



RESULTS ANNOUNCED TO THE MARKET – 26 AUGUST 2004

	FY04 \$000's	FY03 \$000's	% CHANGE FROM LY
Revenue for 1 st half year	24,182	22,364	
Revenue for 2 nd half year	28,547	24,275	
Revenue	52,729	46,639	+13%
EBIT for 1 st half year	1,611	4,917	
EBIT for 2 nd half year	5,623	4,176	
EBIT	7,234	9,093	-20%
Interest Paid \$	1,624	1,420	
Income Tax Expense \$	1,780	2,254	
After Tax Profit \$	3,830	5,419	-29%
EBIT as % of Revenue for 1 st HY	7%	22%	
EBIT as % of Revenue for 2 nd HY	20%	17%	
EBIT as % of Revenue	14%	19%	
Return on Shareholders' Funds	7%	11%	
Interest Coverage	3.5	5.3	
Debt Equity Ratio	66%	66%	
Net Tangible Assets per share	\$1.36	\$1.30	
Basic Earnings per share	10.14 cents	14.55 cents	-30%
Weighted number of shares for basic eps	37,769,527	37,259,968	+1%
Number of shares at year end	37,968,933	37,311,433	
Interim Dividend	0 cents	3.5 cents	
Final Dividend	5.5 cents	5.5 cents	
Full Year Dividend	5.5 cents	9 cents	

INDIVIDUALLY SIGNIFICANT ITEMS

During September and October 2003 PLW was subject to a takeover with the Hess Group AG and Allied Domecq PLC making counter offers. Hess Group AG has acquired 85.67% of the shares and Peter Lehmann, the founder, has reduced his holding to 10.35% of the shares. PLW incurred legal and adviser's costs of \$2,794,000 during the takeover.

SALE OF BAROSSA VALLEY VINEYARD

In September 2003 PLW sold a vineyard located in the Barossa as it no longer considered it to have strategic value to the Company. The vineyard was purchased by one of the growers who already supplies fruit to PLW so the Company will still have access to the fruit. The sales proceeds were \$1.1M.

DIVIDEND

PLW will pay a final fully franked dividend of 5.5 cents per share on 8 November 2004. This is in keeping with board's policy of paying dividends broadly in line with underlying earnings per share. The record date for determining dividend entitlements is 27 October 2004. There are more shares on issue at the end of the period as 657,500 executive options were exercised during the year.

COMMENTARY

In 2003 Peter Lehmann Wines Limited (PLW) experienced its greatest challenge since its formation and listing in August 1993. During the first half of this financial year a battle ensued between Hess Group AG of Switzerland and England based Allied Domecq plc for control of Peter Lehmann Wines Limited. The outcome of this saw Allied Domecq withdraw and Hess AG with 85.67% of the Company. The founder Peter Lehmann holds 10.35% and approximately 480 shareholders account for the remaining 3.98%.

Despite the disruption to PLW's distribution networks caused by the takeover battle, PLW increased its total branded bottle sales by 23% in volume together with a 15% increase in revenue over the previous year.

In a very competitive domestic market PLW grew its case sales by 10% in volume with revenue from these sales up by 6% reflecting the strength of the Peter Lehmann brand. Growth in distribution, continuing support from our national distributor Samuel Smith & Son and sound marketing from PLW contributed to the solid domestic result.

Total export sales of Peter Lehmann wines were up by 32%, while revenue increased by 22%. Export sales of Peter Lehmann wines accounted for 62% of the brand's total case sales, an increase of 4% over that of the previous year's volume.

The United Kingdom continues to be the Company's largest export destination accounting for 49% of total branded export case sales. Strong growth was recorded with sales up 23% in volume and revenue up by 16% over that of the previous year. These increases have been achieved by marked gains in distribution through on-premise outlets and regional wholesalers. While this market will continue to remain extremely competitive the company expects to see further growth over the next twelve months.

