

Peter
LEHMANN
of the Barossa

Dear Shareholder & Friends

9 September 2010

PLW recorded an after tax profit of \$3.8M from sales of \$50M for the year ended 30 June 2010. This result is down 34% on the previous year. The directors have declared a final fully franked dividend of 5.5 cents per share (2009: 4.8 cents) to be paid on 5 November 2010. The full year dividend of 5.5 cents compares with 8.3 cents per share the previous year.

The difficult trading conditions experienced in the previous year continued throughout the 2009/2010 reporting period with the global financial situation showing no real signs of righting itself. This uncertainty continues to impact on consumer confidence which in turn reduces sales volumes.

The persistent strength of the Australian Dollar against all of our trading partners has had a significant impact on overall contribution. This can be seen with total branded sales down 5% in volume and 8% in value over that of the previous year. These difficult conditions are expected to continue over the medium term.

Over supply, continued market consolidation and the strong presence of New Zealand white wine are major factors negatively influencing the domestic scene.

After two decades of growth and success the Australian wine industry is going through a painful restructuring process. The oversupply of grapes and excess wine inventory remain a challenge and, until this is rectified, Australia will struggle to assert itself as a producer of quality sought after wine.

The restructuring affects many people directly - grape growers, vineyard owners, winery staff and those employed in support industries. Unfortunately it does not seem to be over yet as wineries seek to realign operations with the changed market conditions.

A review of the year, financial statements, discussion and analysis of the results, 10 year financial history and reports on employment, occupational health & safety and environment have been posted to the consumer website. We encourage you to look at this information online under the Investors section at www.peterlehmannwines.com

We continue our efforts to improve quality and PLW retained its 5 star winery status awarded by renowned wine journalist James Halliday in his recently released *Australian Wine Companion 2011*. Positive feedback has also been received from the influential *US Wine Spectator* magazine which includes four Peter Lehmann wines in its current release of 10 Red Values from Australia list (US\$18 or less).

Earlier this year majority shareholder Hess Family Estates decided a united front is the best strategy to meet the challenging times faced by the global wine industry. This will enable the four wineries - Hess Collection (USA), Bodega Colomé (Argentina), Glen Carlou (South Africa) and Peter Lehmann Wines (Australia) to effectively distribute, sell and market our wines through the four key regions: The Americas, Europe and the United Kingdom, Asia and Australia. I am pleased to report that there are positive signs already emerging from this strategy.

The greater involvement of Hess Family Estates resulted in the restructuring of the PLW Board. I would like to pay tribute to Paul Young who stepped down as Chairman. Paul provided great stability in the years immediately following the takeover in 2003 and has always been a strong advocate for PLW. Fellow directors Kay Carey and Robert Edwards also resigned and I thank them both sincerely for their support over the years.

Martin Kronenberg became Chairman in March with fellow Hess Family Estates directors Donald Hess, Lee Williams and Eveline Saupper being appointed to the PLW Board. Stalwart Roger Wilson continues to provide his experience, wisdom and good humour to board discussions.

I am sure most of you would be aware that I have retired from the position of Managing Director. While it was far from an easy decision, I felt that after 20 years in that position it was time, as they say, to move on. I have not totally severed my ties with the Company and I am very pleased and excited to be retained on the Board in the position of Deputy Chairman. In that role, I believe I can make a strong and positive contribution to the Company and am looking forward to that.

I would like to take this opportunity to welcome Jeff Bond to the Company in the position of General Manager. Since Jeff started in mid July I have spent some time with him as he settles into his new position. As a board member I will be assisting and working with him to develop the business further.

In closing I would like to thank all the shareholders who have provided great support and made it a pleasure to be associated with such a loyal and caring group of people. Thank you for a marvelous journey.

Attached with this letter you will find an invitation to the Shareholders & Friends Lunch and I recommend that you RSVP promptly as places are limited.

I look forward to seeing you on Saturday 9 October 2010.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D McC LEHMANN', written in a cursive style with a long horizontal flourish extending to the right.

D McC LEHMANN
Director

Peter
LEHMANN
of the Barossa

SHAREHOLDERS & FRIENDS

Lunch Along The Para

OLD REDEMPTION CELLARS

Saturday, 9th October 2010
12.00 - 4.00pm

*The Management and Staff at Peter Lehmann Wines extend an invitation to you and your partner to join us
For lunch and a bottle of wine
at Old Redemption Cellars, overlooking the picturesque grounds and North Para River.*

You are welcome to invite additional friends at a cost of \$45 per person.

Shareholders & Friends Name(s): _____

Address: _____

Daytime Telephone Number: _____

Email: _____

Dietary Requirements: _____

Additional Guests Names: _____

Payment Amount for Additional Guests @ \$45 per Person: _____

Payment Type: (Please tick)

Cheque Diners Amex Mastercard/Visa

Card Number: ____/____/____/____ **Exp. Date:** __/__

Signature : _____

R S V P by 24th September 2010, as places are limited.

Please return completed form to:
Peter Lehmann Wines Limited
P O Box 315
TANUNDA SA 5352
Phone: (08) 8563 2100
Fax: (08) 8563 3920
Email: nicole.stewart@peterlehmannwines.com

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Director