



2012 AGM

2.30pm

26th November 2012

Field Days Marlborough 2012



Today's schedule

- At the conclusion of the formal part of the meeting's agenda we will have an overview of the industry from Sir George, and then a short break.
- I will then ask **Carolyn Stuehmeyer** from Villa Maria's marketing team to update you on some exciting developments for Villa Maria in the market place. **Ollie Powrie and Stuart Dudley**, Villa Maria's Viticulture Managers will then address the meeting. They will introduce our vineyard managers. They will give you a brief update on what is happening in your vineyards.
- This will be followed by a tasting of wines from the latest mail order, together with some food from the Vineyard Restaurant and an opportunity to talk with your Directors and vineyard managers.

Terra Vitae Vineyards Ltd

Financial Highlights

- The Directors believe that the results *before revaluation adjustments* best reflect the performance of the vineyard operation. These results were as follows:

	2012	2011	2010	2009	2008
• Profit before tax & NZ IFRS adjustments	-\$230,210	-\$216,831	-\$511,240	-\$619,900	\$2,926,328
• Grape Harvest Income	\$5,107,402	\$5,466,492	\$4,094,473	\$3,916,466	\$6,442,241
• Grape Harvest Tonnes	3211	3585	2583	2189	2703
• Average Price per tonne	\$1,591	\$1,525	\$1,585	\$1,789	\$2,383
• Dividend Declared (fully imputed)	na	na	na	na	2.0cps

