



2010 AGM

30th November 2010

2.30pm

Taylor Pass Vineyard



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:

	2010	2009	2008	2007
• Profit before tax & NZ IFRS adjustments	-\$511,240	-\$619,900	\$2,926,328	\$1,253,576
• Grape Harvest Income	\$4,094,473	\$3,916,466	\$6,442,241	\$4,034,600
• Grape Harvest Tonnes	2583	2189	2703	1814
• Average Price per tonne	\$1,585	\$1,789	\$2,383	\$2,224
• Dividend Declared (fully imputed)	na	na	2.0cps	1.6cps

Terra Vitae Vineyards Ltd

Financial Highlights

- The Financial Accounts included in the 2010 Annual Report are reported under NZ IFRS.
- Under NZ IFRS, as a result of the valuation conducted by Crighton Stone as at 30 June 2010, fair value adjustment reductions of \$3,644,587 were taken to the Income statement.

SHARE TRADES

Shares traded in past 12 months	38,500
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Price range	38 to 45c
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Present price	38c
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NTA per share	\$0.77
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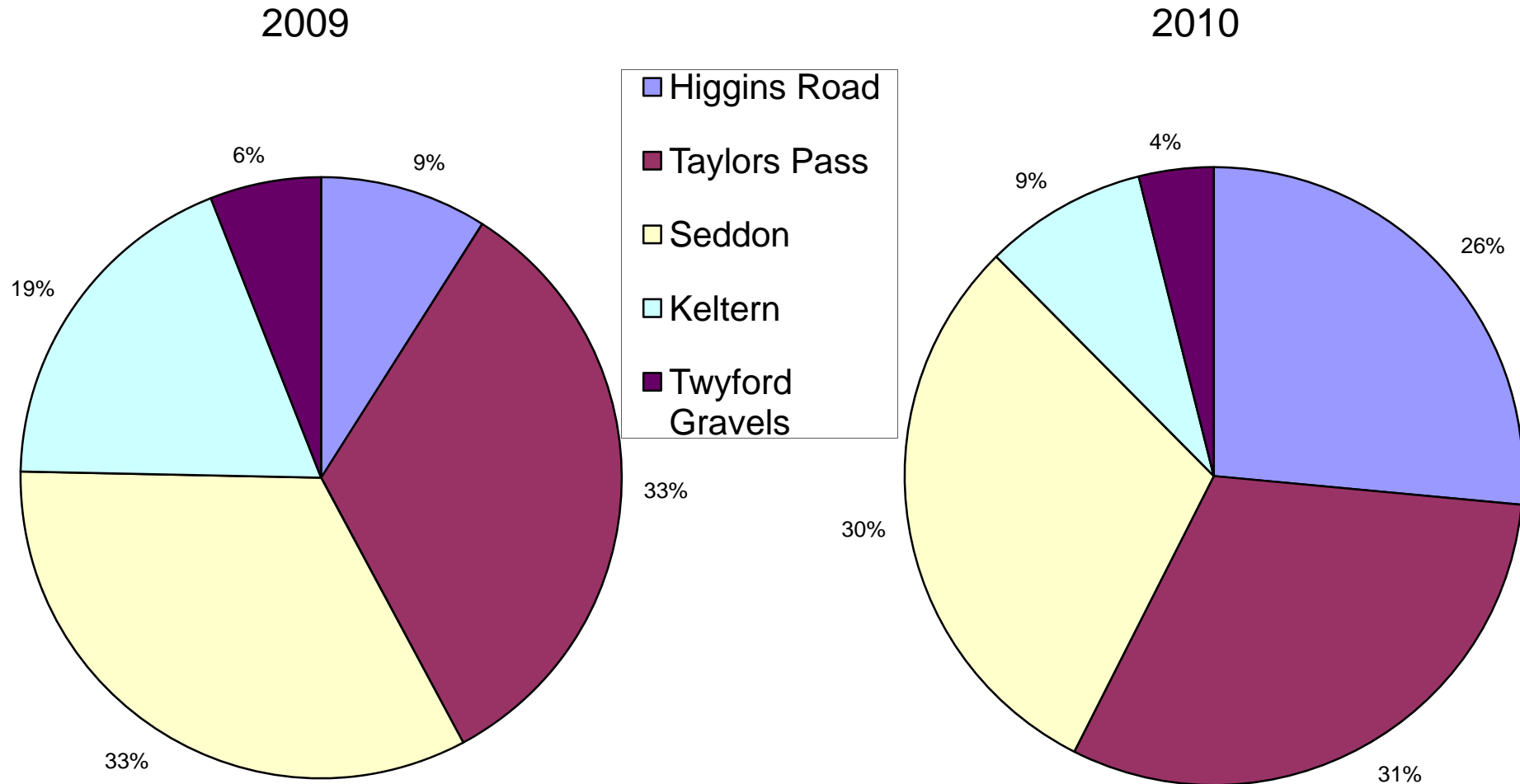
Equivalent to original TVV price, last trade is	\$1.04
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Equivalent to original Seddon price, last trade is	\$1.90
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Vineyard financial performance 2010

