

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 4

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DIRECTORS:	M A Peters (Chairman) M J Hunter J A Jamieson M J McQuillan J H G Milne
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EMAIL:	info@nzwineco.co.nz
WEBSITE ADDRESSES:	www.nzwineco.co.nz www.grovemill.co.nz www.sanctuarywine.co.nz
NATURE OF BUSINESS:	Production and distribution of wine
AUDITORS:	Deloitte, Wellington
SOLICITORS:	Wisheart, Macnab & Partners, Blenheim
BANKERS:	National Bank of New Zealand, Blenheim
REGISTRATION NO:	CH 307139
REGISTERED OFFICE:	13 Waihopai Valley Road, Renwick, Marlborough
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SHARE TRADING: "NWC"	NZX - NZAX Market

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THE NEW ZEALAND WINE COMPANY
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CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2004

2004 RESULTS AND 2005 PROSPECTS

A much improved second half year has resulted in a tax paid surplus of \$739,000 for the full year. While this is still well below the record \$1,081,000 in 2003, the second half has shown some very encouraging signs. As I outlined in the December 2003 half year report the frost affected lower 2003 intake was at a higher average cost per tonne due to the then grape demand/supply ratio and at a higher winery overhead cost per litre, due to less volume being processed as a result of the frost. To have achieved a second half tax paid surplus of \$418,000 compared with the 2003 second half of \$485,000 has been a credit to CEO Rob White and his management team. We are entering the 2005 financial year off the back of a record harvest for the Company which saw us retain around 1300 tonnes of fruit for the company after selling on some volume that did not reach our own internal parameters. The Company owned vineyards produced over 600 tonnes of our retained fruit. As a consequence as we head into the 2005 financial year there are some positive aspects which I will outline below, and two aspects which are not so positive.

The positive matters are:

- The average cost of fruit is lower than the 2003 vintage due to generally higher volumes and an easing of the demand/supply ratio.
- The higher volume of fruit processed has resulted in a lower per litre overhead cost. The new winery built for the 2003 vintage certainly proved to be a valuable facility for the winemaking team, as did some new technology equipment commissioned by winemaker David Pearce.
- Since December we have appointed new distribution partners in the Australian (East Coast) and UK markets. CEO Rob White will comment in more detail regarding these distributors. My comment is that the Board and Management are confident that the appointments will positively work with the Company's plans for these markets.
- Sainsbury's in the UK remain a strong grocery distribution partner in that market.
- New Distribution arrangements in the United States and Domestic markets are both positive, and with some fine tuning of our total domestic market arrangements being worked on, prospects in both markets remain good.

The two less encouraging matters are:

- The high New Zealand dollar remains of concern. The Company has reasonable cover at good rates through a large portion of the 2005 financial year, but by towards the end of the financial year this will be running out, and while many experts are picking the \$NZ dollar to fall by then history tells us that no one really can pick currency movement with any certainty.
- Because we have no wish to release 2004 Grove Mill wines until the appropriate time the winemaking team believe they are ready, we will still be selling some lower margin carry over stock of 2003 Grove Mill wines.

The positive matters above certainly outweigh the others and the Company can approach the current year's trading with some optimism.

There will be challenges for the New Zealand Industry following the record 2004 Harvest. The Industry will require further investment in marketing and promotion of New Zealand Wines in overseas markets. Recent comments from Industry leaders show that this is being planned and certainly in our own case we have put considerable time and effort into updating and improving the image of company brands over the immediate future. The Company will invest funds into this and in general marketing over the 2005 financial year as it will be critical going forward to ensure that we have quality branding to complement the quality that we strive for in the wines we produce.

STRATEGY AND PLANNING

Shareholders will be aware that the Company sold a producing vineyard of around 12 Hectares and realised a cash surplus of around \$1.3 million most of which had previously been included by way of annual revaluation in unrealised reserves. I wish to reiterate that this vineyard was sold for strategic reasons to consolidate our holdings in a lesser number of locations and that the area sold has largely been replaced, at substantially lower cost, alongside our existing 17 Valley site with additional plantings during the year. With other Company vineyards coming in to full production and

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CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

STRATEGY AND PLANNING (CONTINUED)

the retention of a group of key and valuable contract growers the Company will have sufficient volumes of fruit in a normal growing season to provide the volumes in our current 5 year plan and beyond. In addition to the vineyard surplus upon sale a further sum of around \$800,000 has been added to unrealised reserves from further updated valuations of other Company property. As a consequence shareholders equity has increased by around \$1million over 2003, after payment of dividends.

The Company now must ensure that, having got past the effects of the 2003 harvest through this year and the balance in 2005, future years show an adequate return on shareholders funds in the business, both in terms of earnings per share and in future dividend streams. There will be a concerted effort through strategic planning, quality production and marketing to achieve just that. The Board remain committed to improving results over ensuing years and improving shareholders' value in the business. Growth of production must be at the quality end, must be market led and at a controlled cost structure. The Board will still be looking for potential growth opportunities outside of internally generated growth, but these would have to meet strict criteria that fit within the above philosophy and add value for all shareholders.

Board and Management will continue to monitor, review and adapt the Company's overall strategy to move with the Industry as it continues to evolve. While the increased production from the national 2004 harvest will provide some challenges, it will also provide some opportunities. The New Zealand Wine Company will be among those seeking opportunities to consolidate and expand markets, to evolve products that meet the demand of a changing world, and to reinforce the values of our brands.

