

St Magnus Vineyard

Annual Report

30th June 2007



Night Harvest Underway

Executive Summary

FY07 was a challenging year given the severe drought conditions that were prevalent throughout the course of the year. With record low rainfalls and greater extremes recorded for maximum and minimum temperatures, the weather was the dominant factor.

A major project to complete the installation of the frost protection system across the entire vineyard was carried out. This was a timely project given the extreme weather conditions experienced.

With this level of frost protection completed those areas of vineyard that have suffered repeated setbacks as a result of frost events are now well positioned to recover and consolidate going forward.

Fruit quality from the vineyard is very good and feedback from some winemakers has indicated that St Magnus delivered some of the best quality parcels of Sauvignon Blanc they received from the Adelaide Hills in 2007.

Now that the vineyard is fully frost protected the emphasis going forward will be to increase the total production from the vineyard while maintaining the excellent fruit quality.

With frost protection now in place, progress on the consolidation of blocks 14, 15, 17 and 18 will be greatly improved. These blocks have suffered repeated frost damage over the recent years. With replants completed in these blocks in FY07, complete wire fill is expected by the end of the coming season.

The redevelopment of Block 11 to Pinot Gris (PIG) will be ongoing in FY08 with the objective to achieve full wire fill by the end of the season.

AV&M have launched an internal program called "...every vine counts." This program is aimed at employee education and culture, and emphasises the importance of the contribution of every vine to the overall performance of the vineyard. All employees have made a commitment to increase the level of attention to detail in every task within the vineyard operations in order to maximise the contribution of every vine.

With the introduction of water licensing controls in the Adelaide Hills there are a number of ongoing factors that are being resolved with the Department of Water Land, Biodiversity and Conservation (DWLBC). Whilst the DWLBC have confirmed our ability to pump from the Torrens River, discussions continue concerning the requirement to install a low flow weir at the pumping station on the River Torrens.

If rainfall patterns return to a more normal cycle it is expected there should not be any difficulty in filling the dam. The actual water requirements for the season will of course be governed by the weather. With the increased area under frost protection the potential water use in frost events has increased significantly. In years of low rainfall (particularly during the growing season) and high frost incidence there is always a possibility that the dam will not hold sufficient water to meet the seasonal requirements and additional water may need to be sourced (pending availability).

Final yields from the 2007 vintage were approximately 646 tonnes, which was similar to 2006. With the vineyard now showing the benefits of full frost control, the total production from the vineyard is expected to increase significantly in 2008.

Despite the prevailing drought conditions throughout FY07 the vineyard finished the growing season in good condition which should hold it in good stead for the start of the 2008 season.

Canopy Management

The majority of the canopy management program was carried out prior to the end of December and covered in the spring report.

However in general the canopies were in very good condition throughout the season and there were no major issues to report.

There is no doubt that the prevailing drought conditions did reduce the overall canopy growth in FY07 compared to previous seasons. While this did not prove to be detrimental for the established vines, the young blocks did not produce as much growth as would normally be expected.

Vineyard Development

As reported in the spring report the replanting of Block 11 SAN to PIG was deferred from October to December to avoid the high frost risk period.

As indicated in the comments above the growth of these young vines was not as vigorous as expected given the dry conditions however they did establish well and will be in good condition for the start of the 2008 season.

Growth in those blocks developed over recent years (4, 14, 15, 17 and 18) was also slightly behind expectations however they have consolidated well under full frost control and are also well positioned for the start of the 2008 season.

Soil Management

Mid row management consisted of ongoing slashing as required throughout the season.

The dry conditions did make weed control easier in the lead up to vintage, but the autumn break once again stirred the dormant weeds into life.

Weed control over the vineyard is generally very good with the vineyard presenting in a good tidy condition.

Settling of the trenches resulting from the frost system installation continues to pose some problems, and this will be an ongoing issue throughout winter and spring but will improve over time.

There was no major soil amelioration activity over the autumn period.

Irrigation/Water Supply

With the large amount of water applied to the vineyard during spring as a result of frost control the soil moisture levels coming into the summer were relatively high. With prudent irrigation scheduling, there was sufficient water to last out the growing season, although post harvest irrigations were limited as the dam levels dropped below safe pumping levels.

With the dam once again virtually empty at the end of the season, there was no carry over water going into the winter period. Although early winter rainfalls appeared promising, the period where most runoff occurs (July to September), was once again unseasonably dry.

Once again with use of the bore and limited water harvesting the dam will be close to full going into the 2008 season.

Buildings/Property

As reported in the spring report the manager's house has undergone a number of major repairs which is now complete. Once the restumping (partial) was carried out the house was painted internally with new floor coverings installed as well. The house is now occupied by an AV&M staff member who is responsible for the operation of the frost control system.

