

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 3

THE NEW ZEALAND WINE COMPANY
LIMITED

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

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DIRECTORS:	M A Peters (Chairman) J A Jamieson M J McQuillan J H G Milne C P Croft (retired AGM 27/9/02) P J McAtamney (resigned as Managing Director 13/3/03)
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EMAIL:	info@nzwineco.co.nz
WEBSITE ADDRESSES:	www.nzwineco.co.nz www.grovmill.co.nz www.sanctuarywine.co.nz
NATURE OF BUSINESS:	Production and distribution of wine
AUDITORS:	Deloitte Touche Tohmatsu, Wellington
SOLICITORS:	Gibson Sheat, Wellington Wisheart, Macnab & Partners, Blenheim
BANKERS:	National Bank of New Zealand, Blenheim
REGISTRATION NO:	CH 307139
REGISTERED OFFICE:	13 Waihopai Valley Road, Renwick, Marlborough
SHARE REGISTRAR:	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna Private Bag 92119 AUCKLAND 1020 Telephone +64 9 488 8777 Facsimile +64 9 488 8787 Email: enquiry@computershare.co.nz
SHARE TRADING: "NWC"	NZSE - Unlisted Public Companies Board

THE NEW ZEALAND WINE COMPANY
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THE NEW ZEALAND WINE COMPANY
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CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2003

FIFTEENTH YEAR RESULTS

The 2003 Financial Year – The Company's fifteenth year of operations - produced a record tax paid surplus of \$1,081,000 representing an increase of 7.7% over the 2002 result. This came from a 9.3% increase in gross revenue to just over \$7.4 million. At the half year point the company was on track for a significantly higher growth in net profit only to find that the Marlborough wide – and indeed nation wide – reduction in vineyard yields very much affected the second half year. Our own vineyards' lower yields had a negative effect on the Company's profit result and also contributed to a lower overall intake. Grape yield, together with the contribution from our valuable contract growers, totalled 874 tonnes compared with our record harvest of 1,227 tonnes in 2002. While the 2003 vintage was lower than anticipated we have been able to carry some 2002 Sauvignon Blanc through to ensure that we have sufficient Sauvignon Blanc, along with Chardonnay and Pinot Noir, to satisfy the needs of all our customers for the 2003/4 year. With a higher overall average Grove Mill brand production from 2003 (compared with Sanctuary brand) we do have a reasonable stock of our products for 2003/4.

During the year we have seen good demand through all markets for both Grove Mill and Sanctuary Sauvignon Blanc and these have been once again received as high quality products through both domestic and export markets. It does have to be said however that some other varieties have had some disappointing results in the domestic market where although Pinot Gris has been virtually sold out, sales of gold medal quality products such as Chardonnay and Riesling and silver medal quality products such as Pinot Noir have not reached expectation in the domestic market. The Board and Management will be working hard on this for next year and we have already seen encouraging signs of export sales growth in some markets for these products. With the current high New Zealand dollar the Board are of the view that we need to grow the domestic percentage of our overall sales at least in the short term. During the 2003 Financial Year export sales totalled \$4,607,000 or 62% of total sales, while domestic sales totalled \$2,800,000 or 38% of total sales. The comparative 2002 results were 64% export sales and 36% domestic sales. All of us in the Company are particularly excited by the performance to date of our new United States agents, Palm Bay Imports. They were appointed in February 2003 and in a short time have shown excellent results and potential for good sales growth in that important market. New distributors in other markets such as Ireland, Germany, Belgium, Holland, Scandinavia and Western Australia are looking promising while longer term distribution partners in Australia (Eastern States) and the United Kingdom continue to perform well. The Company does want higher penetration in the important Restaurant market in the United Kingdom and we are currently formulating our strategy to sell our wines on wine lists in highly regarded UK Restaurants.

STAFF

In March our Managing Director Peter McAtamney came to the conclusion that living in Blenheim with his wife living in Sydney was something that could not continue and he decided to return to Sydney. We thank Peter for his efforts on behalf of the Company over the past two and a half years and wish him well for the future. After an exhaustive search process, in which Sheffield and Associates were an invaluable assistance, the Board have appointed Rob White as the new CEO of the Company. Rob comes to us with an impressive Management and Marketing background and takes up office at the end of July 2003. In the period between Peter's departure and the end of the Financial Year the remainder of the Management team, along with their staff, put in a tremendous effort and I, along with the entire Board, thank everyone for their excellent work. As Chairman I took an interim Executive role and was very impressed by the whole Management team performance – David Pearce our long serving and extraordinarily talented Winemaker not only oversaw a difficult vintage, worked tirelessly on the winery project but also contributed well to the regular Management team meetings held. Jane Trought took on extra responsibility after Peter's departure yet continued to produce highly professional financial information in a prompt and very efficient manner. Colleen Oliver completed her own work in a very efficient manner and took on at short notice a very important but exhausting trip to attend the London Wine Trade Fair as well as discuss distribution with our agents in Asia, Europe and the UK. Dave Kenny had to work through all of the New Zealand distribution relationships as well as spend considerable time very successfully on both the East and West coasts of Australia and the United States. Each one of these staff members are to be commended along with their teams, for the smooth operation of the Company after Peter's departure. Also on this list it should be noted that Company Viticulturist Doug Holmes and his Vineyard Management team have worked tirelessly through a difficult harvest year and a year when the further development of the Company Vineyards has been carried out as well.