STAFF

CEO Rob White has only been with the Company for just on a year, and already has shown his capabilities in identifying areas of the Company's operation that needed some attention, and instigated appropriate actions. Rob's management ability and expertise has the full confidence of the Board and he will be a very real ongoing asset to the Company. In turn Rob has a very capable management team around him in winemaker David Pearce, financial controller Jane Trought, marketing manager Karen Walshe, sales manager David Kenny and viticulturist Doug Holmes, whose collective ability is highly valuable to the Company. Karen has just recently joined the Company. Overall the Company has excellent staff and this stands the business in very good stead on the way ahead. I wish to record the Board's appreciation of the efforts of our staff over the past difficult trading year.

ACCOUNTING POLICIES AND SHARES

The Board have maintained the same conservative accounting policies as in previous years. We have continued to make submissions on the proposed new ED NZ IAS 41 accounting standard which I have previously referred to. The standard is still in much the same proposed format, despite our concerns that it may overstate profits in any future application. We will continue to monitor and comment upon the situation.

In November 2004 we joined the New Zealand Exchange's new AX market. This has been a worthwhile exercise and while trading has not been in any great volumes, this may in part be due to the fact that after the weather events of 2003, 2004 was always going to be a difficult trading year for the company. This is not of course the best time to enter any new market, especially having come off a number of successive years of profit growth. However we continue to have confidence in the NZAX market as a stepping stone to an eventual full listing. It is interesting to note that while the share price has dropped in recent months, the net tangible asset value of the Company (i.e. excluding any brand value, goodwill, supply contracts etc) has grown over the past six months from \$1.88 to \$2.01 per share. The Board, as stated above, is fully aware and determined about the need to deliver an adequate return on shareholders' funds so that such return will reflect the substantial value and earning capacity that we believe the company assets and brands have.

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CHAIRMAN'S REPORT


FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

IN CONCLUSION

As I said in 2003 there are some interesting and challenging times ahead for the Industry and for the company. We believe that The New Zealand Wine Company is in a sound position from which to take on those challenges and turn them into opportunities. We believe that we know and understand the issues facing the industry and can move accordingly. It will be essential for long term players in the industry to be well governed, well managed, to get their cost structures right, to continue to target high quality production and to market professionally and successfully. Our strategic planning will at all times cover those areas.

In accordance with the Board's policy to reward shareholders a final dividend of 4 cents will be paid, bringing the total dividends for the year to the same as last year, being 6 cents per share. However because 1 cent per share of the final dividend will be paid from the realised gain on asset sales, only 3 cents will be fully imputed and withholding tax of 33% of the 1 cent will have to be deducted, making the net final dividend received 3.67 cents after tax and tax credits.

Finally I would like to record my sincere appreciation to my fellow Board members Jane Hunter, Alton Jamieson, Maurice McQuillan and John Milne who have been a dedicated and efficient governance team and have worked very hard on the Company's behalf.



Mark Peters
CHAIRMAN

C H I E F E X E C U T I V E O F F I C E 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 4

Despite the improved second half this has been a difficult year for the company. While revenue was 4.4% up on last year, margins were down due to cost impacts from the 2003 vintage and some adverse sales mix effects. A number of initiatives were undertaken to improve the profit result and ensure we are well positioned to achieve sales growth targets.

- We were able to take advantage of process capacity and high vineyard yields to crush a record tonnage of grapes from the 2004 vintage. The fruit not meeting our own requirements was processed and sold as bulk wine.
- Our Old Renwick Road vineyard was sold realising a cash surplus while enabling us to focus on completing development of our strategically important 17 Valley and Hammerichs Road Vineyards.
- In order to address issues in our key export markets and ensure we have the channels in place to deliver volume growth a number of significant distribution changes were made.

In the UK we have appointed Paragon Vintners Ltd from 1 July 2004 as our distributor for the Grove Mill brand. Paragon was until recently Cloudy Bay's UK distributor and has already brought an increased level of commitment and professionalism to our UK sales effort.

We have retained the positive relationship with Sainsbury Supermarkets as our exclusive distribution channel for the Sanctuary brand in the UK.

Following an extensive search we have appointed The Wine Company as our distributor for the Australian Eastern Seaboard. Being Melbourne based and with good sales representation in Queensland we anticipate being able to expand Grove Mill's penetration outside the already strong NSW base.

During the year we moved our New Zealand distribution to Montana Wines Ltd. As New Zealand's largest wine distributor Montana is providing us with extended coverage within our vitally important home market.

We continue to build our relationship with the recently appointed USA importer Palm Bay and now have extended distribution of the Grove Mill into 38 States and growing.

In order to revitalise the Grove Mill brand we have committed increased levels of funding to brand support in all key markets. Karen Walshe our recently appointed Marketing Manager has completed an extensive brand review and is developing a range of new communication initiatives that will bring alive the Grove Mill Frog as a symbol of our commitment to environmental and product quality. In order to further support these initiatives a continued development plan has been put in place for our Wetland area. This will support our brand positioning and make the Grove Mill Frog and Sanctuary Pukeko more accessible to a targeted significantly increased number of cellar door visitors.

