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WINE GROUP OUTPERFORMS INDUSTRY

Winery	Tonnes crushed	Previous Year
Salisbury Winery (Mildura, Vic)	29,752	28,405
Barramundi Winery (Griffith, NSW)	10,580	16,887
Evans & Tate Winery (Margaret River, WA)	9,800*	11,980
Oakridge Estate (Yarra Valley, Vic.)	692*	594
Total	50,824	57,866

* Estimate – not yet completed

Inventory management

Evans & Tate Limited (ASX: ETW) has successfully reduced its 2005 grape intake by 7,042 tonnes to 50,824 tonnes. The significant reduction is part of the company's ongoing active inventory management approach to operate on a lower stock to sales ratio and will ensure an optimal supply and demand situation going forward. This is in contrast to the size of the national crush which is anticipated to grow from the previous record harvest in 2004.

As reported to the market in February 2005, Evans & Tate's reduced grape intake is in response to a review of pre-vintage inventories, a desire to reduce future stock to sales ratios and a validation of future trading opportunities.

Franklin Tate, Executive Chairman of Evans & Tate believes that by taking a pragmatic approach to inventory management in response to the current negative sentiment towards the wine industry, the oversupply concerns in the industry can be managed.

"The majority of our business is in bottled premium wines which require longer lead times for maturation prior to release. In addition, our international markets require further time to market and deplete vintages. It is therefore essential that we have adequate wine inventory in order to grow future sales. Having said that, Evans & Tate's stock to sales ratio of approx. 1.9 times at 30 June 2004, is anticipated to be lower at 30 June 2005 which is lower again than the 2.1 times industry average reported recently.

This active reduction in stock to sales ratio is expected to create future flow-on working capital benefits for the Group in what continues to be a robust sales environment", Mr Tate said.

Sales performance

Mr Tate observed, "Sales in both Australia and Europe continue to outperform the industry averages. With sales in the domestic market and Australian wine sales in the UK market growing at around 5% and 5.6% respectively, we are delighted at our continued performance which is well over these benchmarks.

"Evans & Tate continues to operate strongly and a better balanced grape intake will ensure that performance can be maintained at acceptable margins. At the same time, we are working hard on ensuring all other aspects of the business are being improved. Part of this effort is our current internal cost review, which continues apace and is set to create a direct impact on our results in the next financial year," Mr Tate said.

Vintage

Vintage has been completed on the Salisbury and Barramundi wineries, with the Margaret River and Oakridge wineries to be completed within a few days.

This year's vintage is demonstrating all the necessary quality to produce excellent wines. Despite some late rainfall in Margaret River and early cooler temperatures in the Yarra Valley, the quality of grapes has been exceptional. The whites in particular are stand-outs, especially the Sauvignon Blanc, Chardonnay and Semillon varieties.

The Evans & Tate Wine Group owns core brands including *Evans & Tate*, *Gnangara*, *Oakridge*, *Salisbury*, *Barramundi*, *Milburn Park*, *Cedar Creek*, *Aldridge Estate* and *Bondi Blue*.

Following are vintage reports from the various wineries within the Evans & Tate Group.

Winery Reports

Evans & Tate Winery, Margaret River (WA)

Evans & Tate's Margaret River winery produces the Group's super premium Margaret River brands including Redbrook, Gnangara, Classic and the Margaret River varietal range.

Overall, 2005 has been a very strong vintage in Margaret River. Sauvignon Blanc, a major component of Evans & Tate's Classic, is the best variety within a very good overall range.

The red grapes have seen very low pH balances, which has helped intensify colour, expression and varietal flavour. Evans & Tate's best Shiraz and Cabernet wines are outstanding with similarities to the celebrated 1999 vintage.

Vintage crush is lower than the previous years due to a combination of a deliberate reduction of intake and rainfall in excess of 120mm in March in the southern, cooler regions of Margaret River, to which Evans & Tate had only a small exposure to.

Oakridge Vineyard Yarra Valley (Vic)

The early part of Yarra Valley's season was characterised by above average rainfall and below average temperatures, while March was unseasonably dry and significantly warmer than average. As a result, wines have higher acidities than normal and near perfect picking conditions. Picking started on 24 February for sparkling base and will cease in the last week of April. In general, grapes have been picked one to two weeks earlier than in 2004.

The high natural acidities have helped to produce white wines (Sauvignon Blanc, Chardonnay & Pinot Gris) with superior balance and harmony. Sauvignon Blanc is particularly distinctive, with a range of flavours from cut-grass/gooseberry to passionfruit. All red varieties have greatly benefited from the warm weather to produce highly coloured wines with structure and true varietal expression. This is particularly evident in Pinot Noir, Shiraz and Cabernet. Cabernet is the star of the vintage, with a mix of powerful cassis and black currant overlayed with delicate violets.

Overall, this is an outstanding all-round vintage for the Yarra Valley, perhaps best compared to 1990 or 1992.

Salisbury Winery, Mildura (Vic)

Cool evenings and warm days helped to enhance the varietal flavours in every variety. As a result, the Salisbury 2005 range is likely to be even better value for money.

Vintage started on 20 January and concluded on 15 April, with a record crush at this site of 29,752 tonnes. Ripening was two weeks earlier than any other vintage previously experienced.

The whites are rich and elegant and have amazing length and character. The Sauvignon Blancs look herbaceous and grassy. The Chardonnays are rich with white peach and nectarine flavours.

The reds have complex palate structures, are intense and rich and have exceeded colour levels of the 2002 vintage.

Barramundi Winery, Griffith (NSW)

Overall conditions were relatively dry over the harvest period and disease incidence was minimal. The mild conditions produced even ripening and flavour development in all varieties allowing harvest at optimum maturity.

The quality of all varieties is good with Shiraz, Semillon and Traminer being the stand-outs. The Shiraz is displaying vibrant purple, red colour and spice and blackberry flavour intensity. Semillon was harvested as 12-12.5 baume, resulting in flavours of limes and some grassy notes with bright green hues.

Mr Tate concluded: "This vintage has been very promising. Combined with a more balanced inventory, it will allow us to ensure our high quality output is maintained at good margins. As our continued strong sales performance demonstrates, buyers ultimately reward a proper management of wineries and supplies and we are seeing evidence at Evans & Tate that our approach allows us to perform in what is a challenging environment for the industry overall.

"That is a good outcome for consumers, who can look forward to a strong line-up of quality wines, and for our shareholders, who can participate in the financial benefits our pragmatic strategy will ultimately generate," he said.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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