THE NEW ZEALAND WINE COMPANY
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CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

STRATEGY AND GROWTH

The Board and Management continue to review and plan the Company's overall strategy. During the year the new white wine winery facility was completed on time and within budget, and while the eventual 2003 harvest volume did not test the facility at all it will be a wonderful high tech asset for the Company's future wine making process. It is pleasing to note that the new winery received the Contact Energy supreme prize for technical excellence at the recent ECANZ Awards.

In terms of future strategy, the Company's Five Year Plan will have its annual review later in the year with focus on quality products from vineyard to wine bottle, quality processes, innovative marketing and quality distribution channels through all markets. This and continued brand building are key parameters. Much of the 2003 production will be in the relatively new and successful Stelvin closures.

It is very interesting to note that in addition to the tax paid operating profit added to Company Reserves we have also seen an increase in the value of the Company's land and improvements by over \$3 million. This has really come about as a result of the Board keeping its nerve over recent years when needing to have increased vineyards under its ownership but in refusing to pay the high market prices for developed vineyards. Our strategy has been to carefully select appropriate sites and developing them ourselves which has given slower growth of Company production vineyards but for which the benefit is a very large growth in Shareholders' value as assessed by the independent valuer's reports.

While the 2003 harvest will slow down growth for twelve months the Company remains very much on track for reaching planned levels of production and sales. We have a valuable group of Contract Growers along with our own vineyards now nearly all fully developed. We have entered into a conditional contract to purchase an additional area of land adjacent to our very promising 17 Valley site which will add to that development.

The continued high New Zealand dollar remains of most concern – though the Company does have satisfactory forward cover for most export sales until late 2004. We continue to monitor the situation and will move to take further forward cover as the New Zealand dollar comes off its present highs.

SHARE LIQUIDITY

During the year the Company made a one for ten fully imputed bonus issue and a fully subscribed one for eight renounceable rights issue and at year end had 8,583,452 shares on issue. Along with the decline in most share markets and with some negativity about the 2003 yields the Company's share price has seen some falls in recent months. Prospects remain good for the New Zealand Wine Industry, which includes our Company, as long as we continue the emphasis on quality. This must never be compromised. It is also interesting to note that at balance date the net tangible asset backing – without any Brand Value – of the Company shares was just over \$1.90.

Shareholders will recall the visit to the 2002 AGM of Geoff Brown from the NZ Stock Exchange on the proposed new AX Market. I expressed some frustration in the half year report about apparent slow progress. At the time of writing the NZX is still considering the final form of the rules governing the NZAX internally and with the Securities Commission. Once these are published the Board will consider the best option available to enhance shareholder value and share liquidity. The options will be to graduate to the NZAX in our present form or to seek a waiver from the NZX to apply to join the main board, being the NZSX. If the latter occurs it would necessitate a special meeting to upgrade our Constitution. If we do choose to go with the AX proposal this is likely to occur in November 2003, and we would be a founder participant in the NZAX. In the meantime, your Board is ensuring all its corporate governance practices are compatible with best practice and the new full NZSX listing criteria, regardless of which option is eventually chosen. Whichever course is taken, our Shareholders will finally have a better market for buying and selling Company shares and should produce a more accurate reflection of the market value of the Company shares on an ongoing basis.

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

THE NEXT YEAR

As said at the beginning of this report we have been able to hold through some 2002 Sauvignon Blanc stocks which should ensure that we achieve a satisfactory result for the 2004 financial year – and in fact we'll have more of such stock to sell than in 2003. However with production levels not reaching expectation – affecting our economy of scale for 2003 products – and having to pay higher prices for 2003 grapes due to the supply/demand situation, we will have to be content with rather a flat 2004 result when it is expected that the profit result should overall be within a tolerable margin to 2003 and in all likelihood quite similar to 2002. The Board consider this to be a satisfactory outcome from a vintage that produced around 29% less fruit than 2002. The end result will be reliant upon efficient sales and marketing distribution and we are confident that such a result will be able to be achieved. One factor from 2004 for which the financial benefit will not be realised until the 2005 financial year will be the increased yield from Company owned vineyards that are now close to full production. Company Accounting Policies and FRS Standards require the profit by way of reduced cost per tonne of the higher production from Company vineyards to be carried forward as cost of work in progress to the following year. With my usual provision of 'weather pattern permitting', 2005 looks to be a year with potential for considerable growth in Company earnings.

