



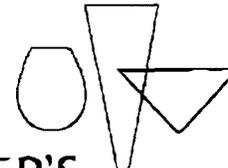
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CORPORATE FINANCE

*Foster's Brewing Group*



**FOSTER'S**  
GROUP

Inspiring Global Enjoyment

**APPENDIX 4D**

**Half Year Report  
For the six months ended 31 December 2004**

**SUPPL**

**ABN 49 007 620 886**

**Results for announcement to the market**

Extracts of the Foster's Group Limited results for the half year ended 31 December 2004.

				\$m
Total operating revenue	down	(16.3%)	to	\$3,217.0
Net profit from ordinary activities after tax attributable to members	down	(0.9%)	to	\$757.0
Net profit for the period attributable to members	down	(0.9%)	to	\$757.0
The divestment of the Lensworth property group was completed during the period for gross proceeds of \$848.0 million and a significant pre-tax gain of \$459.5 million.				
<b>Dividends</b>				
		Amount per security	Franked amount per Security at 30% tax	
Interim dividend		9.25¢	9.25¢	
Previous corresponding period		8.75¢	8.75¢	
Record date for determining entitlements to the dividend			7 March 2005	
<b>Other information</b>				
Net tangible asset backing				\$1.39 per share (2003: \$1.21 per share)

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## Foster's Group Limited Report for the six month period ended 31 December 2004

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The Profit Commentary and Directors' Report preceding the half year financial report provide information on material factors affecting the earnings and operations of the economic entity during the period.

For further information, please contact:

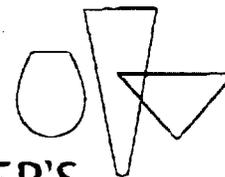
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**FOSTER'S**  
 GROUP

Inspiring Global Enjoyment

8 February 2005

## On Track for Double Digit EPS Growth

Earnings per Share up 5.3%

Normalised Earnings per Share up 9.7%

Results Summary - Foster's Group Limited results for the half year ended 31 December 2004 (HY05)			
	HY05 \$m	HY04 \$m	% Change
<b>Group Statutory Reporting Basis</b>			
Net Sales Revenue (NSR)	2,030.1	2,260.4	(10.2)
EBITAS	500.6	526.8	(5.0)
EBITA	496.6	493.2	0.7
SGARA	(4.0)	(33.6)	
Net significant items (after tax)	461.7	464.3	
Net Profit After Tax	757.0	764.1	(0.9)
Operating Cash Flow (OCF)	207.2	342.0	(39.4)
EBITAS/NSR (%)	24.7	23.3	1.4 pts
OCF pre interest and tax / EBITDAS %	60.9	85.3	(24.4) pts
Earnings Per Share (cents)	37.8	35.9	5.3
Dividend (cents per share)	9.25	8.75	5.7
<b>Continuing Business Reporting Basis<sup>1</sup></b>			
Net Sales Revenue (NSR)	2,030.1	1,959.8	3.6
EBITAS	476.5	468.4	1.7
EBITA	472.5	434.8	8.7
Normalised Net Profit After Tax <sup>2</sup>	315.4	307.4	2.6
Normalised Operating Cash Flow (OCF) <sup>2</sup>	285.6	236.9	24.8
EBITAS/NSR (%)	23.5	23.9	(0.4) pts
Normalised OCF pre interest and tax / EBITDAS %	80.0	77.0	3.0 pts
Normalised Earnings Per Share (cents) <sup>2</sup>	15.8	14.4	9.7

<sup>1</sup> This section provides financial information on a "Continuing Business" basis by excluding divested or discontinued operations – Lensworth property group divested in December 2004 and Australian Leisure and Hospitality (ALH) divested by means of a public float in November 2003.

<sup>2</sup> Normalised excludes significant items, SGARA, amortisation and divested or discontinued operations.

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

**Group Financial Highlights**

(All statements compare movements between HY05 and HY04 unless otherwise stated).

- Earnings per share rose 5.3% to 37.8 cents per share, benefiting from continued share buy-back activity during the period. Net profit after tax of \$757.0 million declined 0.9% and includes significant items of \$461.7 million after tax.
- On a normalised (adjusting for significant items, SGARA, amortisation and continuing businesses) basis, earnings per share increased by 9.7% to 15.8 cents and net profit after tax increased 2.6% to \$315.4 million (refer to calculation table on page 9).
- Significant Items totalled \$461.7 million after tax. This comprised net gains from the divestment of the Lensworth Group (\$454.2 million) and the disposal of Group's residual 10% investment in ALH (\$55.4 million). These divestments represent the sale of the final non-core assets in the Foster's premium beverages portfolio.
- The Significant Gains were partly offset by total Significant Expenses of \$47.9 million after tax comprising write-downs in the carrying value of Foster's USA LLC investment, CUB assets and a contractual incremental investment in Sobemab. Details are provided on pages 7 and 8.
- Operating cash flow of \$207.2 million was 39.4% lower than the prior year amount (\$342.0 million). Normalised operating cash flow for the continuing business of \$295.6 million was up 24.8%.
- Strong operating margins were maintained with EBITAS/NSR for the continuing business of 23.5%.
- Capital management activities during the period included on-market purchase of 28.7 million shares. Weighted average shares on issue reduced by 6% as a result of capital management activities undertaken since early F04.

**Business Divisional Highlights**

**Carlton & United Beverages (CUB)**

- CUB maintained its impressive performance of recent years, again delivering strong growth in revenue, earnings and margins.
- EBITA increased 9.7% to \$317.7 million driven by revenue, product mix, channel mix and cost control in its beer business, and by increased volumes in the profitable non-beer portfolio.
- EBITA / NSR increased to 31.7%, up 1.0 percentage point.
- Total costs grew at 4.7% against revenue growth of 6.2%. Adjusting for changes in mix, COGS increased at a rate below inflation.
- Total alcohol volumes declined 0.3%, driven by lower beer volumes in a declining beer market.
- The capacity expansion of Yatala Brewery (Queensland) (from 2.3 million hectolitres per annum to 4.5 million hectolitres per annum) will be completed in February, on budget and ahead of time. The Kent Brewery (NSW) completed its last production run in January 2005. As already flagged, changes to CUB's manufacturing footprint will deliver \$17.0 million per annum of ongoing cost savings.

**Foster's Group Limited**  
**Profit Commentary**  
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***Foster's Brewing International (FBI)***

- In spite of a highly competitive pricing environment, FBI EBITA increased 5.5% to \$23.1 million. Reduced overheads and increased contribution from the multi-beverage business in New Zealand offset the impact of volume declines.
- Trading conditions in the key markets for Foster's are very competitive, with total FBI volume decline of 1.2% primarily driven by aggressive competitor pricing activity in the UK off trade during the peak Christmas period.
- US market conditions remain challenging. FBI management continues to work with its U.S. partner SABMiller to improve performance of the Foster's brand in North America.

***Beringer Blass Wine Estates (BBWE)***

- With the strength of BBWE's portfolio of brands and general industry conditions improving, BBWE made significant progress.
- Wine Trade volumes increased an impressive 12.2% to 9.7 million cases with all regions delivering growth ahead of the premium category. Net Sales Revenue increased 5.7%, or 9.9% excluding exchange rate movements.
- Total BBWE Wine Trade EBITAS declined 3.4% to \$137.2 million. Excluding exchange rate movements, Wine Trade delivered a marginal increase in EBITAS, which is a solid result given the increased brand investment resulting from the Wine Trade Operational Review (WTOR).
- This increase in brand investment effectively equates to 8 percentage points of EBITAS growth being re-invested back into the business.
- BBWE made significant progress against initiatives outlined as part of the WTOR in June 2004. Initiatives to grow revenue through increased investment in brand building and innovation stimulated volume and revenue growth ahead of the category in all regions and several new products were launched successfully. Supply chain initiatives are tracking on or ahead of plan in relation to supply/demand balance, asset divestments, operational efficiencies and globally aligned processes. Capability has been significantly enhanced across all functions, particularly global supply chain, brand marketing and innovation.
- As previously flagged, the major benefits of the WTOR will begin to flow in future periods as the supply chain initiatives are realised in lower cost inventory, and heightened brand recognition through marketing and innovation continues to stimulate revenue growth.
- Trade North America achieved depletions growth ahead of both shipments and market growth, and launched a major advertising campaign for the Beringer brand in the US.
- Trade Asia Pacific again delivered double-digit volume and revenue growth and maintained world-class margins, with the Wolf Blass and Yellowglen brands extending their positions as the top-selling brands in the Australian bottled and sparkling wine categories respectively.
- Trade Europe delivered outstanding volume growth of 52% assisted by increased Wolf Blass brand investment in the UK and Ireland.

