage, (Note 11).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

**13. PROPERTY, PLANT AND EQUIPMENT (continued)**

Depreciation rates per annum are as follows:

Buildings:	3%
Land Improvements:	4%
Winery Equipment:	5%
Vineyard Equipment:	10%
Fixtures and Fittings:	10%
Motor Vehicles:	20%
Computer Equipment:	25%

<b>14. IDENTIFIABLE INTANGIBLES</b>	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>
Brands/Trademarks		
At cost	85	54
Accumulated amortisation	(44)	(30)
	<u>41</u>	<u>24</u>
Grape Supply Contract Payments		
At cost	132	70
Accumulated amortisation	(12)	(3)
	<u>120</u>	<u>67</u>
Total Identifiable Intangibles	<u>161</u>	<u>91</u>

Trademarks are amortised over a period of 7 years and Brands are amortised over a period of 3 years. Grape Supply Contract Payments are amortised over the period of the contract (i.e from 10 to 13 years) and charged direct to inventories.

**15. GOODWILL**

On acquisition of contract processing rights at cost	13	13
Accumulated amortisation	(9)	(8)
	<u>4</u>	<u>5</u>

Goodwill is amortised over a period of 10 years.

**16. INVENTORIES**

Raw materials	182	50
Consumable stores	25	17
Work in progress	3,497	2,506
Finished goods	651	434
	<u>4,355</u>	<u>3,007</u>

THE NEW ZEALAND WINE COMPANY  
LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

	2002 \$'000	2001 \$'000
<b>17. PAYABLES</b>		
Employee entitlements	99	65
Other accruals	47	65
	146	130
<b>18. INVESTMENTS</b>		
Bedford Road Investments Limited (formerly The New Zealand Wine Company Limited)	10	10

The New Zealand Wine Company Limited has three wholly owned, non-operating subsidiaries with no assets or liabilities. No consolidation has been performed as there is no material effect on the Group's position.

Subsidiaries at 30 June 2002 were:

- Grove Mill Wine Company Limited
- Sanctuary Wine Company Limited
- Bedford Road Investments Limited

On 17 June 2002 the following name changes were registered at the Companies Office:

- Grove Mill Wine Company Limited changed to The New Zealand Wine Company Limited;
- The New Zealand Wine Company Limited changed to Bedford Road Investments Limited; and
- Bedford Road Investments Limited changed to Grove Mill Wine Company Limited.

Sanctuary Wine Company Limited was incorporated on 6 December 2001 and Bedford Road Investments Limited was incorporated on 18 December 2001.

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

*Reconciliation of statement of financial performance surplus with net cash flow from operating activities:*

REPORTED SURPLUS AFTER TAXATION	1,004	701
Non-cash items:		
Depreciation	316	244
Amortisation of identifiable intangibles/goodwill/grape supply contracts	24	18
Increase in deferred tax	226	124
	1,570	1,087
<b>MOVEMENTS IN WORKING CAPITAL:</b>		
(Increase) in inventories	(1,348)	(310)
(Increase) in receivables	(623)	(83)
Increase in trade creditors	173	485
(Decrease)/Increase in payables and other current assets	585	(78)
	(1,213)	14
<b>ITEMS CLASSIFIED AS INVESTING ACTIVITIES</b>		
Loss on disposal of property, plant and equipment	1	1
<b>Net cash inflow from operating activities</b>	358	1,102



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

	2002 \$'000	2001 \$'000
<b>20. CAPITAL COMMITMENTS</b>		
Winery Expansion Stage 1	2,113	-
<b>21. OPERATING LEASE COMMITMENTS</b>		
Not later than one year	196	113
Later than one year and not later than two years	164	57
Later than two years and not later than five years	363	113
Later than five years	1,447	468
	2,170	751

**22. FINANCIAL INSTRUMENTS**

**Currency and Interest Rate Risk**

Nature of activities and management policies with respect to financial instruments:

*(i) Currency*

The Company has exposure to foreign exchange risk as a result of sales denominated in foreign currencies, arising from normal trading activities. Where exposures are certain, it is the Company's policy to hedge these risks as they arise. The notional principal or contract amounts of foreign exchange instruments outstanding at balance date are as follows:

<i>Forward foreign exchange contracts:</i>	3,368	2,274
Consisting of: - specific hedges	991	2,141
- general hedges	2,377	133

Specific hedges relate to existing or known future transactions. General hedges relate to anticipated future transactions. Exchange differences arising are included in the measurement of the transactions to which they relate.