In order to continue to ensure we have sufficient quantity and quality of Grove Mill fruit we are continuing the development of our company owned and leased vineyards. We are particularly excited about the ability of our 17 Valley vineyard to produce outstanding fruit. To complement our own fruit we will continue to support and develop our partnerships with our contract growers.

Dave Pearce and his winemaking team have been able to utilise the new wine cellar along with a number of innovative techniques to continue to produce wines of outstanding quality. We are confident that wines from the 2004 vintage will live up to past accolades.

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CHIEF EXECUTIVE OFFICER'S REPORT
FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

Next year will continue to provide challenges to the management team. Exchange rates remain high and we continue to be impacted by the high costs from the frost affected 2003 vintage. Through continual refinement of our vineyard, contract, winery, sales, marketing and administration costs we aim to ensure our total supply chain costs remain competitive while enhancing quality. This is becoming increasingly important as wine supply grows and competition for world and domestic markets intensifies.

The market is sending very strong signals regarding the price points at which New Zealand wines sit and the need to manage costs more effectively throughout the process from the vineyard to the shelf.

We are confident that with the brand development work on Grove Mill, our extensive new distribution arrangements and the excellent 2004 harvest both in terms of quality and cost structure we are well positioned to take advantage of the growth opportunities for New Zealand wine on world markets. In this regard we will continue to work with Marlborough Winegrowers and New Zealand Winegrowers to support worldwide marketing initiatives.



Rob White
CEO

THE NEW ZEALAND WINE COMPANY
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C O R P O R A T E G O V E R N A N C E S T A T E M E N 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 4

This statement gives Shareholders an overview of the Company's main corporate governance policies, practices and processes adopted or followed by the Board. The Board is committed to a high standard of corporate governance and ethical conduct and is working to implement the Corporate Governance in New Zealand Principles and Guidelines issued by the Securities Commission in February 2004.

ROLE OF THE BOARD OF DIRECTORS

The Board is responsible for the governance, strategic development and business affairs of the Company working through the Chief Executive Officer (CEO) and management team in order to achieve the main objective of securing long-term sustainable increase in Shareholder value. The Board exercises its powers on behalf of all Shareholders except for those powers specifically required to be exercised by Shareholders by law, the NZAX Listing Rules or the Company's constitution.

To discharge the above objective the Board's principal responsibilities are:

- reporting to Shareholders and the NZAX market and calling statutory meetings;
- reviewing overall Company strategies and the competitive environment;
- reviewing critically the underlying assumptions behind annual budgets and plans, approving such plans and monitoring actual results against agreed budgets, including corrective action required to maintain agreed targets;
- authorising and monitoring strategic investments, other capital expenditures or divestments and any new or replacement borrowing facilities;
- ensuring compliance with general and specific industry laws and regulations, including Health & Safety, Environment, Wine Industry, Customs and export labelling and general Company law requirements surrounding dividend distributions, maintenance of the interests register and other statutory reports;
- approving management appointments and reviewing and approving remuneration and appropriate performance incentives Company-wide and for all staff individually; and
- establishing and reviewing annually specific policy statements for Share trading, release of Company information, label integrity, health and safety, delegation of authorities and foreign exchange cover.

The Chairman, on behalf of the Board, is the formal channel of communication to external stakeholders and to the CEO who in turn has delegated responsibility for management and staff and for achieving agreed policies, business strategies, operating plans and budgets.

COMPOSITION OF THE BOARD

Under the October 2003 constitution the minimum number of Directors shall be 3 and the maximum 8 but the Board has the power to increase that number. Not less than two Directors shall ordinarily be resident in New Zealand. The Board currently comprises 5 non-executive and independent Directors all of whom are ordinarily resident in New Zealand and are shareholders of the Company. One-third of the Directors retire at each Annual Meeting.

REMUNERATION OF DIRECTORS

Changes in Directors' fees are approved by an ordinary resolution at the Company's Annual Meeting. At the 26 September 2003 Annual Meeting, a total sum of \$102,000 per annum commencing from 1 July 2003 was approved by Shareholders.

BOARD OPERATIONS

The Board meets formally each month, but more frequently on an as-required basis and to consider business opportunities with management. In the June 2004 financial year 12 Board meetings were held, one via telephone conference. Apart from a Board-only session during each meeting with the CEO and/or the finance manager all of the management team then present in Blenheim attend each Board meeting.

C O R P O R A T E G O V E R N A N C E S T A T E M E N 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 4 (C O N T I N U E D)

BOARD OPERATIONS (CONTINUED)

Each year the Board meets with the CEO and management team in a separate dedicated strategic planning and review meeting. Otherwise frequent contact is made via email to ensure Directors are fully apprised about the Company's activities.

BOARD COMMITTEES

The Board has established two principal sub-committees as working committees responsible for addressing key Board responsibilities:

Audit Committee

The principal responsibilities are acting on behalf of and reporting to the Board:

- To maintain the independence of the external auditor, including audit partner rotation at approximately 6 yearly intervals, to review the annual audit plan, the letters of representation and audit management letter and the cost-effectiveness of the annual audit, together with the recommended annual audit fee basis;
- To meet with and review the performance of the external auditor;
- To review and make recommendations on financial and accounting policies;
- To review and make recommendations on the statutory annual and half-yearly financial statements together with any other statutory or NZAX reporting requirements and the release of any investor or financial information to Shareholders or onto the Company web-site;
- To evaluate the Company's internal control environment and risk identification and mitigation.