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

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### **Wine Clubs and Services**

- Wine Clubs and Services EBITAS declined 24.6% against the prior period. The key factor was a reduced contribution from the Australian Clubs business where despite membership levels being maintained, costs of customer acquisition increased and customer response rates declined.
- Both the Clubs and Services businesses are subject to a comprehensive Business Improvement Programme, with new management structures and teams being put in place over recent months. The key priorities in F05 are to stabilise the businesses and improve organisational capability.

### **Corporate Overheads**

- Corporate expenses for the period increased \$6.5 million to \$31.7 million. The increase was mainly due to costs associated with the Foster's Service Review (FSR), one-off restructuring costs, and a Tsunami relief appeal donation of \$1.0 million.
- The FSR is a key part of a broader drive to bring Foster's businesses closer together and to make the best use of resources. It is one of several business improvement initiatives underway to lift performance and grow the business.
- A further \$5-\$10 million in FSR related rationalisation costs is expected in the second half of fiscal 05, with estimated annual savings of \$20-\$25 million expected to be realised across the business units and the corporate office over the next 3 years.

### **Dividend**

The Directors have declared an interim dividend of 9.25 cents per ordinary share fully franked, an increase of 5.7%.

### **Share Sale facility**

Foster's plans to implement a share sale facility for shareholders with an "unmarketable parcel" of shares (securities with a value of less than \$500). A letter describing this facility will be mailed to eligible shareholders during April 2005.

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

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**Outlook**

Whilst Foster's remains confident of success in its takeover offer for Southcorp, the timing and outcome of the takeover are unknown at this time. For the purposes of the outlook guidance provided below we have set aside the impact of the Southcorp takeover offer and the purchase of the 18.8% stake in Southcorp from the Oatley family.

With the major operational reviews now behind us, Foster's is at the front end of a sustained period of strong organic growth. In terms of the outlook for fiscal 05, Foster's is poised to deliver low double digit normalised EPS growth for the continuing businesses. A number of factors drive this upward revision in guidance:

- Foster's has undertaken a number of initiatives aimed at improving its cost base, notably the Wine Trade Operational Review, the CUB Operational Review and the Foster's Services Review. These initiatives help provide the underpinnings of sustained earnings growth;
- Sustained momentum from CUB is expected to produce continuing business EBITA growth;
- Wine Trade initiatives are beginning to take hold, and EBITAS growth is expected to accelerate for the full year and into F06. The improvement in Wine Trade performance is the product of the Wine Trade Operational Review initiatives, the strength of the underlying brand portfolio and improving industry dynamics;
- FBI continues to grow global earnings;
- Clubs and Services will benefit from increased management focus through the Business Improvement Programme and will improve performance in the second half;
- As a result, we expect continuing business EBITAS growth for the full year to be in the high single digit range;
- Setting aside the Southcorp related activity, debt levels continue to be low, and in spite of a gradually increasing interest rate environment, interest expense is expected to be flat with the prior year. Tax rates are expected to remain constant;
- Consequently, normalised NPAT growth is expected to be in the high single to low double digit range; and
- Furthermore, the weighted average shares on issue is expected to be around 2% lower than F04 (assuming no further buy-back activity during the second half), which gives the company confidence in achieving a low double digit normalised EPS growth for the full year.

**Foster's Group Limited**  
**Profit Commentary**  
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**Comments**

President and CEO, Trevor O'Hoy said:

"Today's results show signs of the significant progress being made across the Group - with Foster's earnings growth now approaching its long-term double digit target, following 3 years of low growth."

"On a continuing business basis, normalised EPS increased 9.7%. This was driven by a solid performance from CUB, stabilisation of the Wine Trade business and continued capital management activities. The result was achieved despite a number of "one-off" or "catch-up" costs during the period."

"CUB's multi-beverage model continued to gain traction in Australia, with the division delivering 9.7% EBITA growth and realising strong volume gains in the premium and non-beer portfolio. The success of Half Mile Creek and the non-beer portfolio has underlined the value of the CUB distribution platform. This business continues to gain momentum and prove it is capable of delivering sustainable, high-single digit profit growth."

"Foster's Global Wine Trade business is showing clear signs of sustainable improvement. Contribution stabilised after two years of negative performance, and a 32% increase in marketing spend during the period has established a sound base for sustained improvement. All regions are delivering growth ahead of category rates and we are seeing positive signs of a re-balancing of supply in the US market."

"Most pleasingly, BBWE is on track with the initiatives announced as part of the wine trade review in June 2004. Approximately 95% of bulk wine identified as surplus has been sold at favourable prices and the re-alignment of Beringer Stone Cellars to its optimal blend structure is complete. Other key activities, including infrastructure consolidation in Australia and the divestment of non-strategic vineyards in both Australia and the US, are progressing well. Organisational capability has been enhanced through the establishment of global teams across the supply chain and innovation functions."

"At the Group level, the divestment of Lensworth in December along with the residual investment in ALH resulted in Foster's becoming a pure premium beverage business for the very first time in its history."

"On the strategic front, Foster's announced on 17 January 2005 its intention to make an off-market takeover for Southcorp, following the acquisition of the Oatley family's 18.8% stake. Our offer is now open and capable of acceptance, and we are confident of success given the attractiveness of the \$4.17 per share price we are offering Southcorp shareholders. Foster's remains firm in its view that it is the natural owner of the Southcorp wine portfolio, the acquisition is financially robust, and that it will deliver long term value for Foster's shareholders."

"In terms of back office infrastructure, Foster's continues to move towards a shared service philosophy, with annual savings of approximately \$20 - \$25 million to be achieved across the business units and the corporate office over a 3 year timeframe."

"Overall, I am very pleased with the Group's financial performance for the first half of fiscal 05 and remain confident that Foster's is well placed to deliver significantly enhanced financial returns for shareholders."

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

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**Group Financial Review**

Please refer to information provided in the half year Financial Report (pages 23 to 39).

**Earnings**

Earnings per share rose 5.3% to 37.8 cents per share, benefiting from continued share buy-back activity during the period. Net profit after tax of \$757.0 million was 0.9% lower than the prior corresponding period and includes significant items of \$461.7 million after tax.

On a normalised continuing business basis, earnings per share increased by 9.7% to 15.8 cents per share (refer to calculation table on page 9). Normalised net profit after tax (adjusting for significant items, SGARA, amortisation and excluding the discontinued Lensworth and Australian Leisure and Hospitality (ALH) businesses) was \$315.4 million, 2.6% higher than the previous corresponding period.

**Significant Items**

The result included a net significant gain of \$461.7 million after tax. The net significant gain totalled \$462.6 million before tax and comprised the following components:

- Gain on disposal of Lensworth Group - \$454.2 million profit after tax. In December 2004 Foster's divested the non-core Lensworth property group for gross proceeds of \$848.0 million.
- Gain on disposal of Australian Leisure & Hospitality Group (ALH) residual 10% investment - \$55.4 million profit after tax. In October 2004, Foster's sold its residual 10% investment in ALH. This investment was required as part of the market stabilisation activities following the listing of ALH on the Australian Stock Exchange on 7 November 2003.
- Provisions against the investment in Foster's USA LLC investment - \$23.7 million after tax. A provision has been recognised against the investment based on current earnings estimates.
- Write-down in the carrying value of CUB assets - \$10.3 million after tax. With the Kent Brewery decommissioned and Yatala expansion now almost complete, final details on the ongoing use and/or expected useful life of certain assets affected by the project have resulted in an adjustment to asset recoverable amounts.
- Write-off of incremental investment in Sobemab - \$13.9 million after tax. During the period Foster's was obligated under contract to acquire the remaining interest in Sobemab, a contract bottling operation in France. A review of the income stream and amount of goodwill for this Wine Services business has resulted in this amount being expensed during the period.

**Foster's Group Limited**  
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Summary of Significant Items	Pre tax \$m	Post tax \$m
Disposal of Lensworth	459.5	454.2
Disposal of ALH 10% investment	55.4	55.4
Foster's USA investment provision	(23.7)	(23.7)
CUB assets write down	(14.7)	(10.3)
Sobemab goodwill write down	(13.9)	(13.9)
<b>Net Significant Items</b>	<b>462.6</b>	<b>461.7</b>

#### Interest Expense

The Group's net interest expense increased 5.0% to \$35.7 million. While lower interest expense on average debt reduced net interest expense in the current period, the prior period included a net interest benefit pertaining to the convertible bonds.

#### Taxation

The Group's tax expense (excluding Significant Items) decreased 1.8% to \$128.0 million. The overall effective tax rate remains at the Australian corporate rate of 30%.

#### Amortisation

Total Group amortisation was \$34.2 million, up \$9.2 million from HY04 mainly due to the revision in accounting estimates in the 2004 financial year for the useful life of goodwill and mailing lists in the Wine business and the useful life of certain brand names.

#### SGARA Accounting Standard

The measurement basis for vines and grapes prescribed by AASB 1037 Self-Generating and Re-Generating Assets (SGARA) has resulted in a negative earnings impact before interest and tax of \$4.0 million (\$33.6 million loss in HY04).