ED 90

In successive annual reports I have referred to Board concerns about the introduction of the proposed ED 90 accounting standard. It remains controversial since it involves, Enron style, recording of unrealised, even unrealisable, gains, with potential for taxation on those gains. Your company made a vigorous representation on ED 90. We were heartened to find that there were a record 229 submissions, virtually all against the proposed standard. In view of uncertainty about this matter the Board has maintained the conservative accounting policies of the past.

IN CONCLUSION

There are some interesting times ahead for the Company and indeed the whole industry in Marlborough and New Zealand along with some challenges. Production is growing, the New Zealand dollar is currently strong, there is plenty of competition from other wine producing countries, and the important UK market is having some of its own economic difficulties at present. However a well managed, well run, well focused Company keeping its costs under control, its quality of production at high levels and its marketing and brand building highly efficient, has a great future. We intend to be at the cutting edge of those companies and while we consolidate our own position we shall expect there will be opportunities at some time in the possible acquisition process.

Consistent with the Boards decision to reward its Shareholders we are recommending a fully imputed final dividend of 4 cents per share – taking total dividends for the year to a fully imputed 6 cents per share. With the bonus issue made during the year this does represent a growth in dividends paid of around 8.8%.

It is with much sadness that I reflect that in the past twelve months two previous Directors of the Company passed away – Peter Croft a founding Shareholder, Director, and former Chairman of the Company who retired in 2002 and Mervyn Wisheart who retired from the Board in 1999. Both Peter and Mervyn had given valuable input into their roles and our sincere sympathy goes to Joy and Loris respectively along with all of their families.

Finally, a sincere thanks once again to a small but highly focused and efficient Board who have supported me fully and worked very hard on the governance role for the Company – Alton Jamieson, Maurice McQuillan and John Milne. The Company is well served by its Board and Management.



Mark Peters
CHAIRMAN

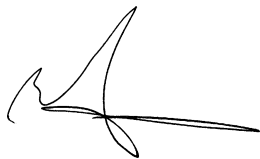
THE NEW ZEALAND WINE COMPANY
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003

APPROVAL BY DIRECTORS

The Directors have approved the Financial Statements of The New Zealand Wine Company Limited for the year ended 30 June 2003 on pages 6 to 22.

For and on behalf of the Board of Directors 1 August 2003.



Mark A Peters
CHAIRMAN



John HG Milne
DIRECTOR

THE NEW ZEALAND WINE COMPANY
LIMITED

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 3

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.

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30TH JUNE 2003 (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 3 (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.

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STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2003

	Note	2003 \$'000	2002 \$'000
TOTAL REVENUE	1	7,407	6,777
Surplus from operations	2	1,835	1,752
Financing costs (net)	3	(212)	(237)
Surplus before taxation		1,623	1,515
Taxation	4	(542)	(511)
NET SURPLUS FOR THE YEAR		1,081	1,004
Earnings per share cps (after tax)	5	13.1	13.3
Dividends per share cps	6	6.2	5.5

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2003

	Note	2003 \$'000	2002 \$'000
Net surplus for the year		1,081	1,004
Surplus on revaluation of land, land improvements and buildings	9	3,016	1,214
Comprehensive income for the year		4,097	2,218
Contributions by owners	8, 10	1,977	61
Distributions to owners	7	(448)	(344)
Added to equity during the year		5,626	1,935
Equity at beginning of year		10,758	8,823
Equity at end of year		16,384	10,758

The Statement of Accounting Policies (pages 6 to 8) and the Notes to the Financial Statements (pages 13 to 22) form an integral part of these Financial Statements.

THE NEW ZEALAND WINE COMPANY
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STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2003

	Note	2003 \$'000	2002 \$'000
CURRENT ASSETS			
Trade receivables		1,711	1,937
Inventories	16	5,692	4,355
Taxation		145	40
Other current assets		274	43
		7,822	6,375
 NON-CURRENT ASSETS			
Property, plant and equipment	13	17,921	12,060
Identifiable intangibles	14	203	161
Goodwill	15	3	4
Investments	18	10	10
Other non-current assets		98	18
		18,235	12,253
 TOTAL ASSETS		26,057	18,628

The Statement of Accounting Policies (pages 6 to 8) and the Notes to the Financial Statements (pages 13 to 22) form an integral part of these Financial Statements.