Frost Control

There was no frost event recorded for the balance of the growing season, however there were a number of events in autumn. During these events the frost control system was run on the young blocks as these vines had not fully lignified.



Ice on young leaves forms a protective covering preventing frost damage

Pest and Disease Control

Apart from some isolated pockets of powdery mildew there were no pest or disease issues of any consequence reported during the year.

The Riesling block was allowed to become infected with botrytis as the winemaker had requested this parcel be directed towards a sweet desert style wine.

Vintage

Vintage commenced on the 1st March with Sauvignon Blanc and concluded on the 11th April with Cabernet Franc.

With 646 tonnes harvested the yields for 2007 were similar to 2006.

Fruit quality was generally very good, and based on winemaker feedback St Magnus appeared to have better fruit quality than many other Adelaide Hills vineyards.

With some heavy rainfall events in January there was some berry splitting evident throughout the vineyard predominantly in the white varieties.

There were no ongoing quality issues as a result of this, however it did result in some reduced yields in some blocks.

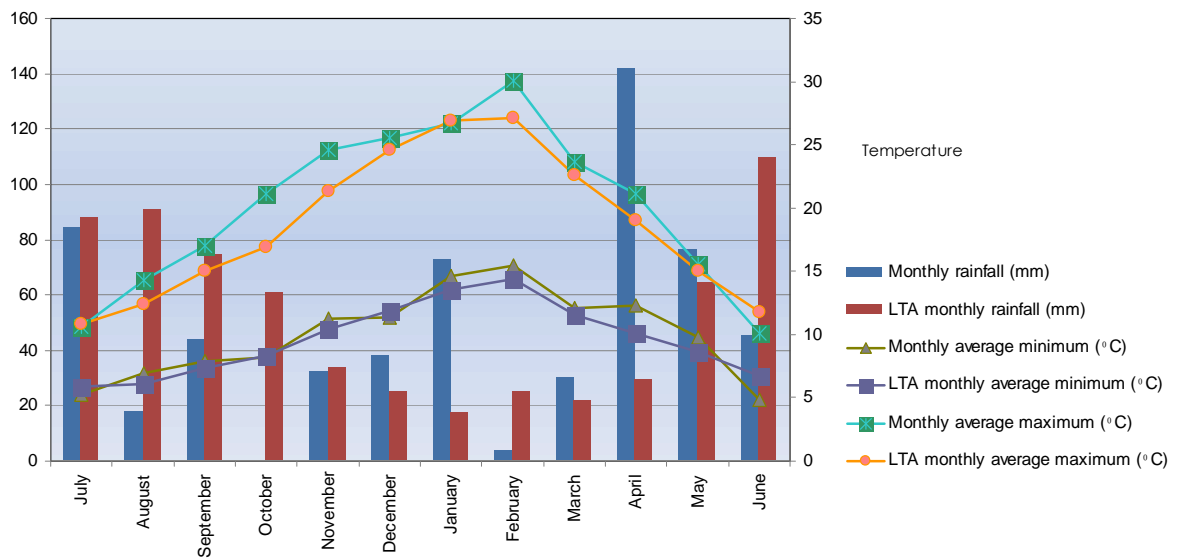
Climate

As can be seen from the climate data table below there were some reasonable rainfall levels recorded in January and April. While these readings do well to top up the annual total they were not sufficient to constitute a drought breaking situation. The April falls did well to top up the soil moisture levels going into winter, however lower than average falls in June through to August meant runoff and therefore catchment potential, was well below expectations.

The consistently higher than average maximum temperatures from August through to April had a major impact on water requirements both through evaporation and increased plant transpiration.

Month	Monthly rainfall (mm)	LTA monthly rainfall (mm)	Monthly average minimum (°C)	LTA monthly average minimum (°C)	Monthly average maximum (°C)	LTA monthly average maximum (°C)
July	84	87.7	5.3	5.9	10.6	10.8
August	18	91	6.9	6.1	14.3	12.4
September	43.8	74.5	7.9	7.4	17	15
October	0	60.5	8.2	8.3	21.1	16.9
November	32	33.6	11.2	10.4	24.6	21.3
December	37.8	24.8	11.3	11.9	25.5	24.6
January	72.4	17.3	14.6	13.6	26.7	26.9
February	3.2	24.8	15.5	14.4	30.1	27.1
March	29.6	21.4	12.1	11.6	23.7	22.6
April	141.6	29.4	12.3	10.1	21.1	19
May	76.4	64.6	9.8	8.6	15.6	15
June	45	109.7	4.8	6.7	10.1	11.8
Total	583.8	639.3				

the specialists in vineyard management



Health, safety and Environment (HSE)

There have been no major issues to report during the reporting period.

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