The Committee members are John Milne (Chairman), Jane Hunter & Mark Peters. The CEO and finance manager attend committee meetings by invitation.

Remuneration and Nomination Committee

The principal responsibilities are acting on behalf of and reporting to the Board:

- To establish and appraise annual Company-wide, chief executive and management team member objectives and financial and key operational performance targets;
- To oversee and obtain external advice on the competitiveness and appropriateness of remuneration packages, contracts, remuneration policies and bonus or other incentive schemes for all management and staff;
- To review the Company's Share Option Scheme and periodically recommend alternative long term performance based incentives plans;
- To periodically review the fees payable to Directors;
- To review the size, composition and experience or qualification criteria for Board membership and to consider the re-appointment of any retiring Director.

The Committee members are Alton Jamieson (Chairman), Maurice McQuillan & Mark Peters. The CEO and/or finance manager attend committee meetings by invitation.

THE ROLE OF SHAREHOLDERS

The Company is committed to communicating regularly with Shareholders and providing meaningful information about the Company's corporate proposals, business affairs and general future strategies and plans – as well as providing opportunities as Shareholders to obtain early availability under strict criteria for any of the Company's products.

To facilitate this general information flow, the Company maintains a comprehensive web site including an investor section containing the constitution, annual and half-yearly reports and financial statements, releases to the NZAX or media and any presentations to third parties.

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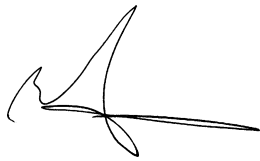
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004

APPROVAL BY DIRECTORS

The Directors have approved the Financial Statements of The New Zealand Wine Company Limited for the year ended 30 June 2004 on pages 10 to 26.

For and on behalf of the Board of Directors 27 July 2004.



Mark A Peters
CHAIRMAN



John HG Milne
DIRECTOR

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 4

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.

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.

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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.

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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.

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2004

	Note	2004 \$'000	2003 \$'000
TOTAL REVENUE	1	7,733	7,407
Surplus from operations	2	1,387	1,835
Financing costs (net)	3	(319)	(212)
Surplus before taxation		1,068	1,623
Taxation	4	(329)	(542)
NET SURPLUS FOR THE YEAR		739	1,081
Earnings per share cps (after tax)	5	8.6	13.1
Dividends per share cps	6	6.0	6.2

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2004

	Note	2004 \$'000	2003 \$'000
Net surplus for the year		739	1,081
Surplus on revaluation of land, land improvements and buildings	9	808	3,016
Comprehensive income for the year		1,547	4,097
Contributions by owners	8, 10	11	1,977
Distributions to owners	7	(515)	(448)
Added to equity during the year		1,043	5,626
Equity at beginning of year		16,384	10,758
Equity at end of year		17,427	16,384

The Statement of Accounting Policies (pages 10 to 12) and the Notes to the Financial Statements (pages 17 to 26) form an integral part of these Financial Statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2004

	Note	2004 \$'000	2003 \$'000
CURRENT ASSETS			
Cash balances		869	-
Trade receivables		2,565	1,711
Inventories	16	6,384	5,692
Taxation		78	145
Other current assets		264	274
		10,160	7,822
 NON-CURRENT ASSETS			
Property, plant and equipment	13	17,196	17,921
Identifiable intangibles	14	193	203
Goodwill	15	1	3
Investments	18	10	10
Other non-current assets		158	98
		17,558	18,235
 TOTAL ASSETS		27,718	26,057

The Statement of Accounting Policies (pages 10 to 12) and the Notes to the Financial Statements (pages 17 to 26) form an integral part of these Financial Statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2004 (CONTINUED)

	Note	2004 \$'000	2003 \$'000
CURRENT LIABILITIES			
Bank overdraft	11	-	1,189
Loans	11	1,742	382
Trade creditors		818	725
Payables	17	748	212
		3,308	2,508
 NON CURRENT LIABILITIES			
Loans	11	6,215	6,413
Deferred taxation	12	768	752
		6,983	7,165
TOTAL LIABILITIES		10,291	9,673
 EQUITY			
Share capital	8	9,450	9,439
Reserves	9	7,942	6,910
Convertible notes	10	35	35
TOTAL EQUITY		17,427	16,384
 TOTAL LIABILITIES AND EQUITY		27,718	26,057

The Statement of Accounting Policies (pages 10 to 12) and the Notes to the Financial Statements (pages 17 to 26) form an integral part of these Financial Statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2004

	Note	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		8,396	9,220
Interest received		11	7
Payments to suppliers and employees		(7,036)	(8,050)
Interest paid		(606)	(538)
Taxation paid		(246)	(361)
Net cash flow from operating activities	19	519	278
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment		2,723	41
Purchase of property, plant and equipment		(1,749)	(3,336)
Purchase of identifiable intangible assets		(9)	(19)
Grower loan advances		(75)	(110)
Employee loan advances/share scheme		(1)	1
Net cash flow from investing activities		889	(3,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Issue of equity share capital		3	1,927
Loan advanced		1,600	2,400
Loans repaid		(438)	(359)
Dividends paid		(515)	(448)
Net cash flow from financing activities		650	3,520
Net increase in cash held		2,058	375
Cash at beginning of year		(1,189)	(1,564)
Cash at end of year		869	(1,189)
Comprising: Cash balances		869	-
Bank overdraft		-	(1,189)
		869	(1,189)

