



FOSTER'S GROUP

2007 HALF YEAR RESULTS BRIEFING

20 FEBRUARY 2007

SPEAKER NOTES

Slide 1 - 2007 Interim Results Presentation

Good morning everyone. Welcome to Foster's interim 2007 results presentation. My name is Chris Knorr and I am the Investor Relations and Corporate Affairs Director at Foster's.

Presenting this morning are Foster's Chief Executive Trevor O'Hoy and Chief Financial Officer Pete Scott.

Our Australia, Asia Pacific Managing Director, Jamie Odell, Americas Managing Director, Scott Weiss and Chief Supply Officer, Michael Brooks are joining us by telephone.

Copies of this morning's presentations are available at the Foster's website www.fostersgroup.com

This morning's session is being webcast and we also have a number of participants joining us via teleconference. The session is being recorded and a transcript will be available from the Foster's Group website.

Slide 2 – Outlook Statement Disclaimer

Before starting the presentation, I'd like to draw your attention to the outlook disclaimer statement on slide 2, and caution you against placing undue reliance on forward-looking statements contained within this presentation.

With that, I'll hand over to Foster's Chief Executive Officer, Trevor O'Hoy.

Slide 3 – Trevor O'Hoy Chief Executive Officer

Thanks Chris and welcome.

Slide 4 – '07 First Half Review

As we commenced the 2007 financial year our objectives were clear – deliver sustainable top line growth, build momentum in supply and continue to improve our use of capital.

At the mid-point of fiscal 2007, we are on track to achieve our objectives. While not everything is going exactly as we had planned, the majority of our initiatives are on track and our strategy remains intact.

And most importantly we expect to achieve our commitment of accelerating earnings per share growth in fiscal 2007.

The performance of our brand portfolio is strong while group A & P investment remains around 9% of revenue.

Top line growth trends are solid and momentum is improving. In the first half, constant currency revenue increased 3.8% and for our top 10 brands, constant currency revenue was up almost 6%.

The global premium wine category continues to show attractive top line growth opportunities. In each of our major markets, premium Australian, Californian and Italian wines are the key growth drivers. Encouragingly, Foster's is building top line momentum in wine with constant currency revenue up 5.3%. EMEA and the Americas are the key drivers and are benefiting from a stable route to market, product innovation and sustained brand investment.

In Australia we remain committed to multi-beverage. It is however fair to say that first half performance, particularly in wine was affected by the implementation of the multi beverage route to market model. As a major priority we are addressing this and I will come back to discuss more about this later.

We also sought to build on our momentum in supply and an important step in this process has been the transition to the global supply model.

The beer, cider and spirits supply function is performing well. Viticulture, winery operations and procurement are all in line with expectations.

However the integration of packaging and Australian wine export logistics and the commissioning of our Napa Bottling Centre are behind.

These supply issues are temporary, but have partly offset the benefit of Southcorp synergies in the half and will continue to do so over the next 6 to 9 months.

We continue to review our asset base and have made good progress in divesting non-core assets and businesses. In the first half we realised over \$300 million from divestments, including proceeds from the sale of our brewing businesses in India and Vietnam.

In the first half we also sold Pallhuber. Interest in the remaining clubs and services businesses is very strong and we expect to complete the sale of the majority of these businesses in this fiscal year.

In February we received planning approval for the former Kent brewery site in Sydney and will soon start to actively market the property. Again interest is very strong.

Slide 5 - Financial Highlights

Turning now to our result on slide 5.

Foster's has reported solid earnings growth.

Net profit before significant items increased 11%. Earnings per share before significant items and SGARA increased 12.9%. Continuing business EBITD margin expanded 120 basis points to 25.9%.

Operating cash flow pre interest and tax declined 13.9% reflecting timing issues. I am pleased to say that these reversed in January and Pete will provide further details on this.

Net debt is down a further \$414 million since June 2006.

Today we have increased the size of our capital management program and announced a \$400 million off-market buy back. The \$200 million on-market buy-back program has been cancelled.

We have also declared an interim dividend of 10.75 cents per share up 10.3%.

Factoring in the cash requirements of the increased buy-back and dividend, we remain on track to reduce net debt to less than \$3 billion by June 2008 - one year earlier than we anticipated at the time of the Southcorp acquisition.

With that I will hand over to Pete to take you through the financials.

Slides 6 - 19: Pete Scott

Slide 6 - Foster's Group Pete Scott Chief Financial Officer

Thanks Trevor and good morning everyone.