	ha.	Total 2010	Higgins Rd	Other Vineyards
		376.59	150.85	225.74
Tonnes		2583	684	1899
\$ Yield		\$ 4,094,473	\$ 960,112	\$ 3,134,361
\$ direct costs		\$ 3,700,757	\$ 927,587	\$ 2,773,170
\$ contribution		\$ 393,716	\$ 32,525	\$ 361,191
\$ overhead allocation		\$ 359,223	\$ 143,893	\$ 215,330
\$ interest expensed		\$ 545,733	\$ 545,733	
\$ net operating profit/(loss)		-\$511,240	-\$657,101	\$145,861
Original forecast		\$127,000	-\$949,000	\$1,076,000
Variance		-\$638,240	\$291,899	-\$930,139

Terra Vitae All Vineyards Yield by Vineyard

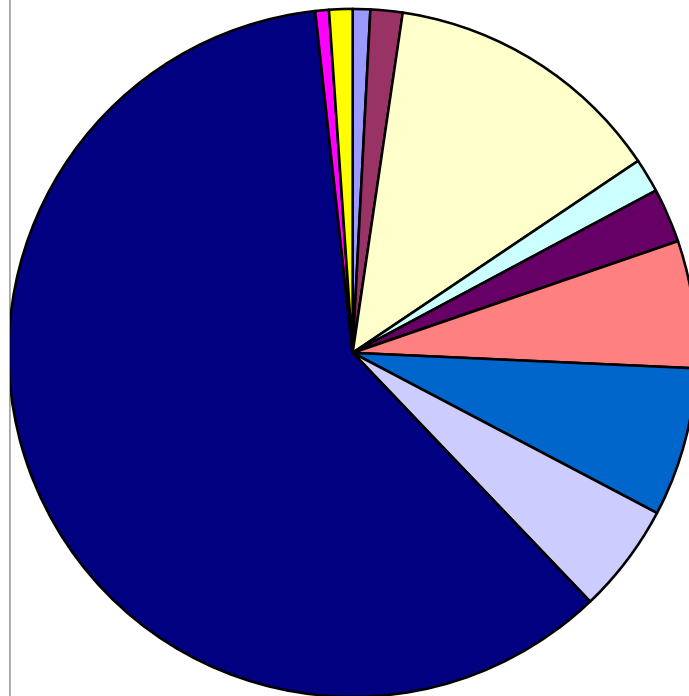