The cash settlement requirement of forward foreign exchange contracts approximates the notional contract amounts shown above.

*(ii) Interest Rate*

The Company has long-term fixed rate borrowings which are used to fund ongoing activities. It is company policy to ensure interest rate exposure is maintained on fixed and floating rate bases.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

22. FINANCIAL INSTRUMENTS (continued)

**Concentration of Credit Risk**

In the normal course of its business the Company incurs credit risk from trade debtors and transactions with financial institutions.

The Company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures with counter parties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Company does not have any significant concentrations of credit risk. The Company does not expect the non-performance of any obligations at balance date.

**Fair values**

The carrying value of all assets and liabilities are not materially different to their fair value.

23. SUBSEQUENT EVENTS

On 16 June 2002 the Company entered into a Loan Agreement with the National Bank of New Zealand for an additional term loan of \$2.4 million. The new loan was drawn down on 19 July 2002 and is repayable on 19 July 2017. The initial interest rate on the loan is 7.83% fixed for 24 months.

On 2 July 2002 the interest rate on National Bank Loan #2 was reviewed and fixed for a term of 36 months at a rate of 7.5% pa.

On 8 July 2002 the Company issued 9,000 ordinary shares at an issue price of \$3.15 per share.

On 7 August 2002 the Directors resolved to make a 1 for 10 fully imputed Bonus issue followed by a 1 for 8 Renounceable Rights issue at \$2 per share.

No other material events have occurred since balance date.

A U D I T R E P O R T  
F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2

**Deloitte  
Touche  
Tohmatsu**

AUDIT REPORT

To the Shareholders of The New Zealand Wine Company Limited.

We have audited the financial statements on pages 7 to 24. The financial statements provide information about the past financial performance of The New Zealand Wine Company Limited (the "Company") and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 8 to 10.

**Directors' Responsibilities**

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Company as at 30 June 2002 and of the results of its operations and cash flows for the year ended 30 June 2002.

**Auditors' Responsibilities**

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand auditing standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out consultancy assignments for the Company. We have no other relationship with or interests in the Company.

**Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements on pages 7 to 24:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the financial position of the Company as at 30 June 2002 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 7 August 2002 and our unqualified opinion is expressed as at that date.

*Deloitte Touche Tohmatsu*

Chartered Accountants  
Wellington, NZ

THE NEW ZEALAND WINE COMPANY  
LIMITED

**COMPARATIVE FINANCIAL REVIEW**  
FOR THE YEARS ENDED 30TH JUNE

	Note	2002 Audited \$'000	2001 Audited \$'000	2000 Audited \$'000	1999 Audited \$'000	1998 Audited \$'000
<b>Statement of Financial Performance Data</b>						
Total Revenue		6,777	5,316	5,148	4,775	3,489
Surplus from Operations		1,752	1,223	1,282	1,284	849
Financing Costs		237	172	193	158	244
Taxation		511	350	362	374	201
Net Surplus for the Year		1,004	701	727	752	404
Earnings per share (cents)	1	14.6	10.2	11.2	11.7	7.1
Dividends per share (cents)	2	6.0	4.8	4.8	3.9	3.2
<b>Statement of Financial Position Data</b>						
Current Assets		6,375	4,979	4,731	3,874	3,816
Current Liabilities		2,934	2,447	792	1,157	1,588
Working Capital Ratio		2.2	2.0	6.0	3.3	2.4
Non-Current Assets		12,253	8,886	6,136	3,486	3,004
Total Assets		18,628	13,865	10,867	7,360	6,820
Non-Current Liabilities		4,936	2,595	2,640	1,287	1,465
Total Liabilities		7,870	5,042	3,432	2,444	3,053
Total Shareholders Equity		10,758	8,823	7,435	4,916	3,767
Net Surplus % of Average Shareholders Equity		9.3%	8.6%	11.8%	17.3%	12.6%
Total Loans		4,754	3,905	2,667	1,859	2,361
Gearing Ratio %	3	30.6%	30.7%	26.4%	27.4%	38.5%
Shareholder's Equity % of Total Assets		57.8%	63.6%	68.4%	66.8%	55.2%
Number of Shares at year end	1	6,894,099	6,872,099	6,229,362	2,595,567	1,893,035