#### Operating Revenue

Total operating revenue decreased 16.3% to \$3,217.0 million which includes significant revenue of \$942.5 million comprising net proceeds (after transaction costs) on the sale of Lensworth of \$810.0 million and proceeds on the sale of the 10% investment in Australian Leisure and Hospitality Limited of \$132.5 million. Net sales revenue decreased 10.2% to \$2,030.1 million compared with \$2,260.4 million in the previous corresponding period.

#### Corporate Expenses

- Corporate expenses for the period were \$31.7 million, an increase of \$6.5 million over the previous half year period. The increase was mainly due to one time costs associated with the Foster's Service Review and other restructuring costs of \$4.3 million, and a \$1.0 million Tsunami relief appeal donation.

**Foster's Group Limited**  
**Profit Commentary**  
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- The Foster's Services Review is a key part of a broader drive to bring Foster's businesses closer together and to make the best use of our resources. It is one of several business improvement initiatives underway to lift our performance and grow the business.
- A further \$5-\$10 million in rationalisation costs is expected in the second half of fiscal 05, with estimated annual savings of \$20-\$25 million expected to be realised across the business units and the corporate office over the next 3 years.

#### Earnings per share

Earnings per share rose to 37.8 cents, an increase of 5.3% over the previous corresponding period. Earnings per share calculated on a normalised basis is 15.8 cents, representing a 9.7% increase on the previous corresponding period. The calculation of normalised earnings per share is provided in the table below.

Normalised EPS Calculation			
<b>6 months to 31 December</b>	<b>2004</b>	<b>2003</b>	<b>%</b>
	<b>\$m</b>	<b>\$m</b>	<b>Change</b>
Earnings after tax – as reported	757.0	764.1	(0.9)
Amortisation expense	34.2	25.0	
SGARA (gain)/loss (net of tax)	2.8	23.5	
Significant items (net of tax)	(461.7)	(464.3)	
Discontinued operations (net of tax)	(16.9)	(40.9)	
Earnings after tax – normalised	<u>315.4</u>	<u>307.4</u>	2.6
Average number of shares (million)	2,000.3	2,128.4	(6.0)
Basic EPS (cents)	37.8	35.9	5.3
Normalised EPS (cents)	15.8	14.4	9.7

#### Cash Flow

Net operating cash flow was \$207.2 million compared with \$342.0 million in the previous corresponding period, a decrease of 39.4%. Normalised operating cashflow before interest, tax and dividends of \$431.0 million represents 80.0% of EBITDAS compared with 77.0% in the prior half year period.

The calculation of normalised operating cashflow is provided in the table below.

Net interest paid of \$22.3 million was 27.1% lower.

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

Capital spending and investments amounted to \$171.8 million. The bulk of this expenditure relates to the CUB capacity expansion of the Yatala Brewery in Queensland. Total investment expenditure of \$61.2 million relates mainly to Lensworth payments for prior period property acquisitions, additional outside equity interests acquired in Sobemab, Matua Valley Wines and Samoa Breweries and the CUB purchase of the Koala Springs water business.

<b>Cash Flow Highlights</b>			
<b>6 months to 31 December</b>	<b>2004</b>	<b>2003</b>	<b>%</b>
	<b>\$m</b>	<b>\$m</b>	<b>Change</b>
EBITDAS	562.6	602.1	(6.6)
Vineyard operating expenses	(24.1)	(55.3)	
Other non-cash items	6.8	15.6	
Working capital change	<u>(202.7)</u>	<u>(48.9)</u>	
<b>Operating cash flow before interest and tax</b>	<b>342.6</b>	<b>513.5</b>	<b>(33.3)</b>
Net interest paid	(22.3)	(30.6)	
Tax paid	(115.4)	(140.9)	
Dividends received	<u>2.3</u>	<u>-</u>	
<b>Net operating cash flows</b>	<b>207.2</b>	<b>342.0</b>	<b>(39.4)</b>
One-off (receipts)/payments	62.7	(55.1)	
Discontinued operations	<u>25.7</u>	<u>(50.0)</u>	
<b>Normalised net operating cash flows</b>	<b>295.6</b>	<b>236.9</b>	<b>24.8</b>
Capital expenditure	(110.5)	(93.2)	
Investments	(30.9)	(101.5)	
Discontinued operations	<u>(30.4)</u>	<u>(13.8)</u>	
<b>Capital expenditure and investments</b>	<b>(171.8)</b>	<b>(208.5)</b>	
Asset sale proceeds	145.4	7.3	
Business sales proceeds	781.7	1,323.5	
Net loan repayment proceeds	2.5	4.7	
Final dividend from previous period	(160.9)	(169.0)	

**Foster's Group Limited**  
**Profit Commentary**  
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**Balance Sheet**

**Exchange Rates**

Balance sheet items denominated in US dollars have been translated at the 31 December 2004 closing exchange rate of \$A1 = US\$.7822 (2003: \$A1 = US\$.7509). The average exchange rate used for profit and loss purposes was \$A1 = US\$.7307 (2003: \$A1 = US\$.6879).

**Debt and Gearing**

Net debt, comprising borrowings less cash in the bank, reduced from \$1,662.2 million to \$810.3 million in the six month period from 30 June 2004 mainly due to the proceeds received in December on disposal of Lensworth.

EBITAS interest cover was 14.0 times. Gearing (net debt to total shareholders' funds) was 16.4%, down from 36.1% at 30 June 2004 and slightly higher than 14.4% in the previous corresponding period.

**Net Assets**

Net Assets increased by \$350.8 million since 30 June 2004 to \$4,951.0 million mainly due to the gain on disposition of Lensworth.

**Currency Management & Treasury**

Foster's restructured a portion of its debt and interest rate portfolio during the period with the Group successfully pricing a US\$300 million offering of 4.875% notes, due October 1 2014. The net proceeds from the offering were used to repurchase US\$118.65 million (or 59.3%) of the company's outstanding US\$200 million 6.75% notes due November 2005, €120 million (or 40%) of its March 2005 5.75% €300 million notes and US\$40 million (or 8%) of its outstanding June 2011 6.875% US\$500 million notes.

71% of the Group's total debt is denominated in US Dollars. Foster's has a transactional hedge book that expires at the end of fiscal 06. Post this, the Group's policy will be to manage hedging on a Group wide net basis.

**Capital & Portfolio Management**

Capital management activities during the period included the on-market purchase of 28.7 million shares. In March 2004, shareholder approval was obtained for the purchase of up to an additional 200 million shares, with stated intent to purchase up to 125 million shares. Since this date, a total of 39.2 million shares have been purchased. The share buy-back program has been suspended due to the Group's bid for all of the outstanding shares of Southcorp Limited.

The divestment of the Lensworth Property group was completed during the period for gross proceeds of \$848.0 million and a significant post-tax gain of \$454.2 million. This sale represents the divestment of the final non-core asset in the Foster's premium beverages portfolio.

**AASB 1047 - International Financial Reporting Standards**

Foster's will be required to adopt the Australian equivalents to International Financial Reporting Standards (AIFRS) in its first fully compliant financial statements for the year ended 30 June 2006. The Note to the Accounts (Note 13) in the 2005 half year Financial Report outline the key areas of accounting policy change as they relate to Foster's. At this stage, it is not expected the company will be in a position to provide a quantification of the impacts.

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

### Operating Review

#### Divisional EBITAS Summary

6 months to 31 December	2004 \$m	2003 \$m	% Change
Carlton and United Beverages	317.5	289.3	9.7
Foster's Brewing International	23.1	21.9	5.5
Wine Trade	137.2	142.1	(3.4)
Wine Clubs and Services	30.4	40.3	(24.6)
Beringer Blass Wine Estates	167.6	182.4	(8.1)
Corporate	(31.7)	(25.2)	(25.8)
Continuing Businesses	476.5	468.4	1.7
Discontinued Operations	24.1	58.4	
<b>EBITAS</b>	<b>500.6</b>	<b>526.8</b>	<b>(5.0)</b>
<b>SGARA</b>	<b>(4.0)</b>	<b>(33.6)</b>	
<b>EBITA</b>	<b>496.6</b>	<b>493.2</b>	<b>0.7</b>
Amortisation	(34.2)	(25.0)	
<b>EBIT</b>	<b>462.4</b>	<b>468.2</b>	<b>(1.2)</b>

#### Carlton and United Beverages (CUB)

Carlton and United Beverages operates Foster's Australian multi-beverage business consisting of beer, pre-mixed spirits, spirits, popular table wine, cider, juices and other non-alcohol drinks.

