



Dear Shareholder & Friends

7 September 2009

The year just gone has certainly pulled us back to earth with a vengeance. Last year we reported a record result of \$9.6M and then we headed straight into a maelstrom. The expected downturn in the Australian wine industry converged with the global recession and turned the 2008/09 year from one expected to be "challenging" to "downright difficult".

PLW has recorded an after tax profit of \$5.7M from sales of \$52.6M for year ended 30 June 2009. This result is down 40% on the previous year. The directors have declared a final fully franked dividend of 4.8 cents per share (2008: 13.9 cents) to be paid on 6 November 2009. The final dividend of 4.8 cents plus the interim dividend of 3.5 cents paid on 8 May 2009 takes the full year dividend to 8.3 cents per share.

So, what has happened? Quite simply, the Australian wine industry is massively oversupplied with fruit at a time when NZ Sauvignon Blanc is flooding into Australia. Compounding the problem, sales to overseas markets slowed generally as the global financial crisis spread through established wine markets.

We are providing the managing director's report, financial statements, discussion and analysis of the results, 10 year financial history and reports on employment, occupational health & safety and environment on the consumer website. We encourage you to look at this information online under the Investors section at [www.peterlehmannwines.com](http://www.peterlehmannwines.com)

Although we are disappointed with the result we believe the fundamentals for success identified last year remain the same - the passion and commitment brought to the business by the people who work here, our working closely with the 153 independent grape growers who supply the fruit, striving at all times to make the best quality wine and remaining absolutely committed to achieving success through organic growth.

I also take heart from a July 2009 *Decanter Magazine* interview with Andrew Caillard, MW, the fine wine principal at Langton's, Australia's leading auction house. He was asked which regions are producing the most exciting or improved wines, and why? Caillard responded with comments about other regions and said "*I am really enjoying watching the Barossa Valley develop. It is in every respect Australia's greatest wine region with a distinctive wine culture, a lovely wine community and a fascinating history. The wines are generous like the people. The Barossa is best known for Shiraz. Over 20 years we have seen the rise in prominence of Henschke Hill of Grace, Henschke Mount Edelstone, Rockford Basket Press, Peter Lehmann Stonewell .....*" To read the article in its entirety visit [www.decanter.com](http://www.decanter.com)

In the recently released *James Halliday 2010 Wine Companion* the renowned wine journalist awarded 5 stars to the winery with 10 of our wines rated 95 points or higher. A further 10 wines were rated in the 90 to 94 points range.

The extensions to the Cellar Door facility have been done so well that it almost looks as though that is the way it has always been. We are delighted with the response to the larger facility which is being used extensively for various functions and bringing more people to us. The garden and lawns have recovered from the battering they took during the building works and after the winter rain are looking splendid. A vegetable garden is being established with the produce to be used in the kitchen at Cellar Door.

Along with our continued efforts to use resources carefully the company made two major capital expenditure commitments in pursuit of sustainable environmental development. We commenced the relocation of the southern tankfarm to alongside the winery complex and expect to complete the project in early 2009/10. As well as providing substantial operational efficiencies the relocation will reduce the amount of water and electricity used in the movement of wine during the winemaking process.

We have installed a pipeline between PLW and the nearby North Para Environmental Control (NPEC) waste water treatment plant. The objective is to process treated winery wastewater further at NPEC, return it to PLW for irrigating the lawns and gardens at Cellar Door, Old Redemption Cellars and the corporate guest house. Further applications for use within the winery are also being investigated.

PLW took steps to reduce the glass weight of our proprietary bottle used for the Peter Lehmann Art Series and Clancy's ranges by nearly 15%. The Art Series Semillon in the lighter bottle is already in the marketplace. Fuelled by this success we have embarked on a project for a significant weight reduction of the bottles used for our Weighbridge and Wildcard ranges which are exported predominantly to the UK and continental Europe. When the weight reductions for the Weighbridge/Wildcard bottles and the Art Series/Clancy's proprietary bottles are combined, we expect annual savings of 800 tonnes of glass and to be able to eliminate about 190 tonnes of carbon dioxide emissions from shipping and road transport.

On 2 September 2009 Peter Lehmann personally received a Lifetime Achievement Award at the prestigious *2009 International Wine Challenge Awards* held in London. Peter was honoured to accept the award for his great contribution to the Australian wine industry over the past 62 years. In 1947 Peter started work in the laboratory at Yalumba Wines and after 13 years moved to Saltram where he thought he would see out his winemaking career. However, the plight of the independent Barossa Valley growers supplying Saltrams saw him take on the challenge of setting up a new winery. No wonder he chose the Queen of Clubs, the gambler's card, as his label. Congratulations to Peter from all the team at Peter Lehmann Wines.

The excavation and building of the winery commenced in August 1979 and we are quietly pleased to be celebrating 30 years of operation. Engineer Mick Anderson and Chief Winemaker Andrew Wigan, who were both involved on the journey from the outset, are true stalwarts and continue working at PLW today.

We have scheduled the AGM to start at 11 AM and this should provide plenty of time before the 12 noon lunch at Old Redemption Cellars. Again I would ask that you wait until 12 noon before entering Old Redemption Cellars to allow staff plenty of time to set up to cater for about 500 people.

I look forward to seeing you on Saturday 10 October 2009.

Yours sincerely



D McC LEHMANN  
**Managing Director**