Seven years ago PLW identified Continental Europe as having strong potential for Peter Lehmann wines sales growth. To that end the Company now exports to 18 countries across Europe which accounted for 29% of PLW export sales. Over the past twelve months, sales grew by 28% in volume, with further sales growth expected during the next financial year.

In January 2004 the Hess Collection Winery based in Napa, California commenced the importation and distribution of Peter Lehmann wines in the United States. The Hess Collection Winery has an extensive and well connected distribution network throughout the USA, which has assisted in a dramatic lift in sales. PLW is confident that with this partnership the brand will perform extremely well in the US market over the next twelve months and beyond. The Canadian market continued on a positive growth pattern with sales increasing by 20% in volume over that of the previous year.

The combined US and Canadian markets accounted for 17% of the volume of PLW's export sales.

The Peter Lehmann brand has a strong regional focus and this is becoming increasingly important as wine writers and consumers become more aware of the differences in character and flavour of wines made in different grape growing regions. The Barossa is particularly suited to Shiraz and Semillon and we are at the forefront with these wines.

This claim was underpinned with PLW being named International and Australian Winemaker of the Year at the International Wine and Spirit Competition in London in October 2003. This was a great achievement for the Company and the Barossa Valley.

Including the awards mentioned above PLW was successful in being awarded 8 Trophies, 38 Gold Medals, 41 Silver Medals and 81 Bronze Medals at International and National Wine Shows throughout last year.

Production

PLW processed a record total crush of 18,948 tonnes, up 32% on the 2003 crush of 14,302 tonnes. The PLW intake was 14,588 tonnes (2003: 9,506 tonnes) with contract crushing at 4,360 tonnes (2003: 4,796 tonnes). The previous largest vintage experienced by the Company was in 2002 when 17,070 tonnes were processed.

The excellent vintage was a result of good timely winter rains, followed by fine sunny weather during flowering and subsequently throughout the growing season. The fruit processed was disease free, nicely ripe and in good sound condition. The vintage saw a strong demand for white varieties from all areas and prices were fully firm on 2003, however some red varieties were in oversupply and prices paid by PLW were in the vicinity of 20% down on that of 2003.

The quality of both white and red wine looks to be very promising. The white wines are showing pronounced varietal characters with elegance and flavour, while the reds have retained good balance and acidity with optimum ripeness being achieved. The colours and fruit flavours are excellent. PLW would rate this vintage as well above the average.

The high quality and quantity achieved in the 2004 vintage again demonstrates that the Barossa Valley is without doubt an extremely reliable premium grape growing district.

Outlook

The 2004 vintage was a record national harvest with in excess of 1.8 million tonnes being processed. This was an increase of 300,000 plus tonnes on the below average volume 2003 vintage crop. It is felt that the record 2004 crush will put further downward pressure on grape prices for the 2005 vintage in premium districts. It is expected that this will again be primarily confined to red varieties. PLW plans to process approximately 14,000 tonnes of fruit for its own requirements and approximately 4,000 tonnes on contract for the 2005 vintage.

The Company plans capital expenditure of \$3 million for the 2004/05 financial year. The significant items include the purchase of new oak, increased stainless steel storage and a major upgrade of our Cellar Door facility.

The takeover by Hess Group AG puts PLW in a stronger position as it becomes increasingly apparent global trading requires strategic alliances. It is crucial to have access to dynamic distribution networks.

Since the takeover PLW has continued its focus on making premium wine for sale to quality distributors.

Removal from the ASX Official List

Since the takeover there has been very thin trading in PLW shares. This was predictable given the composition of the share register with Hess Group AG holding 85.67% and the founder Peter Lehmann retaining 10.35% of the issued shares. Accordingly PLW applied for removal from the ASX and this application was approved in July with the proviso that there be a 3 month period during which investors could trade their shares on the open market prior to delisting. PLW will be removed from the ASX official list on 12 October 2004.

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