THE NEW ZEALAND WINE COMPANY
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STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2003 (CONTINUED)

	Note	2003 \$'000	2002 \$'000
CURRENT LIABILITIES			
Bank overdraft	11	1,189	1,564
Loans	11	382	283
Trade creditors		725	941
Payables	17	212	146
		2,508	2,934
 NON CURRENT LIABILITIES			
Loans	11	6,413	4,471
Deferred taxation	12	752	465
		7,165	4,936
TOTAL LIABILITIES		9,673	7,870
 EQUITY			
Share capital	8	9,439	6,770
Reserves	9	6,910	3,953
Convertible notes	10	35	35
TOTAL EQUITY		16,384	10,758
 TOTAL LIABILITIES AND EQUITY		26,057	18,628

The Statement of Accounting Policies (pages 6 to 8) and the Notes to the Financial Statements (pages 13 to 22) form an integral part of these Financial Statements.

THE NEW ZEALAND WINE COMPANY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2003

	Note	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		9,220	7,385
Interest received		7	6
Payments to suppliers and employees		(8,050)	(6,435)
Interest paid		(538)	(360)
Taxation paid		(361)	(238)
Net cash flow from operating activities	19	278	358
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from (applied to)			
Sale of property, plant and equipment		41	4
Purchase of property, plant and equipment		(3,336)	(2,420)
Purchase of identifiable intangible assets		(19)	(31)
Grower loan advances		(110)	14
Employee share scheme		1	7
Net cash flow from investing activities		(3,423)	(2,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Issue of equity share capital		1,927	-
Loan advanced		2,400	2,500
Loans repaid		(359)	(259)
Dividends paid		(448)	(344)
Net cash flow from financing activities		3,520	1,897
Net increase/(decrease) in cash held		375	(171)
Cash at beginning of year		(1,564)	(1,393)
Cash at end of year		(1,189)	(1,564)
Comprising: Cash			
Bank overdraft		(1,189)	(1,564)
		(1,189)	(1,564)

The Statement of Accounting Policies (pages 6 to 8) and the Notes to the Financial Statements (pages 13 to 22) 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 2003

	2003 \$'000	2002 \$'000
1. TOTAL REVENUE		
<i>Total revenue comprises:</i>		
Turnover (net of excise duty)	7,407	6,777
	7,407	6,777
 2. SURPLUS FROM OPERATIONS		
<i>Included in surplus from operations are the following:</i>		
REVENUE ITEMS:		
Net foreign exchange gain	97	29
EXPENSES:		
Amortisation of goodwill	1	1
Amortisation of identifiable assets	14	14
Bad and doubtful debts		
- Bad debts	-	-
Depreciation*	176	146
Director's fees	100	88
Donations	2	1
Excise duty	502	427
Fees paid to auditors:		
- Audit of financial report	12	10
- For other services	2	17
Operating lease rentals	66	50
*Total depreciation on property, plant and equipment totalled \$389,000 (2002: \$316,000). \$213,000 has been applied to inventories (2002: \$170,000).		
 3. NET FINANCING COSTS		
Interest expense	550	373
Less: Interest revenue	(7)	(6)
Less: Interest capitalised	(331)	(130)
	212	237

THE NEW ZEALAND WINE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

	2003 \$'000	2002 \$'000
4. TAXATION		
SURPLUS BEFORE TAXATION	1,623	1,515
Income taxation expense calculated at current rate of 33 cents	536	500
<i>Taxation effect of permanent differences</i>		
Other permanent differences	6	11
Taxation expense as reported	542	511
ANALYSIS OF TAXATION EXPENSE		
Current taxation	255	285
Deferred taxation	287	226
	542	511
IMPUTATION CREDITS		
Balance at beginning of year	201	130
Taxation paid	400	238
Attached to dividends paid and bonus issues	(596)	(167)
Balance at end of year	5	201

	2003 cents per share	2002 cents per share
5. EARNINGS PER SHARE	13.1	13.3

The calculation of earnings per share in respect of 2003 is based on earnings of \$1,081,383 (2002: \$1,004,120) and the weighted average of 8,253,031 ordinary shares on issue during the year (2002: 6,881,266). The earnings per share for 30 June 2002 (reported as 14.6 in the Annual Report) has been adjusted for comparative purposes for the 1 for 10 bonus issue made on 19 September 2002. 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	6.2	5.5
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The calculation of dividends per share in respect of 2003 is based on dividends paid/payable of \$515,007 (2002: \$414,006) and the weighted average of 8,253,031 ordinary shares on issue during the year (2002: 6,881,266). The dividends per share calculation has been adjusted for \$343,338 proposed for the final dividend not included in these financial statements (2002: \$276,124). The dividends per share for 30 June 2002 (reported as 6.0 in the Annual Report) has been adjusted for comparative purposes for the 1 for 10 bonus issue made on 19 September 2002.