Today Foster's reported under the regional format which aligns Foster's external reporting with our internal management structure. In accordance with Australian International Financial Reporting Standards, Wine Clubs & Services, Asian brewing and the Foster's brand royalty business in Europe are reported as discontinued operations.

Comparative financial information has been restated to reflect the classification of these businesses as Discontinued. We have also restated comparative financial information for the finalisation of the Southcorp acquisition accounts in May 2006.

For the purposes of this presentation net profit and earnings per share are calculated before significant items and include the trading result of businesses identified as discontinued.

Foster's no longer normalises earnings per share for SGARA and amortisation. However, I will continue to highlight the SGARA impact on earnings. Given the inherent difficulty in forecasting SGARA all of our forward looking statements assume a nil impact.

In reviewing the operating performance of the regions, commentary will focus on earnings before SGARA and is identified as EBITs.

Exchange rate movements marginally reduced both continuing business revenue and EBITs growth. The effect differs by region and where appropriate I will provide constant currency commentary.

Slide 7 – Key Financials

Slide 7 provides a summary of the key financial metrics.

Today Foster's reported an 11% increase in net profit before significant items. Continuing business revenue increased 3.5% and EBITs increased 8.4%. Continuing business EBITs margin improved 1.2 percentage points to 25.9% with margin expansion in the Americas and AAP regions.

Earnings per share before significant items increased 10.4% to 18.0 cents.

Earnings per share before significant items and SGARA increased 12.9% to 18.4 cents.

The weighted average number of shares on issue increased by approximately three quarters of a percent to slightly over 2 billion shares.

Foster's cash conversion and free cash flow metrics were below the prior period due primarily to the timing of cash receipts.

Net debt is down by a further \$414 million since June 2006 to approximately \$3.1 billion.

Slide 8 – Net Profit before significant items

Slide 8 provides an overview of net profit growth. The major movements include:

- First, an increase in regional EBITs of approximately \$45 million with the Americas the largest contributor.
- Second, a reduction in net interest expense of \$26.5 million.
- The effective tax rate was similar to the prior period at 29%. We expect the effective tax rate to remain at approximately 29% for the balance of fiscal 2007.
- Note the pre-tax SGARA charge increased by \$10 million. For the full year we expect a pre-tax SGARA charge of between \$20 and \$30 million.

Slide 9 – Foster’s Group – Brand Performance

Before moving on to discuss the performance of the regional businesses slide 9 looks at group top line performance.

Constant currency revenue increased 3.8% with good growth in Australia non-wine and accelerating growth in global wine.

In Australia non-wine volume decreased 0.9% however increased revenue 3.2%.

Within beer our revenue growth in the premium and mid-strength categories is strong. In the premium category Crown and Corona continued to perform well. The launch of Crown Gold has been a key driver of the performance in the mid-strength category.

In the regular category Carlton Draught grew strongly. Pure Blonde is the leading brand in the low-carbohydrate sub-category and volume growth in the first half was in excess of 150%.

We are disappointed with the decline in VB volume and the brand is receiving increased focus.

Overall the Light category in Australia continues to contract. Cascade Premium Light increased volume and revenue in the first half. However Foster’s Light Ice and Carlton Sterling volume declined.

Top line performance in wine is improving. Total wine volume increased 3.1% and constant currency revenue increased 5.3%.

Volume of our 5 global wine brands, which represent approximately 69% of total wine volume, increased 4%. Constant currency revenue increased approximately 5% and constant currency revenue per case increased just under 1%.

Beringer brand volume was similar to the prior year. Constant currency revenue increased 4.6% and benefited from positive mix and selective price increases. Beringer White Zinfandel retains its blush category leadership position and the California Collection is delivering good growth at the US\$5 price point. Founders Estate reported modest volume growth however brand contribution was well ahead of the prior period. Beringer Third Century was recently launched into the US\$10-15 price point category and is performing well. The Beringer Luxury wines were repriced upwards in response to demand and to make room for the new Third Century range. The Beringer brand is growing strongly in EMEA off a low base.

Lindemans volume increased 14.2%. Strong growth in Lindemans volume in the Americas and EMEA was partially offset by lower volume in AAP. Notwithstanding the strong growth of Lindemans Winemakers Release in the UK, which has an average retail price of approximately £4, constant currency revenue per case was ahead of the prior year. Lindemans South African wines in the Americas are performing well. In the second half a range of Chilean wines under the Lindemans brand will be launched in the UK.

Penfolds volume increased 1.7%. Constant currency revenue per case increased almost 5% with growth in the Americas in the \$US10 and above price points well above category growth rates.

