



Dear Shareholder

18 May 2010

### **2010 Vintage**

Vintage commenced on February 4 and was completed on March 26 apart from the Botrytis Semillon which we picked in the first week of May.

The vintage was preceded by good winter and spring rains but an unusually hot period of weather in November affected flowering in some varieties resulting in particularly small crops of Grenache and Chardonnay. Overall, the crop level is average to just below average – but quality is excellent. The combination of a short burst of heat in late January/early February and a smaller crop caused a number of varieties to ripen at the same time making 2010 a very compressed vintage.

However the weather settled down and was warm and stable throughout February and March. The white wines show excellent colour, fruit flavour and delicacy with Riesling and Semillon the early standouts. The reds show great colour and concentration with Shiraz appearing to be at the top of the pile. However Cabernet, Grenache, Merlot and Tempranillo are not far behind. It is still early days but at this stage the winemakers are very excited.

The total crush was 10,477 tonnes (2009:14,819) with 10,138 tonnes (2009: 10,982) for our own use. Over the last 16 years PLW had a contract to crush grapes on behalf of a large Australian wine producer and this mutually satisfactory arrangement came to an end when the contract was not renewed. Quite simply the lower demand for Australian wines has resulted in excess winery capacity as well as an oversupply of grapes. The cessation of this contract reduced throughput substantially and this will be reflected in higher overhead costs per litre.

### **Australian wine industry**

Trading conditions in most markets remain depressed as many countries struggle to recover from the global financial crisis. Just when there seemed to be some relief in sight the problems in the Greek economy have ushered in another wave of nervousness and instability.

Australian wine producers are facing the “perfect storm” as poor economic conditions are exacerbated by a large oversupply of Australian wine, too many vineyards, a strong Australian dollar and a deluge of NZ Sauvignon Blanc into Australia.

The long awaited Australia’s Future Tax System Review (Henry Review) was released on 2 May 2010. The Henry review recommended “the uniform taxation of all alcoholic beverages on a volumetric basis, converging over time to a single rate. The rate of alcohol tax should be based on the ‘net marginal spillover cost’ of alcohol”.

A change from the taxation on the value of the wine to a volumetric basis would result in the price of lower value wines increasing. This would put further pressure on the industry which is already struggling under the weight of oversupply. The Federal Government cited the current wine glut and an industry restructure already underway as the reasons for not adopting the recommendation. However, the Henry Review recommendation has not been ruled out absolutely.

**PLW business**

The secret to great wines is top quality grapes. The viticulturist and winemakers continue to work closely with the independent growers to improve quality. Pardon the pun, but the hard work is starting to bear fruit!

Donald Hess, Chairman of majority shareholder Hess Family Estate and Director of PLW is passionate about the wine business and very committed to providing the winemakers with the tools to make wines of exceptional quality. Plans are being developed for the upgrading of some winery equipment and barrel maturation warehouses in the next financial year.

Hess Family Estate has decided that a united front is the best strategy to meet the challenging times faced by the global wine industry. The sales and marketing efforts for PLW and sister companies Hess Collection Wines (Napa Valley California), Bodega Colomé (Argentina) and Glen Carlou (South Africa) are to be concentrated with the expertise and talent combined for the benefit of all four wineries.

We are very excited that widely respected UK journalist Matthew Jukes announced the inclusion of two of our wines (2004 Wigan Riesling and 2005 Margaret Semillon) in his 2010 annual 100 Best Australian Wines list. This means PLW has been included every year since the list was started in 2004. PLW is one of only 15 Australian producers who have appeared in every one of the annual lists. PLW will be included in the 'Hall of Fame' of the 100 Best Australian Wines created to recognize the enduring stars at the vanguard of Matthew Jukes' continued push to celebrate and educate the world about fine Australian wine. Read more at [www.matthewjukes.com](http://www.matthewjukes.com). This is a great accolade for Chief Winemaker Andrew Wigan and his dedicated team.

Assuming trading conditions do not deteriorate further, on current projections the result for the year ending 30 June 2010 will be down by about 35% on last year's after tax profit of \$5.9M. This is not where we want to be and everyone at PLW is intent on achieving a better than forecast result.

It's hard to believe but widespread access to the internet became available 21 years ago. The PLW website has been refreshed recently with the emphasis on easier navigability and interaction. As well as the Investor Centre where you can find more detail about the PLW business there is a wealth of information on the wines and people who make them.

The team continues to improve the service and ambience to make your visit to Cellar Door memorable. If you cannot make it to the Barossa we urge you to join the 'Futures Club' to receive information electronically about events and wine offers.

Yours sincerely



Doug Lehmann  
**Managing Director**

Dear Friends,

Vintage 2010 is complete, and with winter just around the corner we are hoping for some good soaking rains to set up vintage 2011. It is also time to offer our Shareholders and Friends a selection of wines that offer great drinking during the cooler months.

### **2008 Barossa Semillon**

*\$54 PER SIX PACK OR \$96 PER DOZEN – AUSTRALIA'S FAVOURITE SEMILLON AT AMAZING VALUE!*

How does a humble Semillon from the Barossa become the largest selling Semillon in the country - and therefore become 'Australia's Favourite'? It's simply an excellent white wine at a great price.