6 months to 31 December	2004 \$m	2003 \$m	% Change
Alcohol Volumes (000' 9L cases)	57,584	57,738	(0.3)
Beer Volumes (000' 9L cases)	54,294	55,038	(1.4)
Net Sales Revenue	1,002.2	943.6	6.2
EBITA - Continuing Business	317.5	289.3	9.7
EBITA/NSR Margin (%)	31.7	30.7	1.0 pts
Normalised OCFPIT/EBITDA (%)	80.0	88.6	(8.6) pts
EBITA - Discontinued operations (ALH)*	-	39.5	

\*Divested via IPO on 5 November 2003

CUB continued to deliver strong growth in revenue, earnings and margins. Net Sales Revenue increased 6.2% to over \$1.0 billion and continuing business EBITA increased 9.7% to \$317.5 million.

The major factors contributing to the result included the following:

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- Total alcohol volumes declined 0.3% driven by lower beer volumes in a declining beer market.
- Continued growth in the Premium/Import and Mid-Strength segments were offset by lower volumes in the Regular and Light segments. Noteworthy were strong volume gains for Carlton Draught (up 20%), Carlton Midstrength, and premium imported brands, Corona and Stella Artois.
- RTD volumes grew an impressive 34% with Cougar and Black Douglas RTD volumes up 53% and 30% respectively. Glass Spirit volumes increased 13.5% to 460,000 cases and CUB's wine offering, Half Mile Creek, reached 133,000 cases for the half.
- Continued mix shift towards premium (domestic and imports) products and pricing gains for the domestic beer business.
- A strengthening in on premise performance with draught beer, Half Mile Creek and Pure Blonde all contributing positively.
- Improvements in manufacturing costs across the business due to both ongoing cost management and early supply chain optimisation benefits. Total costs grew at 4.7% against revenue growth of 6.2%. Adjusting for changes in mix, COGS increased at a rate below inflation.
- Increased investment in consumer marketing and innovation initiatives. These initiatives were spread across the total beverage portfolio and included innovative new products like Sass and Pure Blonde. INova – Foster's Australasian Consumer Insights Group – was successfully established during the period.
- Establishment of a premium on premise account team that spans CUB and BBWE Trade Australia, and continued rationalisation of sponsorship activities.
- The capacity expansion of Yatala Brewery (Queensland) (from 2.3 million hectolitres per annum to 4.5 million hectolitres per annum) will be completed in February, on budget and ahead of time. The Kent Brewery (NSW) completed its last production run in January 2005. As already flagged, changes to CUB's manufacturing footprint will deliver \$17 million per annum of ongoing cost savings.
- CUB Operating Cashflow increased 4.4% to \$270.7 million. Normalised OCFPIT / EBITDA stands at 80.0% down from 88.6%, due mainly to a planned increase in inventories to cater for the transfer of production to the Yatala brewery in Queensland.

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**Foster's Brewing International (FBI)**

Foster's Brewing International is responsible for the management of Foster's brand equity globally, the operational businesses in Asia, international beer exports and the multi-beverages platform in the Greater Pacific.

6 months to 31 December	2004 \$m	2003 \$m	% Change
Volume (000' 9L cases)*	54,805	55,443	(1.2)
Net Sales Revenue (including royalties and Joint Venture income)	129.3	130.1	(0.6)
EBITA	23.1	21.9	5.5
EBITA/NSR Margin (%)	17.9	16.8	1.1 pts
OCFPIT/EBITDA (%)	69.3	103.5	(34.2) pts
*Includes non beer volumes			

- In spite of a competitive pricing environment, FBI EBITA increased 5.5% to \$23.1 million. Reduced overheads and increased contribution from the multi-beverage business in New Zealand offset the impact of volume declines.
- Trading conditions in the key markets for Foster's are competitive, with total volume decline of 1.2% primarily driven by aggressive competitor pricing activity in the UK off trade during the peak selling Christmas period.
- Volume growth in Asian operations has been in the lower margin local brands, and lower pricing and volumes have impacted on performance in the Australian Duty Free channel.
- Operating cashflow was impacted by changes to excise laws in the Pacific as well as early settlement of deferred sales tax in India.
- At the Group level, a significant item has been recognised against the investment in Foster's USA LLC of \$23.7 million before tax, based on current earnings estimates. FBI management continues to work with SABMiller to improve performance of the Foster's brand in North America.

**Beringer Blass Wine Estates (BBWE)**

Beringer Blass Wine Estates (BBWE) operates Foster's global wine businesses, which includes Wine Trade and Wine Clubs and Services.

**Wine Trade**

The BBWE Wine Trade division includes all wine sold through traditional wine trade channels in Asia Pacific, North America and UK / Europe.

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6 months to 31 December	2004 \$m	2003 \$m	% Change
<b>Wine Trade</b>			
Volume (000' 9L cases)	9,696	8,645	12.2
Net Sales Revenue (A\$m)	644.7	610.1	5.7
EBITAS (A\$m)	137.2	142.1	(3.4)
EBITAS / Net sales revenue (%)	21.3	23.3	(2.0) pts
<b>At Constant Exchange Rate<sup>1</sup></b>			
Net Sales Revenue	644.7	586.7	9.9
EBITAS	137.2	136.9	0.2

- Wine Trade delivered EBITAS of \$137.2 million, down 3.4%. Excluding foreign exchange movements, EBITAS grew marginally, reflecting a significant increase in brand building investment to stimulate brand awareness and sales growth.
- This increase in brand investment effectively equates to 8 percentage points of EBITAS growth being re-invested back into the business.
- The Wine Trade OCFPIT / EBITDAS ratio of 76.9% is a 14.9 percentage point increase over the prior period.
- Global Wine Trade volumes increased by 12.2%. All regions delivered strong growth ahead of the total wine category in respective markets.
- The core global brands, Wolf Blass and Beringer, performed well during the period. Wolf Blass, in particular, performed strongly, growing 39% by volume. Wolf Blass recorded gains in all regions well ahead of the market and at premium price points. Beringer grew by 5% led by growth in Beringer Stone Cellars of 9%.
- Consistent with the Wine Trade Operational Review plan, some dilution of unit revenues occurred, due to successful market share gains in higher-volume, lower-price segments.
- EBITAS margins remain strong at 21.3% despite the significantly increased brand investment.
- BBWE made significant progress against initiatives outlined as part of the Wine Trade Operational Review in June 2004. Initiatives to grow revenue through increased investment in brand building and innovation stimulated volume and revenue growth ahead of the category in all regions and several new products were launched successfully. Supply chain initiatives are tracking on or ahead of plan in relation to supply/demand balance, asset divestments, operational efficiencies, and globally aligned processes. Capability has been significantly developed across all functions, particularly global supply chain, brand marketing and innovation.

<sup>1</sup> Half year 04 results restated based on half year 05 actual exchange rates

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Wine Trade – North America

Wine Trade Americas encompasses the sale of BBWE's global portfolio of wines in the North American markets.

6 months to 31 December	2004 \$m	2003 \$m	% Change
<b>Wine Trade Americas</b>			
Volume (000' 9L cases)	6,332	5,977	5.9
Net Sales Revenue (A\$m)	423.3	427.7	(1.0)
EBITAS (A\$m)	80.5	88.6	(9.1)
EBITAS / Net sales revenue (%)	19.0	20.7	(1.7) pts
<b>At Constant Exchange Rate<sup>1</sup></b>			
Net Sales Revenue	423.3	402.7	5.1
EBITAS	80.5	83.2	(3.2)

- In addition to progressing supply chain initiatives, the Trade North America region performed solidly in the market.
- Shipment volumes increased 5.9% with overall distributor depletions growing at +6.7% for the half, ahead of Californian wine category growth in the US of 3%, as measured by Gomberg Fredrickson (11 months ended November 2004). Distributor inventories further reduced in the period.
- Net sales revenue declined 1.0% to \$423.3 million. Excluding foreign exchange movements, net sales revenue increased 5.1%.
- The Beringer brand achieved modest growth, with Stone Cellars growing at mid single-digit rate. The Beringer above US\$10 category performed very strongly. Beringer Blush was steady, a solid performance in a declining segment, whilst Beringer Founders' Estate grew moderately in a declining category. New packaging initiatives will be introduced in the second half and the brand will enjoy further marketing support.
- Meridian continued to decline and remains an area of management focus, with new packaging and increased support planned for the second half.
- Consistent with the Beringer above US\$10 category, the super premium and luxury portfolios performed strongly, particularly Chateau St. Jean and Stag's Leap. Wolf Blass grew strongly in both the US and Canadian markets.
- EBITAS declined 9.1% to \$80.5 million, or 3.2% at constant exchange rates.

<sup>1</sup> Half year 04 results restated based on half year 05 actual exchange rates

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**Wine Trade – Asia Pacific**

Asia Pacific Wine Trade sells BBWE's global portfolio of wines in the Asia Pacific Region.