	2003 \$'000	2002 \$'000
7. DISTRIBUTIONS TO OWNERS		
2002 final dividend 4 cps fully imputed paid 27/9/02	277	-
2003 interim dividend 2 cps fully imputed paid 11/4/03	171	-
2001 final dividend 3 cps fully imputed paid 19/10/01	-	206
2002 interim dividend 2 cps fully imputed paid 12/4/02	-	138
	448	344

No final dividend has been declared and included in these financial statements. A proposed fully imputed final dividend of 4 cents per share was recommended by the Board on 29 July 2003.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

8. SHARE CAPITAL	2003 Number of shares issued	2002 Number of shares issued	2003 \$'000	2002 \$'000
ORDINARY SHARES				
Balance at beginning of year	6,894,099	6,872,099	6,770	6,709
Share issue	997,373	22,000	2,019	61
Cost of issue	-	-	(42)	-
Bonus shares issued	691,980	-	692	-
Balance at end of year	<u>8,583,452</u>	<u>6,894,099</u>	<u>9,439</u>	<u>6,770</u>

During the year the Company

- Issued 9,000 ordinary shares on 16 July 2002 at an issue price of \$3.15 per share.
- Issued 16,720 ordinary shares on 12 September 2002 at an issue price of \$2.97 per share.
- Made a fully imputed bonus issue of 1 for 10 shares held as at 13 September 2002. The issue, made on 19 September 2002, was determined at \$1 per share for imputation purposes.
- Made a pro-rata 1 for 8 renounceable offer of up to 951,725 new ordinary shares in the capital of the Company to holders of ordinary shares as at 20 September 2002 at an issue price of \$2 per share for acceptance on 25 October 2002. 951,586 ordinary shares were allotted on 31 October 2002.
- Issued 4,033 ordinary shares on 31 October 2002, 1,133 at an issue price of \$1.57 per share and 2,900 at an issue price of \$2.50 per share ex share option scheme.
- Issued 1,167 ordinary shares on 7 November 2002 at an issue price of \$1.57 per share ex share option scheme.
- Issued 5,867 ordinary shares on 11 November 2002, 2,467 at an issue price of \$1.57 per share and 3,400 at an issue price of \$2.50 per share ex share option scheme.
- Issued 9,000 ordinary shares on 13 March 2003 at an issue price of \$1.57 per share ex share option scheme.

SHARE OPTIONS

Balance at end of year	<u>120,583</u>	<u>160,000</u>
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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	2,376
Percentage of total shares	0.01%	0.03%
Amount not paid up	<u>\$798</u>	<u>\$2,205</u>
Due within 1 year	\$399	\$735
Due after 1 year	<u>\$399</u>	<u>\$1,470</u>
	<u>\$798</u>	<u>\$2,205</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.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

8. SHARE CAPITAL (continued)

SHARE OPTION SCHEME (continued)

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	29 Jan 2003	Total
Number of options granted	65,400	98,500	66,625	230,525
Number of options exercised	(13,767)	(6,300)	-	(20,067)
Number of options lapsed	(21,900)	(42,700)	(25,275)	(89,875)
Number of options outstanding at year end	<u>29,733</u>	<u>49,500</u>	<u>41,350</u>	<u>120,583</u>
Issue price	\$1.90	\$2.75	\$2.75	
Exercise price adjusted for bonus issues	\$1.57	\$2.50	\$2.75	
Percentage of total shares	0.3%	0.6%	0.5%	1.4%

9. RESERVES

Revaluation reserve

Balance at beginning of year	2,640	1,426
Revaluation surplus during the year	<u>3,016</u>	<u>1,214</u>
Balance at end of year	<u>5,656</u>	<u>2,640</u>

Retained surplus

Balance at beginning of year	1,313	653
Net surplus for the year	<u>1,081</u>	<u>1,004</u>
	2,394	1,657
Distributions to owners (Note 7)	(448)	(344)
Bonus issue	<u>(692)</u>	<u>-</u>
Balance at end of year	<u>1,254</u>	<u>1,313</u>
TOTAL RESERVES	<u>6,910</u>	<u>3,953</u>

10. CONVERTIBLE NOTES

18,000 Convertible notes	<u>35</u>	<u>35</u>
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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.