The Statement of Accounting Policies (pages 10 to 12) and the Notes to the Financial Statements (pages 17 to 26) form an integral part of these Financial Statements.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004

	2004 \$'000	2003 \$'000
1. TOTAL REVENUE		
<i>Total revenue comprises:</i>		
Turnover (net of excise duty)	7,733	7,407
	7,733	7,407
2. SURPLUS FROM OPERATIONS		
<i>Included in surplus from operations are the following:</i>		
REVENUE ITEMS:		
Net foreign exchange gain	164	97
EXPENSES:		
Amortisation of goodwill	1	1
Amortisation of identifiable intangible assets	13	14
Bad and doubtful debts		
- Bad debts	-	-
Depreciation*	26	176
Directors' fees	102	100
Donations	-	2
Excise duty	467	502
Fees paid to auditors:		
- Audit of financial report	14	12
- For other services	-	2
Operating lease rentals	52	66
*Total depreciation on property, plant and equipment totalled \$622,000 (2003: \$389,000). \$596,000 has been applied to inventories (2003: \$213,000).		
3. NET FINANCING COSTS		
Interest expense	624	550
Less: Interest revenue	(11)	(7)
Less: Interest capitalised/included in cost of grapes	(294)	(331)
	319	212

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004 \$'000	2003 \$'000
4. TAXATION		
SURPLUS BEFORE TAXATION	1,068	1,623
Income taxation expense calculated at current rate of 33 cents	352	536
<i>Taxation effect of permanent differences</i>		
Gain on sale of property	(15)	-
Reversal of deferred tax due to sale of property	(14)	-
Other permanent differences	6	6
Taxation expense as reported	329	542
ANALYSIS OF TAXATION EXPENSE		
Current taxation	313	255
Deferred taxation	16	287
	329	542
IMPUTATION CREDITS		
Balance at beginning of year	5	201
Taxation paid	246	400
Attached to dividends paid and bonus issues	(247)	(596)
Balance at end of year	4	5
	2004	2003
	cents per share	cents per share
5. EARNINGS PER SHARE	8.6	13.1
The calculation of earnings per share in respect of 2004 is based on earnings of \$739,348 (2003: \$1,081,383) and the weighted average of 8,585,560 ordinary shares on issue during the year (2003: 8,253,031). Diluted earnings per share have not been disclosed separately as they are not materially different from the basic earnings per share.		
6. DIVIDENDS PER SHARE	6.0	6.2
The calculation of dividends per share in respect of 2004 is based on dividends paid/payable of \$515,308 (2003: \$515,007) and the weighted average of 8,585,560 ordinary shares on issue during the year (2003: 8,253,031). The dividends per share calculation has been adjusted for \$343,587 proposed for the final dividend not included in these financial statements (2003: \$343,338).		
7. DISTRIBUTIONS TO OWNERS	2004	2003
	\$'000	\$'000
2003 final dividend 4 cps fully imputed paid 24/10/03	343	-
2004 interim dividend 2 cps fully imputed paid 16/4/04	172	-
2002 final dividend 4 cps fully imputed paid 27/9/02	-	277
2003 interim dividend 2 cps fully imputed paid 11/4/03	-	171
	515	448

No final dividend has been declared and included in these financial statements. A proposed final dividend of 4 cents per share was recommended by the Board on 27 July 2004.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

8. SHARE CAPITAL	2004 Number of shares issued	2003 Number of shares issued	2004 \$'000	2003 \$'000
ORDINARY SHARES				
Balance at beginning of year	8,583,452	6,894,099	9,439	6,770
Share issue	6,214	997,373	11	2,019
Cost of issue	-	-	-	(42)
Bonus shares issued	-	691,980	-	692
Balance at end of year	<u>8,589,666</u>	<u>8,583,452</u>	<u>9,450</u>	<u>9,439</u>

During the year the Company

- Issued 1,000 ordinary shares on 22 July 2003 at an issue price of \$1.57 per share ex share option scheme.
- Issued 1,134 ordinary shares on 7 October 2003 at an issue price of \$1.57 per share ex share option scheme.
- Issued 4,080 ordinary shares on 25 May 2004 at an issue price of \$2.00 per share.

SHARE OPTIONS

Balance at end of year	<u>118,658</u>	<u>120,583</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	1,021	1,021
Percentage of total shares	0.01%	0.01%
Amount not paid up	<u>\$399</u>	<u>\$798</u>
Due within 1 year	\$399	\$399
Due after 1 year	-	\$399
	<u>\$399</u>	<u>\$798</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 after 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.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

8. SHARE CAPITAL (continued)

SHARE OPTION SCHEME (continued)

Information regarding options granted under the scheme is as follows:

	7 Mar 2001	31 Oct 2001	29 Jan 2003	1 Mar 2004	Total
Number of options granted	65,400	98,500	66,625	26,100	256,625
Number of options exercised	(15,901)	(6,300)	-	-	(22,201)
Number of options lapsed	(28,166)	(53,800)	(33,800)	-	(115,766)
Number of options outstanding at year end	<u>21,333</u>	<u>38,400</u>	<u>32,825</u>	<u>26,100</u>	<u>118,658</u>
Issue price	\$1.90	\$2.75	\$2.75	\$2.38	
Exercise price adjusted for bonus issues	\$1.57	\$2.50	\$2.75	\$2.38	
Percentage of total shares	0.2%	0.5%	0.4%	0.3%	1.4%