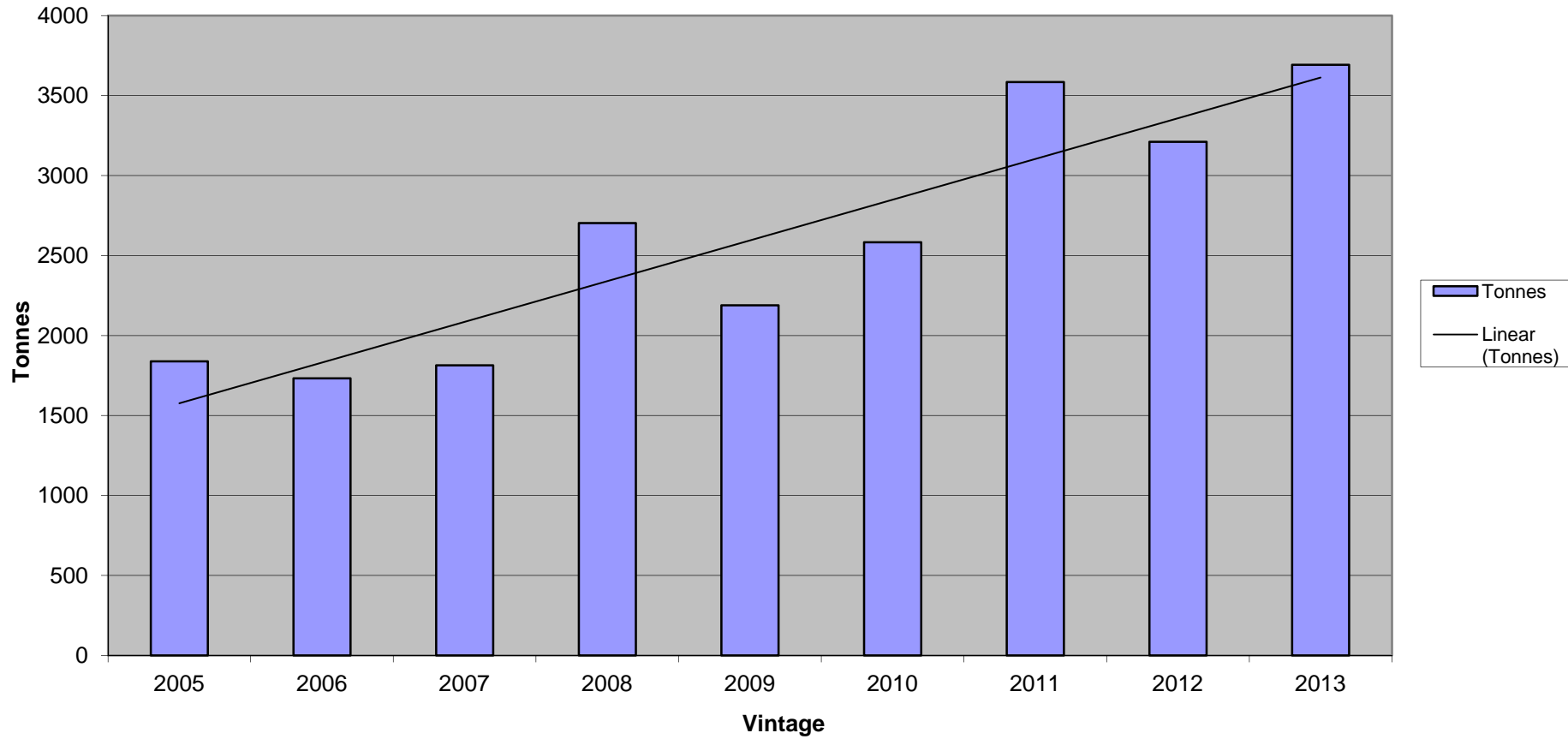
Terra Vitae Vineyards Ltd

Financial Highlights

- The Financial Accounts included in the 2012 Annual Report are reported under NZ IFRS.
- Under NZ IFRS and as a result of our Valuers' valuation as at 30 June 2012 fair value adjustments of \$1,110,170 were taken to the Income statement.
- It is pleasing to report that since balance date, prices have risen in Marlborough for bare land suitable for viticulture and also for developed vineyards.
- Our production costs are currently tracking on budget.
- Flowering is about to start and is a critical event for this business.

Terra Vitae Harvest Tonnes

(budgeted from 2013)



Banking Relationship

- The decline in vineyard values over the last four years has stopped and this year saw the values rise \$1,266,935.
- We are having our normal annual discussions with our bankers as per the terms of our facility.
- We have an excellent relationship with Rabobank and they have supported us through the last four difficult years for the industry.
- I acknowledge that our bankers are here today.

Auditors

- I also acknowledge the presence of our auditors here today
- They represent you, our shareholders and have presented you with a clean audit
- It is a large process and your board will be reviewing that process to see if we can make improvements in order to contain the ever escalating cost of the audit.

SHARE TRADES

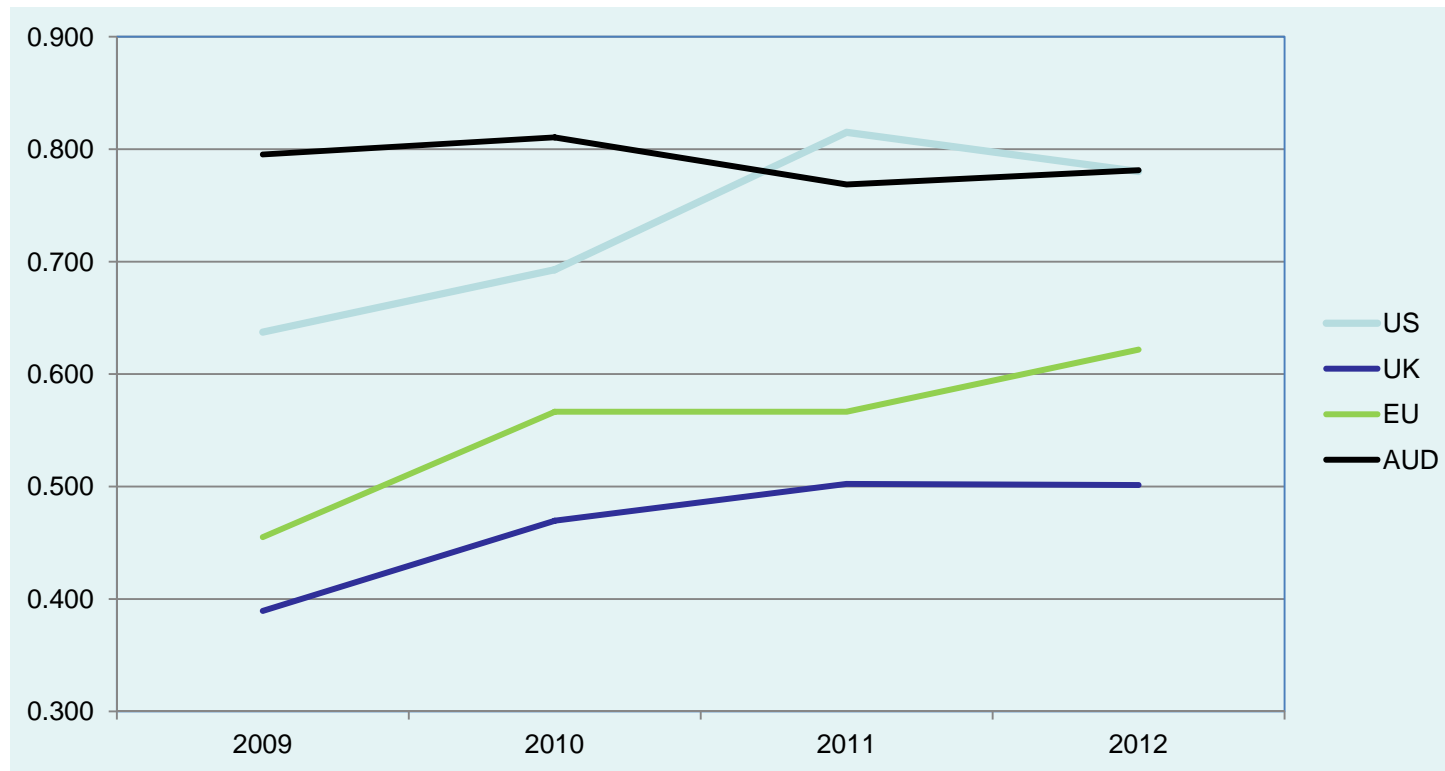
Shares traded in past 12 months	423,500 (open market)
Price range	20 to 28c
Present price	24c
NTA per share	\$0.67