6 months to 31 December	2004 \$m	2003 \$m	% Change
<b>Wine Trade Asia Pacific</b>			
Volume (000' cases)	<b>2,282</b>	1,956	16.7
Net Sales Revenue (A\$m)	<b>158.4</b>	137.3	15.4
EBITAS (A\$m)	<b>47.5</b>	43.5	9.2
EBITAS / Net sales revenue (%)	<b>30.0</b>	31.7	(1.7) pts

- Trade Asia Pacific again delivered double-digit volume and revenue growth and maintained world-class margins.
- BBWE growth rates (volume and value) continued to significantly exceed the total wine category and premium bottled segment growth rates in Australia, which coincided around 3-4% (source: AC Nielsen). All sub-regions (Australia, Asia and New Zealand) performed strongly.
- Volume growth was driven by continued support for core brands. Wolf Blass volumes grew mid-teens, and the brand has become the number 1 bottled wine by both volume and value in Australia (MAT 31 December AC Nielsen). Yellowglen continued to build on its leadership position in the sparkling category, with volumes up in excess of 20%, driven by effective marketing support and innovation. The regional brand portfolio also grew strongly with Annie's Lane, Ingoldby, and Saltram all recording double-digit growth.
- EBITAS increased 9.2%, tracking below volume and revenue growth, reflecting a planned increase in marketing spend during the period.

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**Wine Trade – Europe**

BBWE's Europe Trade business includes sales of BBWE's global portfolio of wines to the UK and European markets.

<b>6 months to 31 December</b>	<b>2004</b>	<b>2003</b>	<b>%</b>
	<b>\$m</b>	<b>\$m</b>	<b>Change</b>
<b>Wine Trade Europe</b>			
Volume (000' cases)	<b>1,082</b>	712	52.0
Net Sales Revenue (A\$m)	<b>63.0</b>	45.1	39.7
EBITAS (A\$m)	<b>9.2</b>	10.0	(8.0)
EBITAS / Net sales revenue (%)	<b>14.6</b>	22.2	(7.6) pts
<b>At Constant Exchange Rate</b>			
Net Sales Revenue	<b>63.0</b>	46.5	35.5
EBITAS	<b>9.2</b>	10.2	(9.8)

- Trade Europe made excellent progress towards building meaningful scale, delivering solid volume and revenue gains.
- Volume growth of 52% was driven by performance in the UK and Irish markets. UK volumes reflect wider distribution presence and increased rates of sale, particularly for Wolf Blass and Eaglehawk. Wolf Blass is the only top 10 Australian wine brand retailing above £6 on average.
- Revenue growth was below volume growth due to changes in channel and product mix, due in particular to increased sales of Eaglehawk, Beringer White Zinfandel and Stone Cellars By Beringer.
- EBITAS declined 8.0% to \$9.2 million, tracking below volume and revenue growth. This was primarily as a result of the planned increase in brand investment and infrastructure to develop scale in the region, and also due to mix changes towards the lower priced Wolf Blass, Eaglehawk and Stone Cellars ranges.

**Wine Clubs & Services**

Foster's wine clubs division sells wine directly to over one million members through its various wine clubs worldwide. The major components of the clubs' business include cellarmaster (australia), pallhuber (germany), bdvi (netherlands and belgium), windsor and international wine accessories (united states), cardmember (new zealand) and cellarmaster (ch/de) (switzerland and germany). Foster's wine services division provides services to the wine industry, including contract bottling, warehousing, distribution and the supply of wine packaging materials. Businesses are located in australia, new zealand and france.

The management of Wine Clubs and Services has been reorganised on a regional basis with management teams now in place for Clubs & Services in Asia Pacific, Europe and the Americas. This change has been made to ensure synergistic opportunities available on a regional basis are fully captured amongst these businesses. As a result of this change, Wine Clubs & Services will now be reported on a combined basis. Wine Clubs accounts for approximately 75% of the current period EBITAS for the Clubs and Services division.

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6 months to 31 December	2004 \$m	2003 \$m	% Change
<b>Wine Clubs &amp; Services</b>			
Volume (000' cases)	1,467	1,539	(4.7)
Net Sales Revenue (A\$m) <sup>3</sup>	304.2	307.7	(1.1)
EBITAS (excl SGARA) (A\$m)	30.4	40.3	(24.6)
EBITAS / Net sales revenue (%)	10.0	13.1	(3.1) pts

Wine Clubs and Services EBITAS declined by 24.6% against the prior period, a very disappointing result.

Both of these businesses are subject to a comprehensive business improvement programme, and new management structures and teams have been put in place over recent months. The key priorities in F05 are to stabilise the businesses and improve organisational capability.

The major factors contributing to the result included the following:

**Wine Clubs**

- A reduced contribution from the Wine Clubs business due mainly to reduced sales volumes in the Cellarmaster business (Australia) where despite membership levels being maintained, costs of customer acquisition have increased and customer response rates have declined.
- Volumes were in line with or ahead of prior year for all other major clubs including Pallhuber (Germany), Cardmember (New Zealand), BDVI (Netherlands & Belgium) and Windsor (United States). Total ongoing membership levels remained in line with the prior year.
- The performance of Cellarmaster (Australia) was also affected by increases in wine tax associated with amendments to wine industry subsidy arrangements.

**Wine Services**

- Reduced contribution from the Wine Services business as a result of the loss of some major contract bottling customers in the second half of F04 and reduced cork and packaging materials margins. Contract bottling volumes have, however, increased as the business has substantially increased the level of bottling undertaken on behalf of the BBWE Trade division.

**Lensworth**

Lensworth was the Group's urban residential property business which contributed EBITA of \$24.1 million prior to being sold on 9 December 2004. This compares with \$18.9 million for the 6 months period in HY04.

<sup>3</sup> Wine Clubs and Services Net Sales Revenue (NSR) includes inter-segment NSR of \$36.6 million. Total BBWE net sales revenue excluding inter-segment revenue is \$912.3 million (refer Note 2 Operating Revenue of the financial report).

**Foster's Group Limited**  
**Profit Commentary**  
**31 December 2004**

The following documents have also been released to the Australian Stock Exchange. To view these documents please refer to the ASX Website [www.asx.com.au](http://www.asx.com.au). Go to Company Announcements, Code FGL:

- Director's Report for the Half Year Ended 31 December 2004 (3 pages)
- Statement of Financial Performance (2 pages)
- Notes to the Financial Statements (15 pages)
- Director's Declaration (1 page)
- Independent Review Report (2 pages)

End

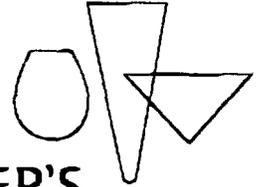
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ABN 49 007 620 886

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**FOSTER'S**  
GROUP

Inspiring Global Enjoyment

*Foster's Brewing Group*

## ASX RELEASE

**PLEASE DELIVER URGENTLY**

**The following release was made to the  
Australian Stock Exchange Limited today.**

If you would prefer to receive this notification by email please reply to  
*jane.dowsey@fostersgroup.com*



**FOSTER'S**  
GROUP  
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**Half Year Results Presentation**  
**6 months to 31 December 2004**  
**8 February 2005**



**Trevor O'Hoy**

**President & Chief Executive Officer**

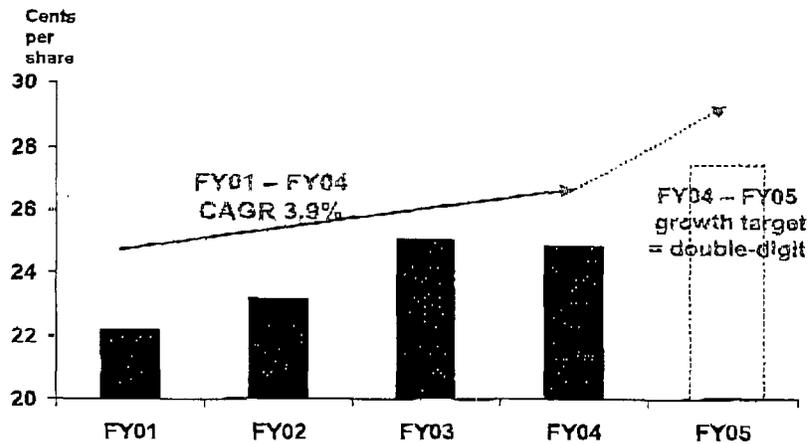
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# Highlights



- EPS growth momentum
- Strong cash flows
- CUB – sustainable growth model
- Wine Trade – solid top line growth; brand investment
- Improving wine category fundamentals
- Pure premium beverages business
- Projects to deliver ongoing efficiencies

# Normalised\* EPS



\* Excludes SGARA, significant items, amortisation and discontinued operations

## Highlights



- **EPS growth momentum**
- **Strong cash flows**
- **CUB – sustainable growth model**
- **Wine Trade – solid top line growth; brand investment**
- **Improving wine category fundamentals**
- **Pure premium beverages business**
- **Projects to deliver ongoing efficiencies**

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## Operational Efficiencies Progress - Wine Trade Operational Review



### Revenue Growth

- 32% increase in brand investment globally
- Above category growth in all regions
- NPD initiatives launching CY05