Rosemount was re-launched in the UK in November. Consumer and customer response has been encouraging with AC Nielsen data indicating Rosemount volume in the UK increased approximately 15% in December and January. Rosemount was released in Australia in November and we have now largely worked through previous vintage inventories. In the second half the Rosemount relaunch in Australia will be supported by increased A & P investment. Rosemount will be relaunched in the Americas and Continental Europe in the second half.

Wolf Blass grew strongly in the Americas and EMEA and declined in the AAP region.

Slide 10 – EBITs by Region

Before moving on to review each region's result, slide 10 provides an overview of continuing business EBITs.

Continuing business EBITs increased 8.4% to \$613 million with growth in each region.

Slide 11 – Australia, Asia & Pacific

Slide 11 takes a closer look at the AAP region.

Volume in the region declined 2.2%, revenue was in line with prior period and constant currency EBITs increased 4%.

The Australian business dominates the AAP region.

Performance in Australia, particularly in wine was affected by the implementation of the multi-beverage route-to-market model which Trevor will talk about in more detail later. Australia EBITs increased 5.7% with good revenue growth in the beer and cider categories.

Volume in Australia declined 1.7%. Beer volume declined 0.8%, wine volume declined 9.3% and other alcoholic beverage declined 3.1%.

Australia non-wine revenue increased 3.2%. Beer revenues were up 4.3% driven again by both mix and price. Mix benefits and selective price increases in sparkling and luxury wines contributed to a 4.1% increase in wine revenue per case.

Turning now to costs. Mix adjusted non-wine unit cost of goods increased 3.2% and for the full year we continue to expect mix adjusted unit cost increases of between 3 and 5%. Wine cost of goods in the half was negatively impacted by higher than anticipated costs at the Wolf Blass packaging centre.

A & P spend in Australia was in line with the prior period.

Overheads were below the prior period as Southcorp synergy benefits were realised.

Constant currency EBITS in the smaller Asia and Pacific markets declined 29% and was negatively impacted by political events in Fiji, distributor de-stocking in Asia and lower New Zealand volume following the alignment of trans-Tasman pricing.

Slide 12 – Americas

Slide 12 takes a closer look at the Americas region.

Earnings growth in the Americas was strong with constant currency EBITS increasing 23%.

Wine volume increased 3.3% and constant currency revenue increased 8%. Favourable mix and selective price increases contributed to a 4.5% increase in constant currency revenue per case. Growth in Foster's Californian and imported wine in the US\$10 and above price points was particularly strong.

Constant currency EBITS margin increased 2.8 percentage points to 23.2% as Southcorp synergies and other supply efficiency benefits were realised. However first half wine cost of goods was negatively impacted by additional costs incurred at the Napa Bottling Centre.

The emerging momentum in the second half of fiscal 2006 continued to build through the first half of fiscal 2007. Constant currency revenue of our Californian wines increased approximately 3% with growth accelerating, and for our Australian wines constant currency revenue increased approximately 16%. Our Italian and New Zealand wines grew well above category rates.

Product innovation contributed approximately 1.5 percentage points to first half wine volume growth. Innovation in the first half included the national launch of Beringer Third Century, Bohemian Highway, Lindemans South Africa and Pink.

Rosemount will be relaunched in the Americas in the second half. Rosemount volume declined 23% and excluding Rosemount, Americas wine volume increased 5.7% and constant currency revenue increased 11.2%.

A & P increased 7%.

Slide 13 – Europe, Middle East and Africa

Slide 13 takes a closer look at EMEA.

In the region wine volume increased by approximately 29%.

Volume in the UK increased 36% and benefited from innovation and strong promotional programs with the major UK retailers.

Outside the UK volume increased 21% with particularly strong growth in the Nordic and Irish markets.

Constant currency wine revenue increased 15.7%. Constant currency wine revenue per case declined 10.6% primarily as a result of an unfavourable mix. Volume growth in the first half was driven by Lindemans Winemakers Release and Eaglehawk which have an average retail price in the UK of approximately £4 and, in Bag-in-Box in the Nordics.

Constant currency EMEA EBITs increased 4.3% and constant currency EBITs margin declined 1.9 percentage points to 17%. Margins in the first half were impacted by some modest 1 time distributor related costs and growth of lower priced products as the region expanded its presence and relevance with key retailers under new trading terms and conditions.

Our expectation is for second half EBITs growth to be ahead of revenue growth with margins benefiting from lower product costs and continued fixed overhead leverage.