Equivalent to original TVV price, last trade is \$0.66

Equivalent to original Seddon price, last trade is \$1.20

The external influences

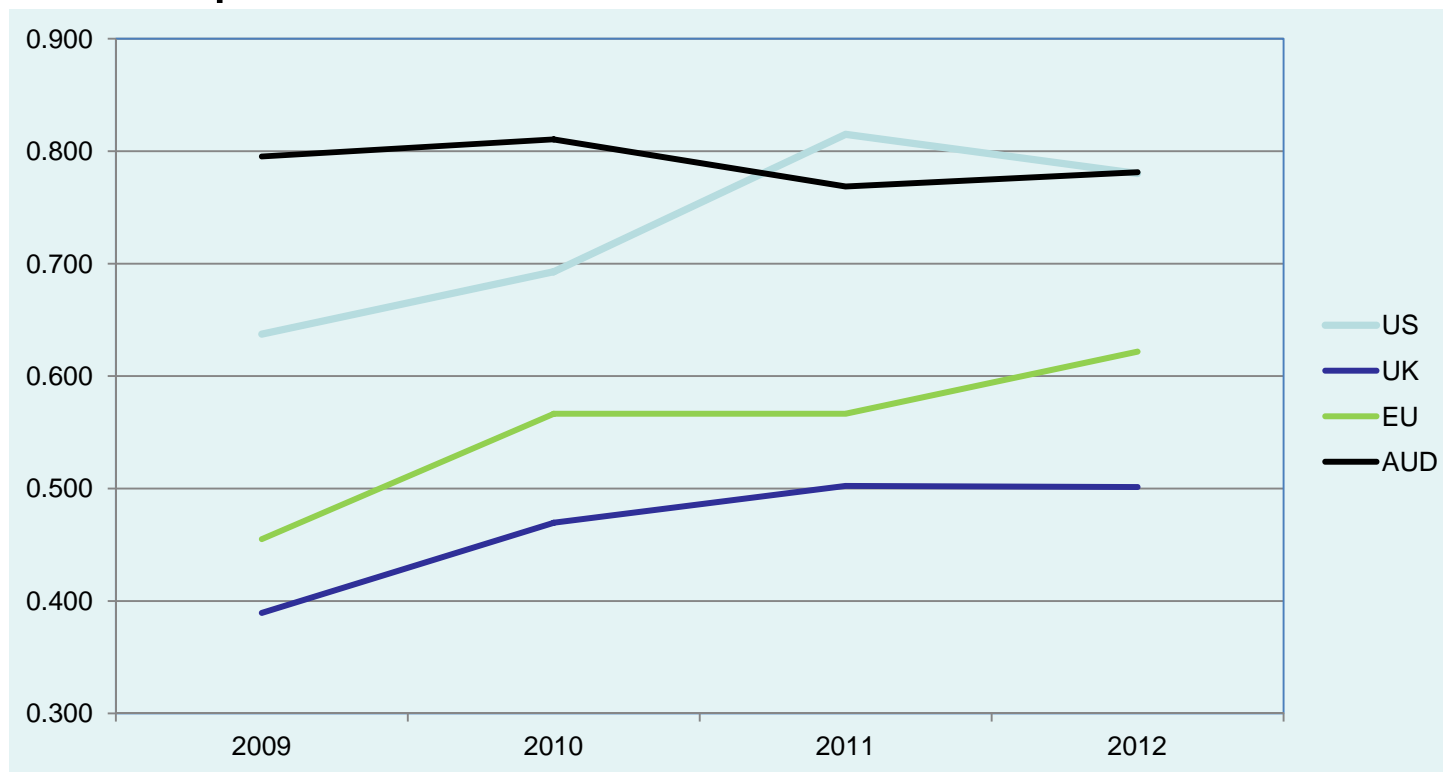
- The continuing global crisis affecting Europe is continuing to cause the \$NZ to remain high against our main trading partners