### Supply Chain Efficiencies

- Global procurement savings exceeding targets
- Infrastructure consolidation in Australia and NA progressing well
- NA winemaking efficiencies on track

### Excess Supply

- 95% of surplus bulk wine sold
- Beringer Stone Cellars optimal blend structure complete
- 80% of surplus vineyards sold
- Assignment of grape contracts on track

### Organisational Enhancements

- Senior sales & marketing appointments in NA
- Global innovation team implemented
- Global supply chain team implemented

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## Operational Efficiencies

### - CUB Supply Chain Operations



- **Yatala Upgrade**
  - Total project spend at 31 December 2004 was \$158.5m (\$166.5m committed) with project on schedule and within the budget of \$169.6m
  - Plant capacity equivalent to 4.3 million HL (annualised) achieved by end of October 04.
  - New and relocated employees integrated into Yatala workforce.
- **Kent Closure**
  - Relocation of major equipment to Yatala now complete.
  - Manufacturing workforce at Kent has been released.
  - Production ceased as planned at the end of January 2005
  - Remaining equipment transfer and site "make safe" planned to occur by June 2005

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## Operational Efficiencies

### - Foster's Services Review



#### Integration Activities

##### Australia

- One premium on-premise team selling beer, wine, spirits and RTD's
- CUB and BBWE sharing office space in all capital city locations
- Integration of beer and wine warehousing

##### Global

- Innovation and Consumer Insights team formed

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## Operational Efficiencies

### - Foster's Services Review



#### Back-Office

- Review of Australian based service functions
- Aim: Establish single back-office platform in Australia
- Integrated IT, HR & finance
- Savings: \$20-\$25 million p.a. over next 3 years

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## Operational Efficiencies

### - Total Cost Savings



	Gross Annual Savings by FY09
- CUB Operational Review	\$85m
- Wine Trade Operational Review	\$85m
- Foster's Services Review	\$20-25m
<b>Total estimated gross cost savings</b>	<b>\$190 – 195m</b>

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**Pete Scott**

**Chief Financial Officer**

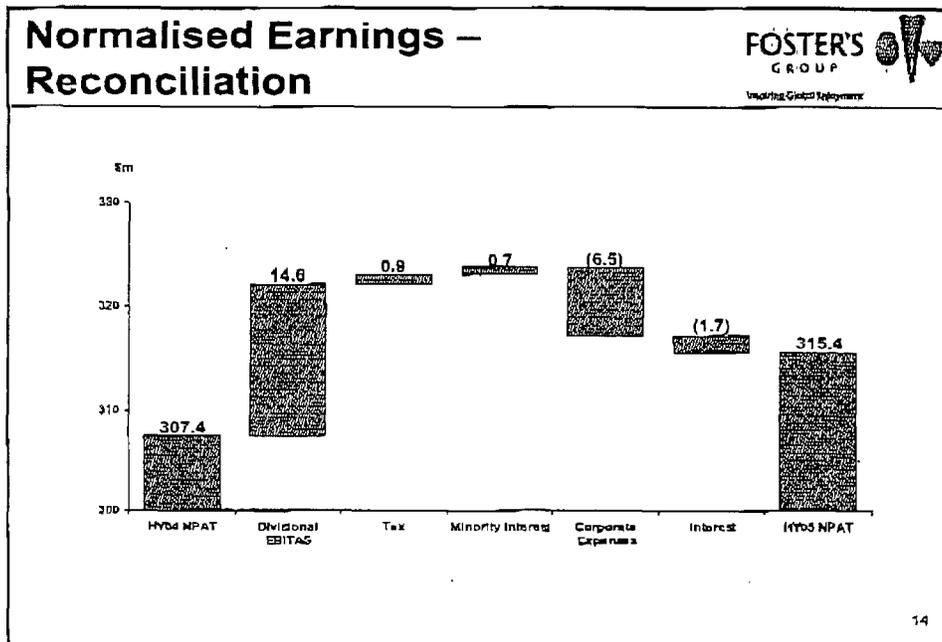
## Key Financials



Reported Results	HY05 \$m	HY04 \$m	Change %
Volume (000 9 litre case equivalent)	123,552	123,365	0.2
NSR	2,030.1	2,260.4	(10.2)
EBITAS	500.6	526.8	(5.0)
EBIT	462.4	468.2	(1.2)
NPAT	757.0	764.1	(0.9)
EPS	37.8	35.9	5.3
Net operating cash flow	207.2	342.0	(39.4)
Significant items (after tax)	461.7	464.3	
Net Debt	810.3	684.3	
Gearing	16.4	14.4	
EBITAS interest cover	14.0	15.5	

<b>Key Financials</b>		 <small>Making Global Differences</small>		
<b>Normalised Results</b>		<b>HY05</b>	<b>HY04</b>	<b>Change</b>
		<b>\$m</b>	<b>\$m</b>	<b>%</b>
NSR		2,030.1	1,959.8	3.6
EBITAS		476.5	468.4	1.7
NPAT		315.4	307.4	2.6
EPS		15.8	14.4	9.7
Net operating cash flow		295.6	236.9	24.8
<b>Post tax adjustments for:</b>				
Significant Items		461.7	464.3	
Amortisation & SGARA		(37.0)	(48.5)	
Discontinued operations (Lensworth; ALH)		(16.9)	(40.9)	

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## Normalised Net Income / EPS



	HY05 \$m	HY04 \$m
Net Income after tax (as reported)	757.0	764.1
Amortisation	34.2	25.0
SGARA (net of tax)	2.8	23.5
Significant Items (net of tax)	(461.7)	(464.3)
Discontinued Operations (net of tax)	(16.9)	(40.9)
<b>Normalised Net Income after tax</b>	<b>315.4</b>	<b>307.4</b>
Average Shares (m)	2,000.3	2,128.4
Basic EPS (cents)	37.8	35.9
Normalised EPS (cents)	15.8	14.4

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## Significant Items



	Pre-Tax \$m	Post-Tax \$m
Profit on sale of Lensworth	459.5	454.2
Sale of 10% investment in ALH	55.4	55.4
Provision against investment in Foster's USA partnership	(23.7)	(23.7)
Write-down to CUB assets	(14.7)	(10.3)
Write-down to Sobemab goodwill	(13.9)	(13.9)
<b>Net Significant Items</b>	<b>462.6</b>	<b>461.7</b>

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<b>Significant Gain - Lensworth</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Employees</small>
		<b>\$m</b>
<b>Gross proceeds</b>		<b>848.0</b>
<b>Transaction related costs</b>		<b>(38.0)</b>
<b>Net assets disposed</b>		<b><u>(350.5)</u></b>
<b>Profit on sale (pre-tax)</b>		<b><u>459.5</u></b>
<b>Tax</b>		<b><u>(5.3)</u></b>
<b>Net significant gain on sale</b>		<b><u>454.2</u></b>

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<b>Currency Impact Overview</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Employees</small>
<b>Translation</b>		
• <b>Unfavourable earnings impact</b>		
- 6% appreciation in AUD against USD half on half		
• <b>Favourable debt and interest impact</b>		
- gross debt predominantly US denominated		
• <b>Total NPAT impact circa A\$0.2m for the half</b>		

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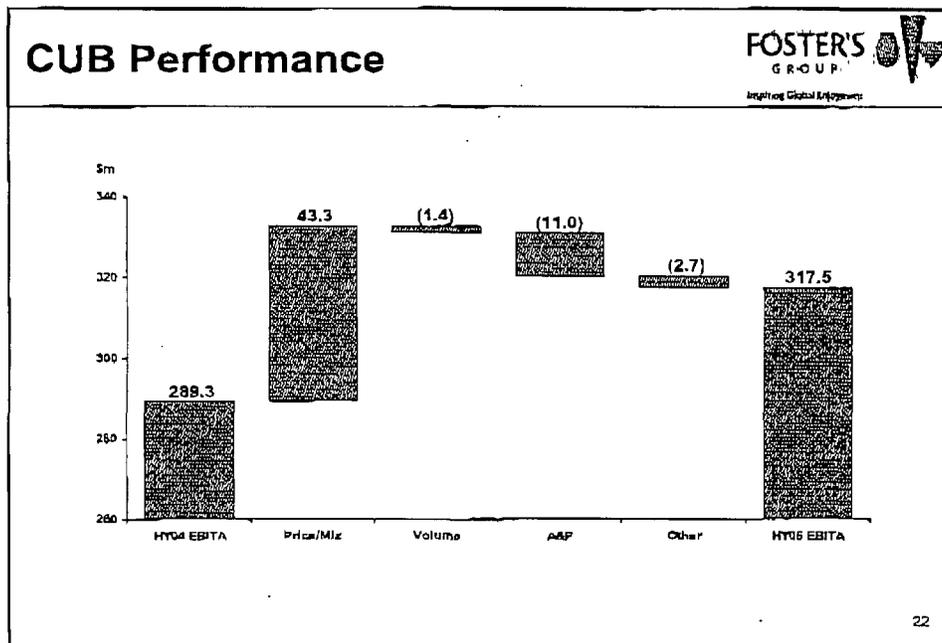
<b>EBITAS By Division</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Enterprises</small>	
	HY05 \$m	HY04 \$m	Change %
<b>CUB Beverages</b>	317.5	289.3	9.7
Wine Trade	137.2	142.1	(3.4)
Wine Clubs & Services	30.4	40.3	(24.6)
<b>Total BBWE</b>	<u>167.6</u>	<u>182.4</u>	(8.1)
<b>FBI</b>	23.1	21.9	5.5
<b>Corporate</b>	<u>(31.7)</u>	<u>(25.2)</u>	(25.8)
<b>Total Continuing</b>	476.5	468.4	1.7
<b>Discontinued Operations</b> (ALH & Lensworth)	24.1	58.4	
<b>TOTAL EBITAS</b>	<u>500.6</u>	<u>526.8</u>	(5.0)