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

11. FUNDING			2003 \$'000	2002 \$'000
	Interest Rate %	Repayable		
BANK OVERDRAFT	7.26% Floating		1,189	1,564
NATIONAL BANK LOANS				
Loan # 1	7.60% Fixed	20/5/2011	507	571
Loan # 2	7.50% Fixed	2/7/2014	1,255	1,324
Loan # 3	7.28% Fixed	9/7/2016	1,371	1,432
Loan # 4	7.06% Fixed	9/7/2016	929	971
Loan # 5	7.06% Fixed	19/2/2012	422	456
Loan # 6	7.83% Fixed	19/7/2017	2,311	-
TOTAL LOANS			<u>6,795</u>	<u>4,754</u>
TOTAL FUNDING			<u>7,984</u>	<u>6,318</u>
Bank overdraft			1,189	1,564
Loans due within 1 year			382	283
Loans due after 1 year			<u>6,413</u>	<u>4,471</u>
			<u>7,984</u>	<u>6,318</u>

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.

12. DEFERRED TAXATION		2003 \$'000	2002 \$'000
Balance at beginning of year		465	239
Movements during the year: Timing differences		<u>287</u>	<u>226</u>
Balance at end of year		<u>752</u>	<u>465</u>

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

	2003 \$'000	2002 \$'000
13. PROPERTY, PLANT AND EQUIPMENT		
FREEHOLD LAND:		
At valuation	4,760	3,600
<i>Revaluation surplus</i>	<u>2,090</u>	<u>930</u>
LAND IMPROVEMENTS:		
At valuation	7,283	4,741
Work in progress at cost	-	263
Total Land Improvements	<u>7,283</u>	<u>5,004</u>
<i>Revaluation surplus</i>	<u>3,085</u>	<u>1,556</u>
<i>Depreciation expense current year</i>	<u>92</u>	<u>73</u>
BUILDINGS:		
At valuation	3,047	1,504
Work in progress at cost	-	167
Total Buildings	<u>3,047</u>	<u>1,671</u>
<i>Revaluation surplus</i>	<u>481</u>	<u>154</u>
<i>Depreciation expense current year</i>	<u>58</u>	<u>45</u>
PLANT AND MACHINERY:		
At cost	3,320	2,178
Work in progress at cost	-	51
Accumulated depreciation	<u>(772)</u>	<u>(721)</u>
	<u>2,548</u>	<u>1,508</u>
<i>Depreciation expense current year</i>	<u>161</u>	<u>126</u>

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

	2003 \$'000	2002 \$'000
13. PROPERTY, PLANT AND EQUIPMENT (continued)		
MOTOR VEHICLES:		
At cost	401	339
Accumulated depreciation	(173)	(117)
	228	222
<i>Depreciation expense current year</i>	<i>58</i>	<i>47</i>
FURNITURE AND FITTINGS:		
At cost	173	160
Accumulated depreciation	(118)	(105)
	55	55
<i>Depreciation expense current year</i>	<i>20</i>	<i>25</i>
TOTAL PROPERTY, PLANT AND EQUIPMENT	17,921	12,060
<i>Total Depreciation expense current year</i>	<i>389</i>	<i>316</i>

Land, land improvements and buildings shown at valuation were valued at market value by Alexander Hayward Limited, registered valuers, on 30 June 2003 (2002: 30 June 2002).
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%

	2003 \$'000	2002 \$'000
14. IDENTIFIABLE INTANGIBLES		
Trademarks/Imaging		
At cost	105	85
Accumulated amortisation	(58)	(44)
	47	41

THE NEW ZEALAND WINE COMPANY
LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

	2003 \$'000	2002 \$'000
14. IDENTIFIABLE INTANGIBLES (continued)		
Grape Supply Contract Payments		
At cost	181	132
Accumulated amortisation	(25)	(12)
	156	120
Total Identifiable Intangibles	203	161

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	(10)	(9)
	3	4

Goodwill is amortised over a period of 10 years.

16. INVENTORIES

Raw materials	343	182
Consumable stores	20	25
Work in progress	4,034	3,497
Finished goods	1,295	651
	5,692	4,355

17. PAYABLES

Employee entitlements	59	99
Other accruals	153	47
	212	146

18. INVESTMENTS

Bedford Road Investments Limited	10	10
	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 2003 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 2003 (CONTINUED)