RBNZ Mid Rates June

The external influences: movement in \$NZ over past 3 years

- \$US – up 22%
- EU – up 37%
- GBP – up 29%
- AUD – down 2%



The external influences: Growth in the bulk export market

- NZ wine export volumes increased 15.6% in the year to June 2012
- Bottled wine exports grew only 7%
- While bulk wine shipments grew 31%
- Bulk wine now makes up 35% of total exports
- Domestic Sales of Wine reduced 4.2%

Is the market about to turn?

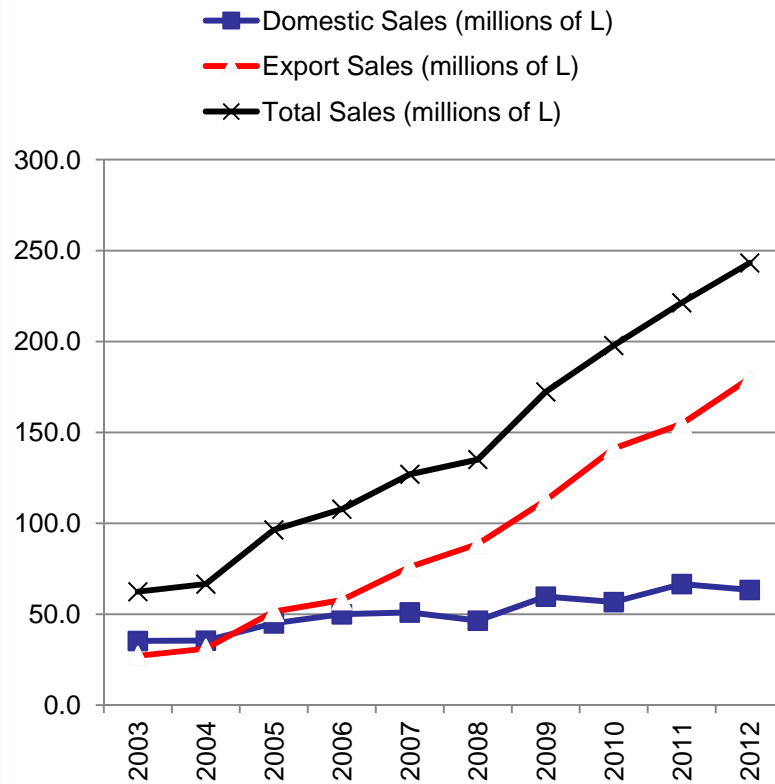
- 2012 Industry harvest down 18% on 2011
- Wine production 194m litres vs last years sales of 240m litres
- Prior year stocks in short supply.
- Global demand will not be met.
- Supply for unbranded bulk wine will be limited.
- Opportunity for wine companies to increase average \$ per litre return
- Should flow through to grape prices in 2013