Terra Vitae All Vineyards

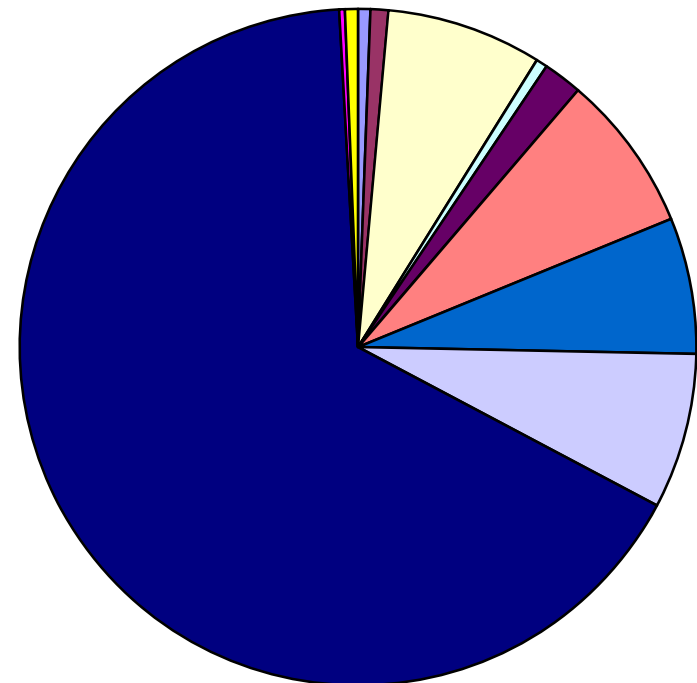
Yield by Variety



2009 Yield by Variety

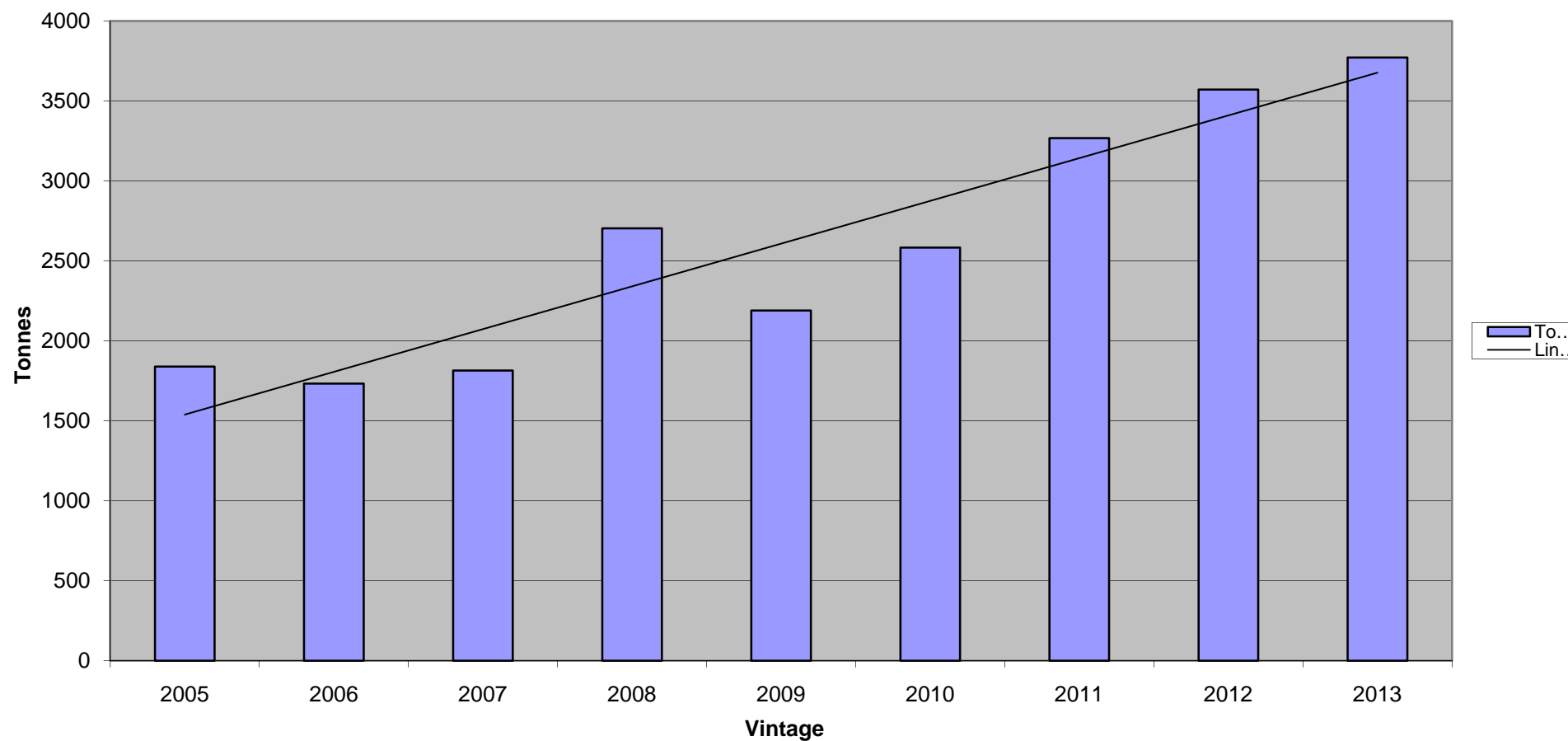


2010 Yield by Variety



Terra Vitae Harvest Tonnes

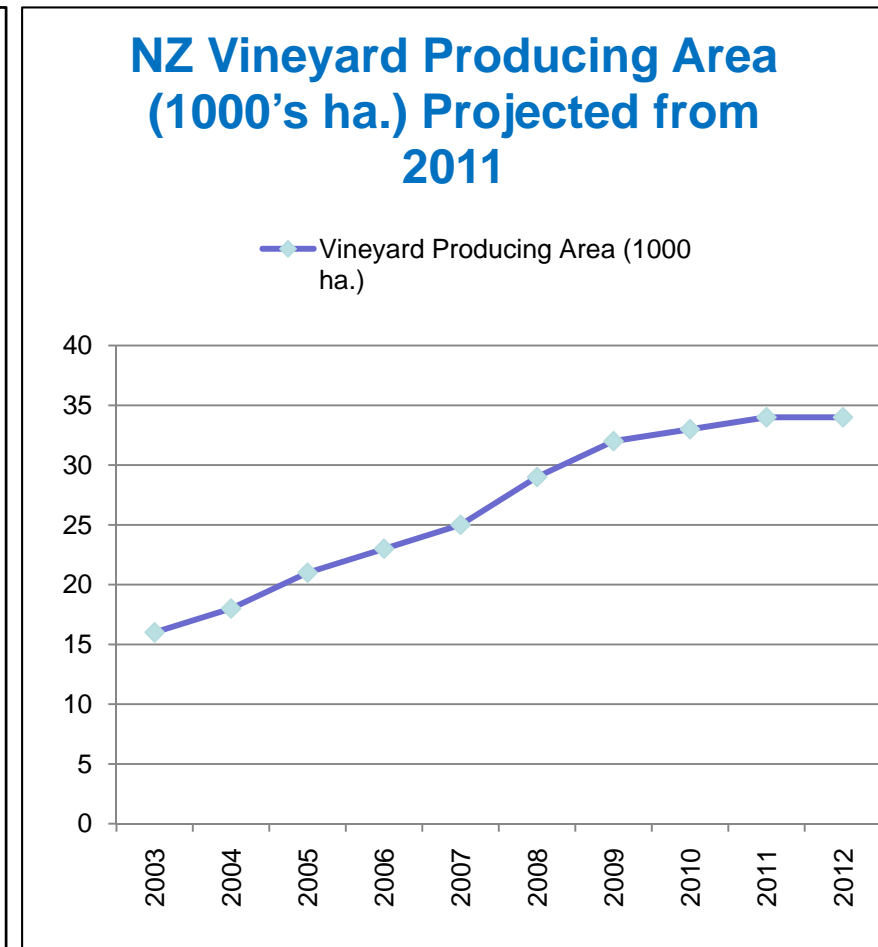
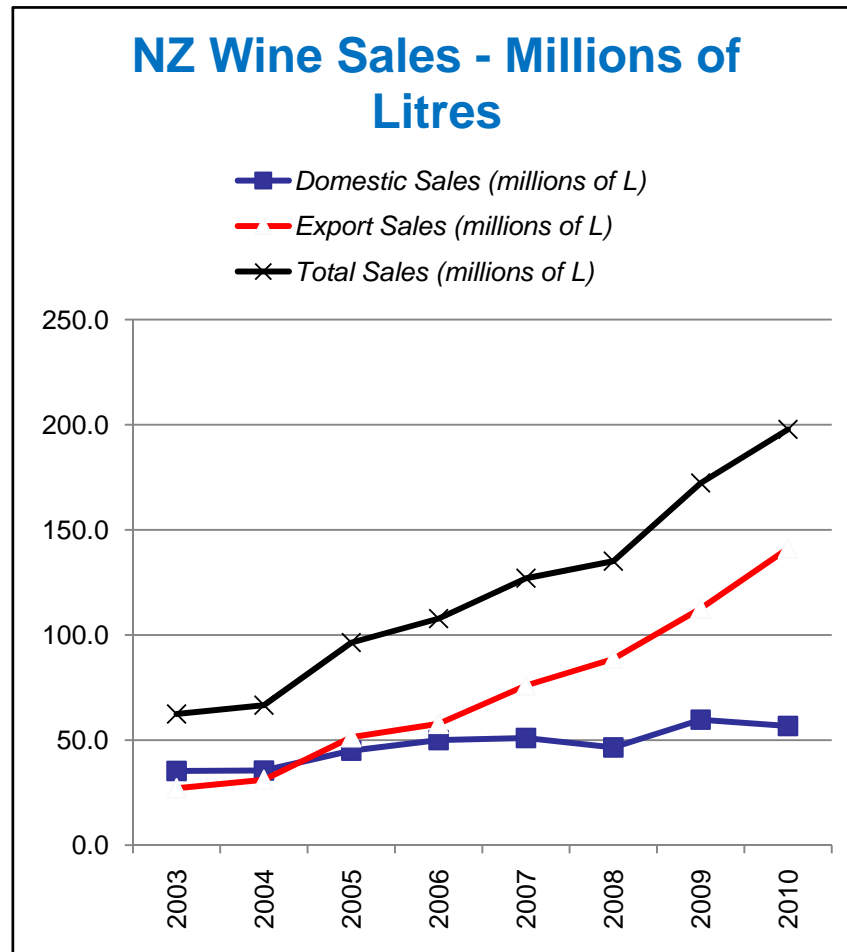
(budgeted from 2011)