A & P was in line with the prior period.

Slide 14 – COGS

Turning now to cost of goods.

Australian non-wine cost of goods are in line with expectations.

In wine Southcorp synergies and other supply efficiency benefits in viticulture, conversion and procurement are being captured as anticipated.

In the first half anticipated Southcorp synergy realisation in bottling and logistics has been delayed and additional costs incurred as a result of inefficiencies at new packaging facilities and in Australian wine export logistics.

The commissioning of an additional bottling line and the integration of Southcorp export packaging activities at the Wolf Blass Packaging Centre has created greater complexity than anticipated and has resulted in temporary operating inefficiencies.

The integration of the Beringer Blass and Southcorp Australian wine export logistics activities is taking longer and is more complex than initially anticipated as we have experienced difficulties integrating systems and processes. The integration has also been complicated by the inefficiencies at the Wolf Blass Packaging Centre.

The Napa Bottling Centre commenced operations approximately 4 months later than anticipated and the performance of 1 of the 4 bottling lines has been below expectations. As a result additional commissioning and external bottling costs were incurred in the first half.

The performance of these facilities is improving and over the next 6 to 9 months we expect to eliminate the current inefficiencies and to capture all anticipated synergies.

In the first half inefficiencies at both packaging facilities and in Australian wine export logistics resulted in costs being approximately \$20 million higher than anticipated. In the second half we expect the cost impact of these inefficiencies to be approximately \$10 million and in the first half of fiscal 2008 we expect the cost impact to be less than \$10 million.

Slide 15 – Southcorp Integration Synergies

Slide 15 provides an update on the Southcorp integration.

Foster's has substantially completed the Southcorp integration. All route to market and corporate integration activities are complete however ongoing adjustments to the route to market model are to be expected in Australia. In production – the integration of viticulture, procurement and winery operations have been completed. All the anticipated synergies in relation to these initiatives are being realised.

As I noted on the previous slide the integration of Australian packaging and wine export logistics is currently underway. However inefficiencies and delays associated with the Wolf Blass and Napa packaging facilities and Australian wine export logistics will partially offset anticipated synergy realisation in fiscal 2007. We continue to expect synergy realisation of \$165 million in fiscal 2008.

Slide 16 – Foster’s Wine Performance

Moving to slide 16 which provides an overview of the former Foster’s Wine trade division.

Wine volume increased 3.1% and constant currency revenue increased 5.3%. Growth in the Americas and EMEA is strong with volume up 10.5%.

Excluding Rosemount, wine volume increased 4.7% and constant currency revenue increased 8%.

Constant currency EBITs increased 14.1% and EBITs margin increased approximately 1.5 percentage points to 19.4%. The higher than anticipated costs incurred in the first half in relation to packaging and logistics reduced wine EBITs margin by approximately 1.6 percentage points.

A & P investment remains at approximately 8% of revenue.

Average capital employed for the 12 months to December was approximately \$6.6 billion.

Slide 17 – Continuing business Operating Cash Flow Prior to Interest and Tax

Turning now to cash flows.

Reported operating cash flow pre interest and tax declined 21.1% to \$458 million. This amount includes cash flows associated with discontinued businesses totalling \$33 million and payments associated with significant items of approximately \$41 million. Cash flows associated with significant items include:

Cash disbursements relating to the Southcorp integration of \$14 million.

And payments of approximately \$27 million primarily relating to the wine trade operational review announced in June 2004 and, the global Formula 1 sponsorship which ended in December 2006.

Continuing business Operating cash flow pre interest, tax and significant items decreased 13.9% to \$465 million.

In the 6 months to December 2006 cash conversion declined approximately 16.6 percentage points to 68% of EBITDAS. The decline in cash conversion primarily reflects the timing of Australian beer sales in December and wine shipments in November and December. These timing issues have largely reversed in January. I will also highlight that trading in all regions through January has been strong and, that volume, constant currency revenue and earnings growth for the 7 months to January are ahead of growth rates for the first half.

Foster's expects cash conversion to be in the 85-90% range in fiscal 2007. Our full year cash conversion expectations reflect the impact of the 2007 Australian vintage and will be a function of the timing of second half shipments.

Slide 18 – Net debt movement

Turning now to slide 18 which looks at net debt.

After dividends net operating cash outflow was \$18 million with free cash flow performance primarily driven by relatively low cash conversion.

Net capex was \$55 million with the major capex projects in the first half including:

- the development of the Wolf Blass and Napa bottling centres,
- upgrades to warehousing facilities at Lindemans Karadoc; and
- Investments in technology.