PERFORMANCE SHARE PLAN

An employee performance share plan was established by the Company in December 2003 to drive improved longer-term earnings performance and align the interests of the Company's two key executives, Rob White, CEO, and David Pearce, Winemaker, with the interest of shareholders. A total of 185,186 rights to NZWC ordinary shares have been granted to Rob White and David Pearce. For the rights to be exercisable future EPS must meet or exceed a performance hurdle and increase by an average of 12% per year, to achieve EPS of no less than 23.1 cps for the 30 June 2008 financial year. EPS are to be calculated on a consistent basis from year to year, working from the base EPS of 13.1 cps actually achieved in the 30 June 2003 financial year. Each right issued under the plan entitles the participant to subscribe for one ordinary share during the exercise period on the terms and conditions of the agreement. No money is payable by the participant in respect of the grant of rights, or on the exercise of the rights. The exercise period for rights issued under the plan commences on the date of the performance hurdle confirmation notice given under the terms and conditions of the agreement and ends on 30 June 2010. If the EPS performance hurdle of 23.1 cps is not achieved for the 30 June 2008 financial year, then the rights will lapse and be cancelled.

9. RESERVES	2004	2003
	\$'000	\$'000
Revaluation reserve		
Balance at beginning of year	5,656	2,640
Revaluation surplus during the year	808	3,016
Transferred to retained earnings on sale of property	(1,294)	-
Balance at end of year	<u>5,170</u>	<u>5,656</u>
Retained surplus		
Balance at beginning of year	1,254	1,313
Net surplus for the year	739	1,081
Transfer from revaluation reserve	1,294	-
	<u>3,287</u>	<u>2,394</u>
Distributions to owners (Note 7)	(515)	(448)
Bonus issue	-	(692)
Balance at end of year	<u>2,772</u>	<u>1,254</u>
TOTAL RESERVES	<u>7,942</u>	<u>6,910</u>

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004 \$'000	2003 \$'000
10. CONVERTIBLE NOTES		
18,000 Convertible notes	35	35

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.

11. FUNDING

	Interest Rate %	Repayable		
BANK OVERDRAFT	6.98% Floating		-	1,189
NATIONAL BANK LOANS				
Loan # 1	7.60% Fixed	20/5/2011	442	507
Loan # 2	7.50% Fixed	2/7/2014	1,180	1,255
Loan # 3	7.28% Fixed	9/7/2016	1,306	1,371
Loan # 4	7.06% Fixed	9/7/2016	885	929
Loan # 5	7.06% Fixed	19/2/2012	385	422
Loan # 6	7.83% Fixed	19/7/2017	2,218	2,311
Loan # 7	6.64% Fixed	21/8/2018	1,541	-
TOTAL LOANS			7,957	6,795
TOTAL FUNDING			7,957	7,984
Bank overdraft			-	1,189
Loans due within 1 year			1,742	382
Loans due after 1 year			6,215	6,413
			7,957	7,984

NATIONAL BANK FLEXIBLE CREDIT FACILITY (BANK OVERDRAFT)

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.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004	2003
	\$'000	\$'000
12. DEFERRED TAXATION		
Balance at beginning of year	752	465
Movements during the year: Timing differences	16	287
Balance at end of year	768	752
13. PROPERTY, PLANT AND EQUIPMENT		
FREEHOLD LAND:		
At valuation	3,880	4,760
<i>Revaluation surplus</i>	<i>1,968</i>	<i>2,090</i>
LAND IMPROVEMENTS:		
At valuation	7,076	7,283
<i>Revaluation surplus</i>	<i>2,661</i>	<i>3,085</i>
<i>Depreciation expense current year</i>	<i>258</i>	<i>92</i>
BUILDINGS:		
At valuation	3,055	3,047
<i>Revaluation surplus</i>	<i>541</i>	<i>481</i>
<i>Depreciation expense current year</i>	<i>91</i>	<i>58</i>
PLANT AND MACHINERY:		
At cost	3,938	3,320
Accumulated depreciation	(975)	(772)
	2,963	2,548
<i>Depreciation expense current year</i>	<i>204</i>	<i>161</i>
MOTOR VEHICLES:		
At cost	402	401
Accumulated depreciation	(226)	(173)
	176	228
<i>Depreciation expense current year</i>	<i>53</i>	<i>58</i>

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004 \$'000	2003 \$'000
13. PROPERTY, PLANT AND EQUIPMENT (continued)		
FURNITURE AND FITTINGS:		
At cost	175	173
Accumulated depreciation	(129)	(118)
	46	55
<i>Depreciation expense current year</i>	<i>16</i>	<i>20</i>
TOTAL PROPERTY, PLANT AND EQUIPMENT	17,196	17,921
<i>Total Depreciation expense current year</i>	<i>622</i>	<i>389</i>

Land, land improvements and buildings shown at valuation were valued at market value by Alexander Hayward Limited, registered valuers, on 30 June 2004 (2003: 30 June 2003).
Land and buildings are subject to mortgage, (Note 11).