Our aged release 'Margaret' has recently won some major trophies in Sydney and our 2008 Barossa Semillon holds all the qualities of this wine at a younger age. The palate is lively, clean, zippy and beautifully refreshing. Lightly chilled, it is a delicious aperitif, and makes a perfect partner for seafood and chicken dishes.

### **2008 Barossa Riesling**

*\$54 PER SIX PACK OR \$96 PER DOZEN – LEHMANN RIESLING AT INCREDIBLE VALUE!*

These days when people think Australian Riesling many consider Peter Lehmann Wines. And why not... it is rare at any major wine show both here and overseas that we don't pick up an accolade for one of our Rieslings. It seems our growers and the winemaking team have gotten the formula right!

From what we believe will prove to be one of the decade's best vintages, this Riesling is showing zesty lemon flavours and a taut clean finish. Lightly chilled, it is a delicious aperitif, and makes a perfect partner for most seafood dishes - especially fresh oysters.

### **2006 Eden Valley Shiraz**

*\$135 PER SIX PACK OR \$240 PER DOZEN – IT'S NOT ALL ABOUT RIESLING IN EDEN VALLEY... CHECK OUT THIS SHIRAZ!*

Not only does the Eden Valley provide us with amazing examples of Riesling, but in most years Shiraz also holds its own. This Eden Valley Shiraz is one of our Vineyard Selection Series which shows the diversity of the Barossa's sub-districts. We don't make a separate Eden Valley Shiraz every vintage, only in those years when it displays its regional varietal expression.

Made from old established Shiraz vineyards of the Roesler and Bartholomaeus families, the palate shows lively cherry and plum fruits, a whisper of vanilla, and balanced by the fine-grained tannins.

### **2008 Shareholders & Friends Barossa Shiraz Cabernet Sauvignon**

*\$150 PER SIX PACK OR \$240 PER DOZEN – A NEW LIMITED RELEASE RED EXCLUSIVE TO SHAREHOLDERS & FRIENDS*

It has been a number of years since we have made a wine exclusive to our Shareholders and Friends. Since then a number of you have told us how much you loved the previous small bottlings of red wines made under this label, which is why we have decided to release a special Shiraz Cabernet blend just for you to enjoy.

Chosen from some of the very best Barossa vineyards, this Shiraz and Cabernet Sauvignon blend is drinking beautifully at the moment. The rich dark chocolate Shiraz characteristics meld seamlessly with the mint and blackcurrant of the Cabernet. As with previous Shareholders and Friends releases, it is destined to go well for an extended period in the cellar.

We hope you enjoy our Shareholders & Friends selection. If you have any queries please do not hesitate to call the Cellar Door on (08) 8563 2100 or email [cellar.door@peterlehmannwines.com](mailto:cellar.door@peterlehmannwines.com)

Cheers!

Daniel Mattschoss  
Cellar Door Manager



## Shareholders & Friends Order Form - May 2010

	<b>6 bottle pack</b>	<b>1 dozen</b>	<b>No. of bottles</b>	<b>\$</b>
<b>2008 Barossa Semillon</b> (Normally \$12 per bottle)	\$54.00 (\$9 per bottle)	\$96.00 (\$8 per bottle)		
<b>2008 Barossa Riesling</b> (Normally \$12 per bottle)	\$54.00 (\$9 per bottle)	\$96.00 (\$8 per bottle)		
<b>2006 Eden Valley Shiraz</b> (Normally \$25 per bottle)	\$135.00 (\$22.50 per bottle)	\$240.00 (\$20 per bottle)		
<b>2008 Shareholders &amp; Friends Shiraz / Cabernet Sauvignon</b> (Limited Stocks)	\$150.00 (\$25 per bottle)	\$240.00 (\$20 per bottle)		
<i>Orders of 3 or more cases are freight free! Offer ends 30<sup>th</sup> June 2010 or until sold out.</i>			<b>Freight \$</b>	
			<b>Total \$</b>	

**Please complete delivery & payment details:**

**Name:** \_\_\_\_\_

**Delivery Address:** \_\_\_\_\_

**Town/Suburb:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Postcode:** \_\_\_\_\_

**Daytime Telephone Number:** \_\_\_\_\_

**Special Delivery Instructions:** \_\_\_\_\_

**Payment Type: (please tick)**  Cheque  Diners  Amex  Mastercard/Visa

**Card Number:** \_\_\_\_/\_\_\_\_/\_\_\_\_/\_\_\_\_ **Expiry Date:** \_\_/\_\_/\_\_

**Signed:** \_\_\_\_\_ **I certify I'm over the age of 18.**

### Freight rates (per dozen)

*Peter Lehmann Wines Cellar Door*

**Phone: (08) 8563 2100**

**Fax: (08) 8563 3920**

**Post: PO Box 315 Tanunda SA 5352**

**E-mail:**

**cellar.door@peterlehmannwines.com**

<b>Destination</b>	<b>Price</b>	<b>Destination</b>	<b>Price</b>
Adelaide	\$5.80	Sydney	\$12.75
SA Regional	\$12.10	Canberra	\$13.65
Melbourne	\$11.65	NSW Regional	\$16.60
VIC Regional	\$15.60	NT/WA Regional	\$28.65
Brisbane	\$16.75	Tasmania	\$26.90
QLD Regional	\$21.80	Perth	\$18.55