Chairman's report cont.

- **The industry has worked within the budget restrictions imposed by its governing body and as a result, not only has the increase in total production become minimal, but fruit quality has improved, leading to better quality wine . I will ask George to comment on this and other industry issues later.**

NZ Wine Sales vs Vineyard Area



Higgins Road

- The development at Higgins Road has progressed well and our third crop from the new plantings will be picked this autumn. Carl will comment further on the development

Higgins Road Development

	<u>(\$000's)</u>
• Projected cost of development (2007)	\$23,336
• Projected cost per ha. (138 ha)	\$ 169
• Actual cost of development (2010)	\$24,547
• Actual cost per ha. (151 ha)	\$ 163
• Crighton Stone's estimated valuation on completion (2007)	\$30,668
• Crighton Stone's Actual valuation (2010)	\$21,118

Higgins Road then



And now



Emphasis

- The company's emphasis has been on cost reduction through strategic machinery purchases and continual improvement in vineyard procedures.
- The Board held a strategic planning meeting in September with input from our viticulture consultant Mark Allen and the team at Villa Maria. Further saving opportunities were identified.
- Your Board has also gathered benchmarking data on vineyard costs and some very interesting data is highlighted below.

Benchmarking Statistics – Production costs per ha. (excluding depreciation)

Marlborough District	Taylor's Pass	Seddon/Higgins
\$ 10,184	\$ 10,603	\$ 6,806
	4% over	-33% below

Hawke's Bay District	Keltern
\$ 10,759	\$ 11,214
	4% over

Note: There is insufficient benchmarking data available for comparison against the Twyford Gravels vineyard due to its small size and dedication to growing Reserve quality grapes.

Saving costs through mechanisation – the Klima



And the Pellenc – ready for action



Harvesting at Higgins Road



Challenges

- **The year ahead will 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. Villa Maria's marketing manager will update you on this.**
- **Within New Zealand there is still some balancing to be done with the supply and demand ratios which will continue to affect the grape prices for the 2011 vintage.**

- **At the conclusion of the formal part of the meeting I will ask Ollie Powrie, Villa Maria's Chief Viticulturist to address the meeting and he will then introduce our vineyard managers who will give you a quick update on what is happening in your vineyards.**

Questions??

