

PETER LEHMANN WINES LIMITED

2001/02 HALF-YEAR FINANCIAL REPORT

PETER LEHMANN WINES LIMITED

Directors' report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2001 and the auditors' report thereon.

Directors

The directors of the company during or since the end of the half-year are:

<i>Name</i>	<i>Period of directorship</i>
Richard Anthony Fountayne England FCA, MAICD Non-Executive Director Member of the Audit and Remuneration Committees	Director since June 1998, appointed Chairman 22 October 1999
Peter Leon Lehmann, AM Executive Director	Deputy Chairman and Director since March 1993
Robert Victor Edwards, BCom Executive Director	Director since 2 August 1999
Neil Charles Lister, BEc Non-Executive Director Member of Audit and Remuneration Committees	Director since 2 August 1999
Harold William George Tilley, BEc., ASA, ABIA Non-Executive Director Chairman of the Audit Committee and Member of the Remuneration Committee	Director since May 1993
Roger Maxwell Wilson, LLB Non-Executive Director Member of the Audit Committee Chairman of the Remuneration Committee	Director since March 1993
Douglas McCaig Lehmann FAICD Executive Director	Managing Director since March 1993
Margaret Elizabeth Lehmann BA Dip Ed Alternate Director	Appointed Alternate Director for Peter Lehmann March 1994
Andrew Douglas Wigan B Sc (App Chem) Dip Oen Alternate Director	Appointed Alternate Director for Robert Edwards August 1999

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Result

Peter Lehmann Wines Limited (PLW) lifted first half profit to \$3,382,000, up 11% over last year. Revenue rose 3%, however when the impact of agency lines (recently discontinued in Europe and the UK) is removed revenue rose 12%.

September was a difficult month in most markets causing first quarter revenue to fall behind last year. However improved trading and promotional initiatives in the second quarter resulted in domestic revenue being up 7% and export (net of agency lines) up 18% for the half year.

Continental Europe grew strongly with revenue from the Peter Lehmann brand up 81%. It is planned to further expand our presence and resources in this priority region.

UK volume (excluding agency lines) was flat, principally due to a change in distribution arrangements in Ireland.

PLW has launched a new mid priced range under the "Weighbridge" label into the UK and Continental Europe. Early indications are that it has been well received and it is expected to play a major role in our expansion plans for these markets.

Sales to the USA were behind last year. PLW is actively looking at its distribution arrangements there to ensure it is well placed to meet growth expectations over the long term.

PLW continues to strive to improve its quality and image and brand recognition. Over the past six months the company has been successful in winning 1 International trophy and 11 trophies at Australian Wine Shows. These have been awarded to whites, reds and fortified wine, demonstrating the quality and diversity of the Barossa as a wine making region and the talent and dedication of the PLW wine making team.

The Barossa received substantial winter and spring rains and beneficial rain in January which have been accompanied by generally cool conditions. Flowering and fruit set were reasonable for most varieties with the exception of Shiraz which is carrying below average crop levels. Due to the relatively mild summer, vintage in the Barossa is expected to commence at the end of February, approximately 2-3 weeks later than normal. Given the cool growing period it would be reasonable to expect wine of good quality from the 2002 vintage.

Trading conditions in most markets have become more difficult over the past six months. The USA downturn and world uncertainty generally have slowed growth rates. Given this environment forecasts are difficult but PLW is confident it will exceed last year's record result. Directors normally update the February outlook statement when the vintage outcome statement is released (usually mid May).

Interest expense of \$109,000, compared with the previous half year's \$59,000, has been capitalised to Inventory in accordance with accounting standard AASB 1036 Borrowing Costs. Under accounting standard AASB 1037 Self Generating and Regenerating Assets (SGARAs) the grape crop has to be valued at market value. An estimate of the crop value prior to harvest was made with the \$20,000 (2000 \$74,000) increase above production costs included as income in the Statement of Financial Performance.

The Australian corporate taxation rate decreased from 34% to 30% effective 1 July 2001. Accordingly the corporate rate of 30% has been applied to the result for the half year ended 31 December 2001.

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Dividend

PLW will pay an interim dividend of 3.5 cents per share, fully franked at the 30% tax rate. The record date for determining dividend entitlements is 22 March 2002 and the dividend will be paid on 8 April 2002.

Other Business

Property

In October 2001 PLW acquired an adjoining 25 hectare property from an unrelated party and a 2 hectare portion of land from the Peter Lehmann family to secure its long-term future.

The transactions bring significant benefits -

- Room to expand the single, purpose built processing facility for the foreseeable future.
- The adjoining property is prime vineyard land with some existing vineyards and undeveloped land with the potential to produce fruit of quality suitable for PLW's icon red wines, the Stonewell Shiraz and Mentor.
- Safer and more efficient heavy vehicle access to the winery complex.
- PLW, like all other wineries, generates a substantial quantity of wastewater and the responsible disposal of it is a significant environmental issue. As the winery's activities increase more wastewater will be generated. Access to additional land provides PLW with more options for the safe disposal of the wastewater.
- Payment of approximately \$2 million for the adjoining property is structured over 2 years. Payment of approximately \$160,000 for the 2 hectare land parcel has been made.

Equity raising

The Company issued 1,750,000 shares following a placement to institutional and private investors on 16 October 2001. A further placement of 450,000 shares was made to Peter Lehmann on 14 December 2001. The issue price for both placements was \$3.10 per share.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at _____ this _____ day of _____ 2002

Signed in accordance with a resolution of the directors:

R A F England (Chairman)

D McC Lehmann (Managing Director)

PETER LEHMANN WINES LIMITED

Directors' declaration

In the opinion of the directors of Peter Lehmann Wines Limited:

- 1 the financial statements and notes set out on pages 4 to 19, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2001 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at _____ this _____ day of _____ 2002

Signed in accordance with a resolution of the directors:

R A F England (Chairman)

D McC Lehmann (Managing Director)

PETER LEHMANN WINES LIMITED

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF PETER LEHMANN WINES LIMITED

Scope

We have reviewed the financial report of Peter Lehmann Wines Limited for the half-year ended 31 December 2001 in the form of Appendix 4B of the Australian Stock Exchange Listing Rules, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration, but excluding the following sections:

- (a) directors' report (pages 1 to 3)
- (b) compliance statement (pages 19);
- (c) ratios (page 11)
- (d) NTA backing (page 12)

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Peter Lehmann Wines Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

KPMG
Chartered Accountants

G D DRABSCH
Partner

Place: _____

Date: _____