<b>Carlton and United Beverages</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Enterprises</small>	
	HY05 \$m	HY04 \$m	Change %
<b>Beer Volume</b> (000 9 litre case equivalent)	54,294	55,038	(1.4)
<b>Total Volume*</b> (000 9 litre case equivalent)	57,584	57,738	(0.3)
<b>Net Sales Revenue**</b>	1,002.2	943.6	6.2
<b>EBITA</b>	317.5	289.3	9.7
<b>EBIT</b>	313.6	286.1	9.6
<b>Amortisation</b>	3.9	3.2	
<b>Depreciation</b>	23.3	21.6	
<b>Capex</b>	64.8	45.6	
<b>Normalised OCFPIT</b>	272.5	275.6	(1.1)

\* Total volume includes all CUB alcoholic beverages – beer, spirits/RTDs, cider  
 \*\* Net Sales Revenue from all core CUB alcoholic beverages.

<b>Carlton and United Beverages</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Enterprises</small>	
	HY05 \$m	HY04 \$m	Change %
EBITA / NSR (%)	31.7	30.7	1.0pts
EBITA per case (\$)	5.51	5.01	10.0
Normalised OCFPIT / EBITDA (%)	80.0	88.6	(8.6)pts

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<b>Foster's Brewing International</b>		<b>FOSTER'S GROUP</b> <small>Leading Global Enterprises</small>	
	<b>HY05</b>	<b>HY04</b>	<b>Change</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Volume</b> (000 9 litre case equivalent)	<b>54,805</b>	<b>55,443</b>	<b>(1.2)</b>
<b>Net Sales Revenue*</b>	<b>129.3</b>	<b>130.1</b>	<b>(0.6)</b>
<b>EBIT</b>	<b>22.4</b>	<b>21.2</b>	<b>5.7</b>
<b>Amortisation</b>	<b>0.7</b>	<b>0.7</b>	
<b>Depreciation</b>	<b>3.9</b>	<b>4.0</b>	
<b>Capex</b>	<b>3.8</b>	<b>2.9</b>	
<b>EBITA / NSR (%)</b>	<b>17.9</b>	<b>16.8</b>	<b>1.1pts</b>
<b>Normalised OCFPIT</b>	<b>18.7</b>	<b>26.8</b>	<b>(30.2)</b>
<b>OCFPIT / EBITDA</b>	<b>69.3</b>	<b>103.5</b>	<b>(34.2)pts</b>
* Includes royalties and JV income			

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<b>Beringer Blass Wine Estates</b>		<b>FOSTER'S GROUP</b> <small>Leading Global Enterprises</small>	
	<b>HY05</b>	<b>HY04</b>	<b>Change</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Volume</b> (000 9 litre cases)	<b>11,163</b>	<b>10,184</b>	<b>9.6</b>
<b>Net Sales Revenue</b>	<b>912.3</b>	<b>895.2</b>	<b>1.9</b>
<b>EBITAS</b>	<b>167.6</b>	<b>182.4</b>	<b>(8.1)</b>
<b>EBIT</b>	<b>134.0</b>	<b>129.1</b>	<b>3.8</b>
<b>Amortisation</b>	<b>29.6</b>	<b>19.7</b>	
<b>Normalised OCFPIT</b>	<b>163.3</b>	<b>133.2</b>	<b>22.6</b>
<b>EBITAS / NSR (%)</b>	<b>18.4</b>	<b>20.4</b>	<b>(2.0)pts</b>
<b>Normalised OCFPIT / EBITDAS (%)</b>	<b>81.9</b>	<b>62.5</b>	<b>19.4pts</b>
<b><u>At Constant Exchange Rates</u></b>			
<b>Net Sales Revenue</b>	<b>912.3</b>	<b>872.3</b>	<b>4.6</b>
<b>EBITAS</b>	<b>167.6</b>	<b>177.3</b>	<b>(5.5)</b>
<b>Normalised OCFPIT</b>	<b>163.3</b>	<b>129.7</b>	<b>25.9</b>

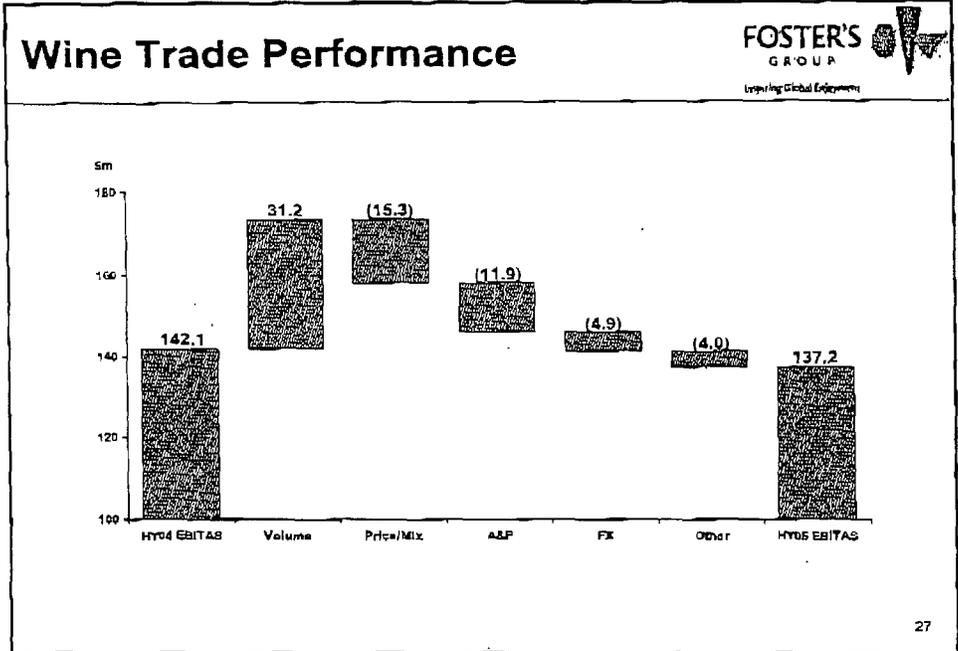
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<b>Wine - Trade</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Experiences</small>	
	HY05	HY04	Change
	\$m	\$m	%
Volume (000 9 litre cases)	9,696	8,645	12.2
Net Sales Revenue	644.7	610.1	5.7
EBITAS	137.2	142.1	(3.4)
EBIT	119.7	97.2	23.1
Amortisation	13.5	11.3	
Depreciation	25.6	24.3	
Capex	36.5	35.3	
Normalised OCFPIT	125.2	103.1	21.4
EBITAS / NSR (%)	21.3	23.3	(2.0)pts
EBITAS per case (\$)	14.15	16.44	(13.9)
Normalised OCFPIT / EBITDAS (%)	76.9	62.0	14.9pts
Revenue per case (\$)	66.49	70.57	(5.8)

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<b>Wine - Trade</b>		<b>FOSTER'S GROUP</b> <small>Inspiring Global Experiences</small>	
	HY05	HY04	Change
	\$m	\$m	%
<u>At Constant Exchange Rates</u>			
Net Sales Revenue	644.7	586.7	9.9
EBITAS	137.2	136.9	0.2
Normalised OCFPIT	125.2	99.0	26.5
EBITAS per case (\$)	14.15	15.84	(10.7)
Revenue per case (\$)	66.49	67.87	(2.0)

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### Wine Trade – North America



Imagining Global Employment

	HY05	HY04	Change
	\$m	\$m	%
<b>AUD</b>			
Volume (000 9 litre cases)	6,332	5,977	5.9
Net Sales Revenue	423.3	427.7	(1.0)
EBITAS	80.5	88.6	(9.1)
EBIT	68.2	44.7	52.6
Amortisation	7.7	8.1	
EBITAS / NSR (%)	19.0	20.7	(1.7)pts
<b>At Constant Exchange Rates</b>			
Net Sales Revenue	423.3	402.7	5.1
EBITAS	80.5	83.2	(3.2)
EBIT	68.2	41.8	63.2