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%

	2004 \$'000	2003 \$'000
14. IDENTIFIABLE INTANGIBLES		
Trademarks/Imaging		
At cost	114	105
Accumulated amortisation	(72)	(58)
	42	47

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004 \$'000	2003 \$'000
14. IDENTIFIABLE INTANGIBLES (continued)		
Grape Supply Contract Payments		
At cost	190	181
Accumulated amortisation	(39)	(25)
	151	156
Total Identifiable Intangibles	193	203

Trademarks are amortised over a period of 7 years and Imaging costs 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	(12)	(10)
	1	3

Goodwill is amortised over a period of 10 years.

16. INVENTORIES

Raw materials	226	343
Consumable stores	28	20
Work in progress	3,674	4,034
Finished goods	2,456	1,295
	6,384	5,692

17. PAYABLES

Employee entitlements	54	59
Other accruals	794	153
	848	212

18. INVESTMENTS

Bedford Road Investments 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 2004 were:

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

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

	2004	2003
	\$'000	\$'000
19. NET CASH FLOW FROM OPERATING ACTIVITIES		
<i>Reconciliation of statement of financial performance surplus with net cash flow from operating activities:</i>		
REPORTED SURPLUS AFTER TAXATION	739	1,081
Non-cash items:		
Depreciation	622	389
Amortisation of identifiable intangibles/goodwill/grape supply contracts	29	28
Increase in deferred tax	16	287
	1,406	1,785
MOVEMENTS IN WORKING CAPITAL ITEMS:		
Inventories	(692)	(1,337)
Trade receivables	(854)	226
Trade creditors	93	(216)
Payables and other current assets	629	(242)
(Increase)/Decrease in working capital	(824)	(1,569)
ITEMS CLASSIFIED AS INVESTING ACTIVITIES		
(Gain)/Loss on disposal of property, plant and equipment	(63)	62
Net cash flow from operating activities	519	278
20. CAPITAL COMMITMENTS		
Purchase of Land	60	320
21. OPERATING LEASE COMMITMENTS		
Not later than one year	206	212
Later than one year and not later than two years	140	189
Later than two years and not later than five years	367	394
Later than five years	1,239	1,343
	1,952	2,138

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

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:

	2004 \$'000	2003 \$'000
<i>Forward foreign exchange contracts:</i>	2,773	4,074
Consisting of: - specific hedges	606	1,105
- general hedges	2,167	2,969

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 marked to market impact of the general hedges would result in a gain which has not been reflected in these financial statements in accordance with the Company's accounting policies.

The Company has exposure to foreign exchange risk from time to time as a result of purchases denominated in foreign currencies. Where exposures are certain, it is the Company's policy to hedge these risks as they arise. The notional principal or contract amount of foreign exchange instrument outstanding at balance date was a specific hedge of \$238,000 (2003: Nil).

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.

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 19 July 2004 the Company repaid a lump sum of \$1,180,000 from Loan #6 with the National Bank of New Zealand. The new interest rate on the balance of the loan is 7.58% fixed for 36 months from that date.

No other material events have occurred since balance date.

THE NEW ZEALAND WINE COMPANY
LIMITED

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 4

AUDIT REPORT

To the Shareholders of The New Zealand Wine Company Limited.

We have audited the financial statements on pages 9 to 26. 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 2004. This information is stated in accordance with the accounting policies set out on pages 10 to 12.

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 2004 and of the results of its operations and cash flows for the year ended 30 June 2004.

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.

Other than in our capacity as auditor, we have no 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 9 to 26:
 - 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 2004 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 27 July 2004 and our unqualified opinion is expressed as at that date.



Chartered Accountants
Wellington, NZ

THE NEW ZEALAND WINE COMPANY
LIMITED

C O M P A R A T I V E F I N A N C I A L R E V I E W
F O R T H E Y E A R S E N D E D 3 0 T H J U N E

	Note	2004 Audited \$'000	2003 Audited \$'000	2002 Audited \$'000	2001 Audited \$'000	2000 Audited \$'000
Statement of Financial Performance Data						
Total Revenue		7,733	7,407	6,777	5,316	5,148
Surplus from Operations		1,387	1,835	1,752	1,223	1,282
Financing Costs		319	212	237	172	193
Taxation		329	542	511	350	362
Net Surplus for the Year		739	1,081	1,004	701	727
Earnings per share (cents)	1	8.6	13.1	13.3	9.3	10.1
Dividends per share (cents)	2	6.0	6.2	5.5	4.4	4.3
Statement of Financial Position Data						
Current Assets		10,160	7,822	6,375	4,979	4,731
Current Liabilities		3,308	2,508	2,934	2,447	792
Working Capital Ratio		3.1	3.1	2.2	2.0	6.0
Non-Current Assets		17,558	18,235	12,253	8,886	6,136
Total Assets		27,718	26,057	18,628	13,865	10,867
Non-Current Liabilities		6,983	7,165	4,936	2,595	2,640
Total Liabilities		10,291	9,673	7,870	5,042	3,432
Total Shareholders Equity		17,427	16,384	10,758	8,823	7,435
Net Surplus % of Average Shareholders Equity		4.4%	8.0%	9.3%	8.6%	11.8%
Total Loans		7,957	6,795	4,754	3,905	2,667
Gearing Ratio %	3	31.3%	29.3%	30.6%	30.7%	26.4%
Shareholders' Equity % of Total Assets		62.9%	62.9%	57.8%	63.6%	68.4%
Number of Shares at year end	1	8,589,666	8,583,452	6,894,099	6,872,099	6,229,362

Notes:

- 1 Dividends and earnings per share are restated to reflect the 1:10 bonus issues in July 1998, June 1999, May 2001 and September 2002 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 2004

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

There were no share transactions undertaken during the year.