**Notes:**

- 1 Dividends and earnings per share are restated to reflect the 1:10 bonus issues in July 1998, June 1999 and May 2001 and the 2:1 share split in August 1999.
- 2 Dividends per share are calculated on the amount paid/payable in respect of the year to which they relate.
- 3 Gearing Ratio is Total Loans as a percentage of Total Loans plus Total Shareholders Equity.

THE NEW ZEALAND WINE COMPANY  
LIMITED

**STATUTORY INFORMATION**  
FOR THE YEAR ENDED 30TH JUNE 2002

**1. INTEREST REGISTERS**

The following entries were recorded in the Directors' interest register of the Company during the year:

**SHARE DEALINGS IN THE SHARES OF THE NEW ZEALAND WINE COMPANY LIMITED  
(FORMERLY GROVE MILL WINE COMPANY LIMITED)**

CP & JD Croft sold 19,000 shares for \$49,675 on 29 October 2001

CP & JD Croft sold 1,000 shares for \$2,800 on 5 November 2001

PJ McAtamney purchased 51,275 shares for \$141,563 on 28 February 2002

PJ McAtamney purchased 15,000 shares for \$43,800 on 5 April 2002

JHG Milne & M A Peters as trustees for the Employee Share Acquisition Scheme transferred 6,217 shares to employees on 19 October 2001.

PJ McAtamney was issued 39,000 share options at an issue price of \$2.75 per share on 31 October 2002 as per the Shareholders Resolution dated 28 September 2002.

TRANSACTIONS	2002 \$'000	2001 \$'000
Certain Directors have interests in contracts with The New Zealand Wine Company Limited (formerly Grove Mill Wine Company Limited).		
All transactions were at normal commercial rates.		
CP Croft (Springlands Tavern and Woodbourne Tavern - purchase of finished product)	15	11
MJ McQuillan (Grove Road Super Liquor - purchase of finished product)	58	34
MA Peters (Peters Doig Ltd - accounting, taxation and consultancy fees)	2	4

**STATUTORY INFORMATION**

**FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)**

**1. INTEREST REGISTERS (continued)**

**LOANS TO DIRECTORS**

No loans to directors were authorised during the year.

**INDEMNITY AND INSURANCE**

The Directors' and Officers' liability insurance is held to cover risks normally covered by such policies arising out of acts or omissions of directors and employees in their capacity as such except for specific matters which are expressly excluded.

**2. DIRECTORS' REMUNERATION**

Directors of the Company during the year and remuneration and other benefits paid to directors by the Company were as follows:

	DIRECTORS FEES		REMUNERATION AND OTHER BENEFITS	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
MA Peters (Chairman)	28	28	-	-
PJ McAtamney (appointed Managing Director 29 June 2001)	-	-	156	78
CP Croft	14	14	-	-
JA Jamieson	16	16	-	-
MJ McQuillan	14	14	-	-
JHG Milne	16	16	-	-

Directors who are executives do not receive Director's Fees.

**3. EMPLOYEES' REMUNERATION**

Remuneration and other benefits of \$100,000 per annum or more received by employees in their capacity as employees were as follows:

	Number of Employees
\$130,000 - \$139,999	1

**4. DONATION**

*During the year:*

The New Zealand Wine Company Limited made a donation of \$1,000 to the Salvation Army for the Blenheim Food Bank (2001: \$1,000).