	2003 \$'000	2002 \$'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	1,081	1,004
Non-cash items:		
Depreciation	389	316
Amortisation of identifiable intangibles/goodwill/grape supply contracts	28	24
Increase in deferred tax	287	226
	1,785	1,570
MOVEMENTS IN WORKING CAPITAL:		
(Increase) in inventories	(1,337)	(1,348)
Decrease/(Increase) in receivables	226	(623)
(Decrease)/Increase in trade creditors	(216)	173
(Decrease)/Increase in payables and other current assets	(242)	585
	(1,569)	(1,213)
ITEMS CLASSIFIED AS INVESTING ACTIVITIES		
Loss on disposal of property, plant and equipment	62	1
Net cash flow from operating activities	278	358
20. CAPITAL COMMITMENTS		
Purchase of Land	320	-
Winery Expansion Stage 1	-	2,113
	320	2,113
21. OPERATING LEASE COMMITMENTS		
Not later than one year	212	196
Later than one year and not later than two years	189	164
Later than two years and not later than five years	394	363
Later than five years	1,343	1,447
	2,138	2,170

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003 (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:

	2003 \$'000	2002 \$'000
<i>Forward foreign exchange contracts:</i>	4,074	3,368
Consisting of: - specific hedges	1,105	991
- general hedges	2,969	2,377

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 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 11 July 2003 the Company signed an Outline Terms and Conditions Schedule with the National Bank of New Zealand for an additional term loan of \$1.6 million. The new loan is scheduled to be drawn down on 21 August 2003 and is repayable on 21 August 2018. The initial interest rate on the loan is 6.64% fixed for 60 months.

On 22 July 2003 the Company issued 1,000 ordinary shares at an issue price of \$1.57 per share ex share option scheme.

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 3

AUDIT REPORT

To the Shareholders of The New Zealand Wine Company Limited.

We have audited the financial statements on pages 5 to 22. 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 2003. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

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 2003 and of the results of its operations and cash flows for the year ended 30 June 2003.

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 5 to 22:
 - 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 2003 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 1 August 2003 and our unqualified opinion is expressed as at that date.



Chartered Accountants
Wellington, NZ

THE NEW ZEALAND WINE COMPANY
LIMITED

COMPARATIVE FINANCIAL REVIEW
FOR THE YEARS ENDED 30TH JUNE

	Note	2003 Audited \$'000	2002 Audited \$'000	2001 Audited \$'000	2000 Audited \$'000	1999 Audited \$'000
Statement of Financial Performance Data						
Total Revenue		7,407	6,777	5,316	5,148	4,775
Surplus from Operations		1,835	1,752	1,223	1,282	1,284
Financing Costs		212	237	172	193	158
Taxation		542	511	350	362	374
Net Surplus for the Year		1,081	1,004	701	727	752
Earnings per share (cents)	1	13.1	13.3	9.3	10.1	9.6
Dividends per share (cents)	2	6.2	5.5	4.4	4.3	3.2
 Statement of Financial Position Data						
Current Assets		7,822	6,375	4,979	4,731	3,874
Current Liabilities		2,508	2,934	2,447	792	1,157
Working Capital Ratio		3.1	2.2	2.0	6.0	3.3
Non-Current Assets		18,235	12,253	8,886	6,136	3,486
Total Assets		26,057	18,628	13,865	10,867	7,360
Non-Current Liabilities		7,165	4,936	2,595	2,640	1,287
Total Liabilities		9,673	7,870	5,042	3,432	2,444
Total Shareholders Equity		16,384	10,758	8,823	7,435	4,916
Net Surplus % of Average Shareholders Equity		8.0%	9.3%	8.6%	11.8%	17.3%
Total Loans		6,795	4,754	3,905	2,667	1,859
Gearing Ratio %	3	29.3%	30.6%	30.7%	26.4%	27.4%
Shareholder's Equity % of Total Assets		62.9%	57.8%	63.6%	68.4%	66.8%
Number of Shares at year end	1	8,583,452	6,894,099	6,872,099	6,229,362	2,595,567

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 2003

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

As part of the pro-rata 1 for 8 renounceable offer made by The New Zealand Wine Company Limited to holders of Ordinary shares as at 20 September 2002 at an issue price of \$2 per share for acceptance on 25 October 2002 the following shares were purchased by Directors and share certificates issued on 31 October 2002:

CP & JD Croft purchased 59,263 shares for \$118,526.

JA Jamieson purchased 109,808 shares for \$219,616.

PJ McAtamney purchased 25,219 shares for \$60,068 (9,000 rights were purchased for \$1.07 each).

MJ McQuillan purchased 15,012 shares for \$30,024.

JHG & MA Milne purchased 4,393 shares for \$8,786.

JHG Milne & DFB Stevenson purchased 17,170 shares for \$34,340.

MA Milne & DFB Stevenson purchased 17,170 shares for \$34,340.

MA & VF Peters purchased 44,709 shares for \$89,418.

MA Peters Family Trust purchased 1,114 shares for \$2,228.

MA Peters & JHG Milne as trustees for the Employee Share Acquisition Scheme purchased 214 shares for \$428.