We now expect net capex in fiscal 2007 to be below \$200 million, which is \$40 million below previous guidance.

Net proceeds from divestments and asset sales were approximately \$320 million and includes proceeds from the sale of the Asian brewing businesses and Pallhuber.

Discontinued operations includes net operating cash flows of \$32.3 million and approximately \$2 million of net capex.

Non-Cash items reduced net debt by \$123 million and include divested debt and the translation impact on foreign currency denominated debt.

Slide 19 – Capital Structure & Debt Profile

Turning now to Slide 19 which looks at capital structure

Gearing – which is defined as net debt to book equity has been reduced by a further 14 percentage points since June 2006. Group interest cover has increased to approximately 6 times.

The average cost of net debt in the first half was approximately 6.4%. We expect the average cost of net debt in the second half to be marginally lower as asset sale proceeds have been used to pay down higher cost debt and, the residual Southcorp medium term notes were paid out in the first half.

Foster's today expanded its capital management program with the announcement of a \$400 million off-market buy back.

Notwithstanding the expanded capital management program announced today, Foster's expects to reduce net debt to below \$3 billion by fiscal 2008. This is one year ahead of our guidance at the time of the Southcorp acquisition. Foster's remains committed to delivering financial metrics consistent with a BBB+/Baa1 credit rating in fiscal 2008.

Thank you and I will now hand you back to Trevor.

Slide 20 - Trevor O'Hoy, Chief Executive Officer

Slide 21 - 2007 Objectives

Thanks Pete.

Before I touch on some of the issues I flagged earlier, I'd like to revisit our 2007 objectives.

Six months ago when I discussed this slide, I highlighted the importance of our route to market models, innovation and brand investment and, global supply. These are the key to value creation.

I'd like to walk through each of these areas in turn.

Firstly to our Australian multi-beverage model.

Slide 22 - Australian Multi Beverage

In Australia, Foster's portfolio of premium drinks is unmatched. The multi beverage model is about capturing the benefits of our combined beer, wine, cider, spirits and ready-to-drink portfolios to improve service level and deliver efficiencies for customers.

We think we have most aspects of the model right. But we are further refining it to address the sales related issues which became apparent in the first half.

Firstly in November we streamlined our sales structure from 4 to 2 channels – National Accounts and Independents. The dual structure has improved sales execution and customer responsiveness. Across the portfolio but especially in wine, we have seen some improving performance trends through December and January.

We are also refining our sales teams to more closely align with customer requirements.

We think we have the model pretty much right for the large national account customers.

For independent customers selling a range of everyday wines the multi-beverage sales model is working well.

However for those independent customers with more extensive wine offerings the multi beverage sales model has fallen short of customer's expectations. To address this we are adding specialist wine and premium on-premise teams to compliment the core multi beverage team. These additional specialist sales teams will be in place nationally by the end of February with customers either receiving dual or multiple Foster's sales calls.

In the first half we have made substantial progress in developing a truly multi-beverage service platform. All systems integration and customer support functions are now integrated and we are delivering improvements in customer service levels.

"One delivery" capability is a key element of the multi-beverage service platform and the transformation of the Australian logistics network is progressing well. Distribution centres in Perth and Adelaide are already functioning as full-range multi-beverage warehouses.

Sites for multi-beverage distribution centres have been secured in Melbourne, Sydney, Brisbane and Darwin and construction is now underway.

The transformation of the Australian logistics network remains on track and we expect to have the network in place over the next 12 months.

Finally, we have made progress in prioritising our brand portfolio. This includes greater innovation focus, integrated A & P investment and improved in-store execution.

Slide 23 - Americas Priorities

In the Americas, relationships with distributor partners are strong and we are continuing to invest in sales and category management capabilities.

The focus of the Americas team is on maintaining momentum in key Californian and imported portfolios and, on continuing to bring innovation to market.

We have developed a strong innovation program which is delivering good momentum as products gain distribution.

We expect that momentum to continue into the second half. Key innovation priorities are Beringer Third Century, Bohemian Highway and the relaunch of Rosemount.

Slide 24 - EMEA Priorities

Foster's now has in place a foundation for sustainable growth in EMEA and in the second half we expect the continuation of top line growth and improved margins.

After a difficult 12 month period for the Southcorp brands following the acquisition – all our global wine brands are now performing strongly in the region.

Relationships with the major UK retailers have strengthened and promotional programs are in place for the balance of the year. Foster's is now investing to increase the distribution reach of the combined portfolio.