Supply vs Demand

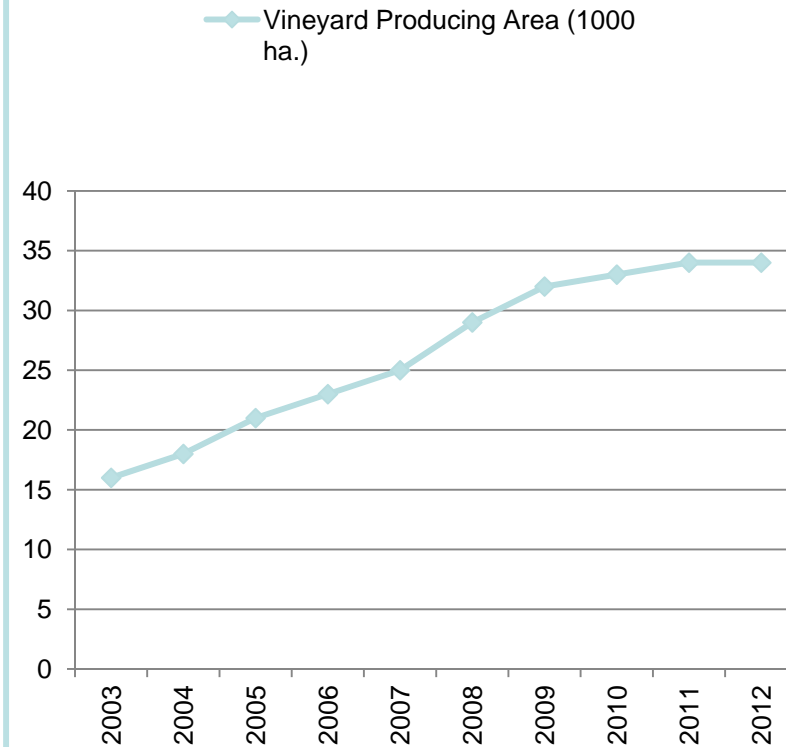
- Grape production and wine consumption is close to being back into balance. The next slide shows the flattening out of new vineyard plantings against the backdrop of continued growth in wine sales.
- The low 2012 harvest and expected average 2013 harvest will see the return to a more balanced position.

NZ Wine Sales vs Vineyard Area

NZ Wine Sales - Millions of Litres



Vineyard Producing Area (1000 ha.)



We can't control

- The weather
- World wide economies
- The strength of the \$NZ
- The retail pressure on wine prices

But we can control our costs

- Through tight budgetary control
- Economies of scale
- Our vineyard managers taking ownership of the performance of their vineyards
- The Board continually benchmarks each vineyard against the others in the company and also compares itself with others in the industry when these statistics are made available

Emphasis in the current year

- The company's emphasis has continued to be on cost reduction through strategic machinery purchases and continual improvement in vineyard procedures.
- The Board is keeping a watch on the market for any opportunities that may arise for the company to add to its vineyard portfolio, but would only proceed if the opportunity was cash flow positive and had strong support from shareholders.
- Have evaluated a number of opportunities, but these have not met the "return on investment" standards required.
- An acquisition would most likely be done through a rights issue.

Challenges

- The year ahead will continue to have its challenges around the markets of the world and the present international turbulence will continue to affect the wine industry. Currency values also have a major part to play in the returns for wines sold internationally.
- With the supply/demand ratio being closer to being in balance, grape growers are expecting improved performance with the strong demand for grape supply for the 2013 harvest and beyond. Mother Nature must of course play her part.

Celebration

- Congratulations to the Vineyard managers and the Villa Maria winemaking team for once again producing some outstanding wines from our vineyards.
- Congratulations also to Sir George Fistonich for the achieving 50 years of successful vintages and the many awards and accolades he and Villa team have been awarded this year.

I move we adopt the annual report and financial statements
for the year ending 30.06.12