	2004	2003
TRANSACTIONS	\$'000	\$'000

Certain Directors have interests in contracts with The New Zealand Wine Company Limited.

All transactions were at normal commercial rates.

MJ McQuillan (Grove Road Super Liquor - purchase of finished product)	14	67
MA Peters (Peters Doig Ltd - accounting, taxation and consultancy fees)	1	6
CP Croft (Springlands Tavern and Woodbourne Tavern - purchase of finished product - 2003: Q/E 30 September 2002).	-	3

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	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
MA Peters (Chairman)	34	36	-	-
JA Jamieson	19	21	-	-
MJ McQuillan	17	18	-	-
JHG Milne	19	21	-	-
MJ Hunter (appointed 25/9/03)	13	-	-	-
CP Croft (retired at AGM 27/9/02)	-	4	-	-
PJ McAtamney (resigned as Managing Director 13/3/03)	-	-	-	164

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

THE NEW ZEALAND WINE COMPANY
LIMITED

STATUTORY INFORMATION

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

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
\$110,000 - \$119,999	1
\$130,000 - \$139,999	1

4. DONATIONS

During the year:

The New Zealand Wine Company Limited made no donations during the year (2003: \$1000 Salvation Army Blenheim Food Bank and \$1,000 to the Marlborough Hospice).

5. SHAREHOLDING BREAKDOWN

Shareholding as at 30 June 2004	Number of shareholders	Total shares held	% of share capital
1-999	50	18,818	0.2%
1,000-9,999	193	575,827	6.7%
10,000-49,999	60	1,327,316	15.5%
50,000-99,999	23	1,488,976	17.3%
100,000-499,999	19	4,190,461	48.8%
500,000+	1	988,268	11.5%
	346	8,589,666	100.0%

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

6. DIRECTORS' SHAREHOLDING

Shares held at 30 June 2004 (including Beneficial Interests)

	Ordinary Shares	Share Options
MJ Hunter	1,362	-
JA Jamieson	988,268	-
MJ McQuillan	135,107	-
JHG Milne*	349,099	-
MA Peters*	412,911	-

*JHG Milne and MA Peters are trustees of the NZWC Employee Share Acquisition Scheme and hold 1,021 shares non-beneficially. Half of these shares have been included in the total shareholding of each director.

THE NEW ZEALAND WINE COMPANY
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STATUTORY INFORMATION

FOR THE YEAR ENDED 30TH JUNE 2004 (CONTINUED)

7. 20 LARGEST REGISTERED HOLDERS

Ordinary Shares held at 30 June 2004:

	Ordinary shares held	% of share capital
JA Jamieson	988,268	11.5%
JD Croft	459,363	5.3%
MA & VF Peters	402,376	4.7%
JG & VR Orchard	387,842	4.5%
WC McDonald, DR Appleby & RN Burnes	337,467	3.9%
TJ & MG Fairhall & RJ Wilson	295,116	3.4%
C & J Sacher	250,000	2.9%
CM & BW Doig	228,794	2.7%
AW & A Rutledge	216,981	2.5%
RB & DM Thompson	212,362	2.5%
CJC & HC Fletcher	209,000	2.4%
DE & WR Edwards	196,654	2.3%
JHG Milne & DFB Stevenson	154,529	1.8%
MA Milne & DFB Stevenson	154,529	1.8%
MJ McQuillan	135,107	1.6%
PI McCallum	123,684	1.4%
LB McQuillan	119,732	1.4%
D & M Breaden	105,772	1.3%
NJ & NS Scott	101,153	1.2%
DR Appleby & Others	100,000	1.2%
Sub-total	5,178,729	60.3%
Others (326 shareholders)	3,410,937	39.7%
TOTAL	8,589,666	100%

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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 4)

Alison Scobie	Doug Holmes	Kerrie Stronge
Andrew Deuchars	Gillian Moore	Leith Dixon
Craig Mahon	Jan Rutherford	Murray Coyle
Craig Young	Jane Trought	Robert White
David Kenny	Janice Payne	Samuel Piper
David Pearce	Jarad Payne	Sara Bateup
Donna Simmons	Karen Walshe	Sarah McAlpine

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 4)

Air New Zealand Wine Awards 2003

Silver:

Silver:

Sanctuary Marlborough Riesling 2003

Sanctuary Marlborough Sauvignon Blanc 2003

Liquorland Top 100 2003

Silver:

Sanctuary Marlborough Riesling 2003

Sydney International Wine Competition 2004

Highly Recommended:

Grove Mill Marlborough Chardonnay 2002

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 319 medals (comprising 53 gold, 104 silver and 162 bronze) gained in national and international shows since 1991, The New Zealand Wine Company Ltd is one of the very few medium sized New Zealand companies to have achieved such honours. A full list recent awards can be found on the Grove Mill website: www.grovemill.co.nz.

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