In the UK additional investment is being made in sales capability in the convenience and on-premise channels. Outside the UK we are now partnering with V&S the leading Nordic distributor and in Ireland with Edward Dillon.

Innovation has played a central role in reinvigorating the Southcorp brands in the region and in the second half Rosemount will be relaunched in Continental Europe.

Innovation is also being used to increase the geographic diversity of the portfolio. The Beringer brand is performing well and, in the second half Foster's will launch Gabbiano in the UK and a range of Chilean wines under the Lindemans brand.

Targeted innovation such as Pink, Lindemans Winemakers Release, Early Harvest and bag-in-box is driving increased market penetration.

Slide 25 - Supply Priorities

Turning to our supply priorities –

I have already discussed the Australian logistics transformation as it relates to the Australian multi beverage model.

In beer, cider and spirits supply, some commodity price increases in barley, aluminium and sugar are occurring but are being offset through other procurement and production efficiencies.

We are continuing to consolidate our production activities to our larger more efficient sites. Some spirit and ready-to-drink production will be relocated to Yatala.

A major priority is improving the performance of our Napa and Wolf Blass bottling centres and Australian export logistics function.

In hindsight, commissioning the Napa and Wolf Blass bottling centres at the same time was a huge task and we compounded the complexity by simultaneously integrating Australian export logistics. However, all three projects are essential links in the development of our wine supply function and, in the case of Wolf Blass and Australian export logistics, they represent core integration savings.

We know exactly what we have to do to improve performance at these facilities and the initiatives we have already implemented are delivering results. While I am unhappy with the delays and additional costs we are incurring, they are temporary and we remain confident that these facilities will meet all of our efficiency targets over the next 6 to 9 months.

Our global grape and bulk wine supply position at the end of December is in good shape.

In Australia, we expect vintage 2007 to be up to 40% below 2006`across the industry. All indicators point to a smaller, but high quality vintage in most regions.

Regions most significantly impacted include the Coonawarra and the Yarra Valley, where the effects of frost combined with lower rainfall will contribute to significantly lower harvests.

At this stage we remain comfortable with our level of grape commitments.

We expect the lower 2007 vintage to move the Australian wine industry towards a more balanced supply position sooner than anticipated. With a more attractive environment for premium branded wine producers and the likelihood of stronger margins within the next couple of years. The timing of margin expansion will depend on the levels of current industry wine inventory, and growing conditions in the lead up to the 2008 vintage.

The Californian supply position remains balanced. Latest estimates put the 2006 Californian vintage at approximately 3.1 million tons, 16% down on the 2005 vintage.

Slide 26 - Financial KPIs

Our performance against the financial targets we set at the time of the Southcorp acquisition is solid.

At the Group level we are meeting our key debt, earnings per share, margin and return targets. However cash conversion in fiscal 2007 could be marginally below our 90% target.

In wine we expect EBITAS margins to reach the mid 20 percent range in late fiscal 2007 and, to realise \$165 million of Southcorp synergies in fiscal 2008.

However delivering our wine return target in the timeframe we set ourselves will be dependent on:

- Eliminating current inefficiencies in packaging and Australian export logistics; and
- Improvements in Australian wine performance.

In addition exchange rate movements and the possible impact in fiscal 2008 from the smaller Australian 2007 vintage, will influence our ability to achieve our wine return target.

Slide 27 - Market Outlook

Turning to the outlook for the remainder of fiscal 2007.

Difficult retail conditions will persist in the Australian wine market as the overhang of existing inventories work their way through the system.

The Australian beer market will remain competitive with overall volume remaining relatively flat.

In the beer, cider, spirits and ready-to-drink categories we expect the ongoing shift toward premium products. Product development and innovation will continue to drive brand performance.

In the Americas, robust market conditions for wine are expected to continue with growth at premium price points likely to remain a highlight. Innovation weighted to the 2nd quarter will continue to drive Foster's sales momentum in the second half.

Europe will remain a competitive market. Wines from other regions including California, Chile, Italy and New Zealand will play a greater role in Foster's European growth.

We expect revenue growth will continue to improve in the second half. Our challenge is to remove some short term inefficiencies and deliver improved performance in wine in Australia.

Trading in all regions through January has been strong. Volume, constant currency revenue and earnings growth for the 7 months to January are ahead of the first half.

We expect to deliver on our commitment of accelerating earnings growth in fiscal 2007.

I look forward to updating you again in six months on our progress.

Thank you for your time today and I'd like to open the room and the telephone lines for questions.