**STATUTORY INFORMATION**

FOR THE YEAR ENDED 30TH JUNE 2002 (CONTINUED)

**5. SHAREHOLDING BREAKDOWN**

Shareholding as at 30 June 2002	Number of shareholders	Total shares held	% of share capital
1-999	14	7,404	0.1%
1,000-9,999	127	361,052	5.2%
10,000-49,999	54	1,346,879	19.5%
50,000-99,999	17	1,240,573	18.0%
100,000-499,999	15	3,139,591	45.6%
500,000+	1	798,600	11.6%
	228	6,894,099	100.0%

Under the Company's Constitution the minimum shareholding is as set out in the Listing Rules of the New Zealand Stock Exchange. This minimum limit is waived by the Director's for any permanent staff member with a shareholding in the Company.

**6. DIRECTORS' SHAREHOLDING**

Shares held at 30 June 2002 (including Beneficial Interests)

	Ordinary Shares	Share Options
CP Croft	431,000	-
JA Jamieson	798,600	-
P J McAtamney**	67,375	66,000
MJ McQuillan	109,177	-
JHG Milne*	282,876	-
MA Peters*	334,440	-

\* JHG Milne and MA Peters are trustees of the NZWC Share Acquisition Scheme and hold 2,376 shares non-beneficially. Half of these shares have been included in the total shareholding of each director.

\*\*Includes 27,000 share options issued prior to being appointed Managing Director on 29 June 2001.

Information regarding options granted as follows:

	7 Mar 2001	31 Oct 2001	Total
Shareholder Resolution Date	N/A	28/9/01	
Number of options granted	27,000	39,000	66,000
Number of options exercised	-	-	-
Number of options lapsed	-	-	-
Number of options outstanding at year end	27,000	39,000	66,000
Issue price	\$1.90	\$2.75	
Exercise price adjusted for bonus issue	\$1.73	\$2.75	

THE NEW ZEALAND WINE COMPANY  
LIMITED

**C O N T R I B U T O R S**

( P E R M A N E N T E M P L O Y E E S A S A T 3 0 T H J U N E 2 0 0 2 )

Blair Newman	Gillian Moore	Peter McAtamney
Colleen Oliver	Jane Trought	Ross Wright
Craig Young	Jayne Chilvers	Sam Piper
David Kenny	Jessica van Oosterhout	Sara Bateup
David Pearce	Kerry Hammond	Sarah Inkersell
Doug Holmes	Leith Dixon	

**W I N E S H O W A W A R D S**

( F O R T H E Y E A R E N D E D 3 0 T H J U N E 2 0 0 2 )

New Zealand Wine Society Royal Easter Show 2002

Gold:

Gold:

Gold:

Grove Mill Marlborough Chardonnay 2000

Grove Mill Marlborough Sauvignon Blanc 2001

Sanctuary Marlborough Riesling 2001

Air New Zealand Wine Awards 2001

Silver:

Silver:

Grove Mill Marlborough Chardonnay 2000

Sanctuary Marlborough Riesling 2001

Liquorland Top 100 2001

Gold:

Sanctuary Marlborough Riesling 2000

WINPAC 2001

Best Value Wine:

Sanctuary Marlborough Sauvignon Blanc 2000

London International Wine Challenge 2001

Silver:

Sanctuary Marlborough Chardonnay 2000

Winestate Magazine Marlborough Region Tasting May/June 2001

5 Stars:

5 Stars:

Grove Mill Marlborough Sauvignon Blanc 2001

Grove Mill Marlborough Pinot Noir 2000

Since its establishment, Grove Mill has earned gold medals for Sauvignon Blanc, Riesling, Gewurztraminer, Pinot Gris, Chardonnay, Riesling, Cabernet Sauvignon, Cabernet Pinotage and Merlot. Sanctuary has won gold medals for Sauvignon Blanc and Riesling. With 290 medals (comprising 50 gold, 100 silver and 140 bronze) gained in national and international shows since 1991, A full list recent awards can be found on the Grove Mill website: [www.grovemill.co.nz](http://www.grovemill.co.nz).