Other share transactions undertaken during the year were as follows:

PJ McAtamney sold 1,500 shares for \$4,290 at \$2.86 per share on 29 November 2002.

PJ McAtamney purchased 9,000 shares for \$14,130 at \$1.57 per share ex share option scheme on 13 March 2003.

MA Peters & JHG Milne as trustees for the Employee Share Acquisition Scheme transferred 825 shares to employees on 5 September 2002 and 899 shares to employees on 17 April 2003.

PJ McAtamney was issued 24,000 share options at an issue price of \$2.75 per share on 29 January 2003 as per the Shareholders Resolution dated 27 September 2002.

TRANSACTIONS	2003 \$'000	2002 \$'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)	67	58
MA Peters (Peters Doig Ltd - accounting, taxation and consultancy fees)	6	2
CP Croft (Springlands Tavern and Woodbourne Tavern - purchase of finished product - 2003: Q/E 30 September 2002; 2002: Full year).	3	15

THE NEW ZEALAND WINE COMPANY
LIMITED

STATUTORY INFORMATION

FOR THE YEAR ENDED 30TH JUNE 2003 (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	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
MA Peters (Chairman)	36	28	-	-
JA Jamieson	21	16	-	-
MJ McQuillan	18	14	-	-
JHG Milne	21	16	-	-
CP Croft (retired at AGM 27/9/02)	4	14	-	-
PJ McAtamney (resigned as Managing Director 13/3/03)	-	-	164	156

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
\$120,000 - \$129,999	1

4. DONATIONS

During the year:

The New Zealand Wine Company Limited made a donation of \$1,000 to the Salvation Army for the Blenheim Food Bank (2002: \$1,000) and \$1,000 to the Marlborough Hospice (2002: Nil).

THE NEW ZEALAND WINE COMPANY
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STATUTORY INFORMATION

FOR THE YEAR ENDED 30TH JUNE 2003 (CONTINUED)

5. SHAREHOLDING BREAKDOWN

Shareholding as at 30 June 2003	Number of shareholders	Total shares held	% of share capital
1-999	32	15,398	0.2%
1,000-9,999	173	529,030	6.2%
10,000-49,999	55	1,300,807	15.2%
50,000-99,999	19	1,256,674	14.6%
100,000-499,999	19	3,959,912	46.1%
500,000+	2	1,521,631	17.7%
	300	8,583,452	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 Directors for any permanent staff member with a shareholding in the Company.

6. DIRECTORS' SHAREHOLDING

Shares held at 30 June 2003 (including Beneficial Interests)	Ordinary Shares	Share Options
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.

Information regarding options granted to PJ McAtamney is as follows:

	7 Mar 2001	31 Oct 2001	29 Jan 2003	Total
Shareholder Resolution Date	N/A	28/9/01	27/9/02	2.4%
Number of options granted	27,000	39,000	24,000	90,000
Number of options exercised	(9,000)	-	-	(9,000)
Number of options lapsed	(18,000)	(39,000)	(24,000)	(81,000)
Number of options outstanding at year end	-	-	-	-
Issue price	\$1.90	\$2.75	\$2.75	
Exercise price adjusted for bonus issues	\$1.57	\$2.50	\$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 3)

Alison Scobie	Gillian Moore	Ross Wright
Colleen Oliver	Jan Rutherford	Sam Piper
Craig Young	Jane Trought	Sara Bateup
David Kenny	Jarad Payne	Sarah Inkersell
David Pearce	Leith Dixon	Sarah McAlpine
Doug Holmes	Matthew Oliver	

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 3)

London International Wine Challenge 2003

Silver:	Grove Mill Marlborough Riesling 2002
Silver:	Grove Mill Marlborough Sauvignon Blanc 2001

New Zealand Wine Society Royal Easter Show 2003

Gold:	Grove Mill Marlborough Pinot Gris 2002
Silver:	Grove Mill Marlborough Sauvignon Blanc 2002
Silver:	Sanctuary Marlborough Riesling 2002
Silver:	Grove Mill Innovator Riesling 2002

Air New Zealand Wine Awards 2002

Gold:	Grove Mill Marlborough Riesling 2001
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Liquorland Top 100 2002

Silver:	Sanctuary Marlborough Riesling 2002
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International Chardonnay Challenge 2002

Gold:	Grove Mill Marlborough Chardonnay 2001
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Old Ebbitt Grill International Wines for Oysters Competition 2002

Silver and Top 20:	Grove Mill Marlborough Sauvignon Blanc 2002
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The Best of Wine in Ireland

White Wine of the Year shortlist:	Grove Mill Marlborough Sauvignon Blanc 2001
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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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NOTES

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