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<b>Wine Trade - Asia Pacific</b>		<b>FOSTER'S GROUP</b> 	
		<small>Inspiring Global Enterprises</small>	
	<b>HY05</b>	<b>HY04</b>	<b>Change</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Volume (000 9 litre cases)</b>	<b>2,282</b>	<b>1,956</b>	<b>16.7</b>
<b>Net Sales Revenue</b>	<b>158.4</b>	<b>137.3</b>	<b>15.4</b>
<b>EBITAS</b>	<b>47.5</b>	<b>43.5</b>	<b>9.2</b>
<b>EBIT</b>	<b>42.5</b>	<b>42.7</b>	<b>(0.5)</b>
<b>Amortisation</b>	<b>5.6</b>	<b>3.0</b>	
<b>EBITAS / NSR (%)</b>	<b>30.0</b>	<b>31.7</b>	<b>(1.7)pts</b>

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<b>Wine - UK Europe</b>		<b>FOSTER'S GROUP</b> 	
		<small>Inspiring Global Enterprises</small>	
	<b>HY05</b>	<b>HY04</b>	<b>Change</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b><u>AUD</u></b>			
<b>Volume (000 9 litre cases)</b>	<b>1,082</b>	<b>712</b>	<b>52.0</b>
<b>Net Sales Revenue</b>	<b>63.0</b>	<b>45.1</b>	<b>39.7</b>
<b>EBITAS</b>	<b>9.2</b>	<b>10.0</b>	<b>(8.0)</b>
<b>EBIT</b>	<b>9.0</b>	<b>9.8</b>	<b>(8.2)</b>
<b>Amortisation</b>	<b>0.2</b>	<b>0.2</b>	
<b>EBITAS / NSR (%)</b>	<b>14.6</b>	<b>22.2</b>	<b>(7.6)pts</b>
<b><u>At Constant Exchange Rates</u></b>			
<b>Net Sales Revenue</b>	<b>63.0</b>	<b>46.5</b>	<b>35.5</b>
<b>EBITAS</b>	<b>9.2</b>	<b>10.2</b>	<b>(9.8)</b>
<b>EBIT</b>	<b>9.0</b>	<b>10.0</b>	<b>(10.0)</b>

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## Wine Clubs and Services



	HY05 \$m	HY04 \$m	Change %
Volume (000 9 litre cases)	1,467	1,539	(4.7)
Net Sales Revenue*	304.2	307.7	(1.1)
EBITAS	30.4	40.3	(24.6)
EBIT	14.3	31.9	(55.2)
Amortisation	16.1	8.4	
Depreciation	6.3	6.5	
Capex	2.5	6.0	
Club Members (continuing) (000)	1,208	1,223	(1.2)
EBITAS / NSR (%)	10.0	13.1	(3.1)pts

\* Includes intra division sales \$36.6m (HY04 \$22.6m)

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## Wine Clubs and Services



- Global business improvement plan commenced early FY05
- New management structures and teams now in place
- FY05 key priority to stabilise business
- 2<sup>nd</sup> half FY05 – initiatives focus on cost structure, integration and product offering

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**Corporate**

	HY05 \$m	HY04 \$m
<b>Corporate expense</b>	<b>(31.7)</b>	<b>(25.2)</b>
<b>Net interest expense</b>	<b>(35.7)</b>	<b>(34.0)</b>
<b>Tax expense*</b>	<b>(128.9)</b>	<b>(67.5)</b>

\* Includes tax expense on significant items of \$0.9m in HY05 (HY04 tax benefit \$62.8m)

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**Operating Cash Flow**

	HY05 \$m	HY04 \$m
<b>EBITDAS</b>	<b>562.6</b>	<b>602.1</b>
<b>Vineyard operating expenses</b>	<b>(24.1)</b>	<b>(55.3)</b>
<b>Other non cash</b>	<b>6.8</b>	<b>15.6</b>
<b>Net Working capital change</b>	<b>(200.4)</b>	<b>(48.9)</b>
<b>Net interest paid</b>	<b>(22.3)</b>	<b>(30.6)</b>
<b>Tax paid</b>	<b>(115.4)</b>	<b>(140.9)</b>
<b>Net operating cash flows</b>	<b><u>207.2</u></b>	<b><u>342.0</u></b>

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## Operating Cash Flow – normalised



	HY05 \$m	HY04 \$m
<b>EBITDAS</b>	538.5	530.7
<b>Vineyard operating expenses</b>	(24.1)	(55.3)
<b>Other non cash</b>	6.8	11.7
<b>Net Working capital change</b>	(87.9)	(78.7)
<b>Net interest paid</b>	(22.3)	(30.6)
<b>Tax paid</b>	(115.4)	(140.9)
<b>Normalised net operating cash flows</b>	<u>295.6</u>	<u>236.9</u>

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## Capex and Investments



	HY05 \$m	HY04 \$m
<b>Capital Expenditure</b>		
<b>CUB Beverages</b>	(64.8)	(45.6)
<b>Wine Group</b>	(39.0)	(41.3)
<b>Other (FBI, Corporate)</b>	(6.7)	(6.3)
<b>Total Continuing</b>	<u>(110.5)</u>	<u>(93.2)</u>
<b>Discontinued</b>	<u>(0.1)</u>	<u>(10.8)</u>
<b>Total capital expenditure</b>	<u>(110.6)</u>	<u>(104.0)</u>
<b>Investments</b>	(61.2)	(104.5)
• Lensworth deferred property	(30.3)	(3.0)
• Sobemab	(13.9)	
• Other	(17.0)	

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## Debt Profile



		\$m
Total Gross Debt		2,200.8
Cash		1,390.5
Net Debt		810.3
• Currency of Debt		
- \$US Denominated		71%
- Other (Euro, Asian)		29%
• Weighted average years to maturity		
		5.6 years
• Weighted average interest rate on net debt		
		4.04%
	HY05	HY04
• Net debt / equity (%)	16.4	14.4
• EBITAS interest cover (times)	14.0	15.5

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## Capital Management Summary



Shares m	HY05	HY04
On-market	28.7	17.0
Off-market	-	167.1
Total buy-back activity	<u>28.7</u>	<u>184.1</u>
\$ million		
On-market	142.1	76.6
Off-market	-	668.4
Total buy-back activity	<u>142.1</u>	<u>745.0</u>

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## AIFRS Transition



- Australian equivalents to International Financial Reporting Standards (AIFRS) will apply from 1 July 2005
- First reporting period will be half year ending 31 December 2005
- 2005 comparatives will need to be restated
- Transition project progressing on schedule to finalise financial impact

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**Trevor O'Hoy**

**President & Chief Executive Officer**

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## FY05 Outlook

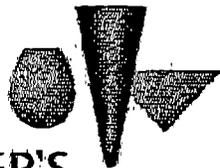


Low double-digit EPS growth for FY05 (normalised continuing basis)

- CUB – Sustained momentum in EBITA growth
- Wine Trade – acceleration of EBITAS growth for FY05 and into FY06 due to operational review initiatives and improving industry dynamics
- FBI – continued moderate growth in global earnings
- Wine Clubs and Services – improved 2<sup>nd</sup> half performance
- Normalised NPAT – high single to low double-digit growth\*
- Modestly lower share count

\* FY04 normalised continuing base = \$514.3m

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**FOSTER'S**  
GROUP

Inspiring Global Enjoyment



## Appendices

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## Key Financials



Reported Results	HY05 \$m	HY04 \$m	Change %
Volume (000 9 litre case equivalent)	123,552	123,365	0.2
NSR	2,030.1	2,260.4	(10.2)
EBITAS	500.6	526.8	(5.0)
EBIT	462.4	468.2	(1.2)
Amortisation	34.2	25.0	
Depreciation	62.0	75.3	
NPAT	757.0	764.1	(0.9)
EPS	37.8	35.9	5.3
Net operating cash flow	207.2	342.0	(39.4)
Capex	110.6	104.0	
Significant items (after tax)	461.7	464.3	

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<b>FX Impact</b>		<b>FOSTER'S GROUP</b>	
			
			<small>Inspiring Global Engagement</small>
	HY05 \$m	HY04 \$m	Change %
<b><u>Beringer Blass Group</u></b>			
NSR (as reported)	912.3	895.2	1.9
Adjust for current period fx rates	-	<u>(22.9)</u>	
NSR restated	<u>912.3</u>	<u>872.3</u>	4.6
EBITAS (as reported)	167.6	182.4	(8.1)
Adjust for current period fx rates	-	<u>(5.1)</u>	
EBITAS restated	<u>167.6</u>	<u>177.3</u>	(5.5)
Normalised Cashflow	163.3	133.2	22.6
Adjust for current period fx rates	-	<u>(3.5)</u>	
Cashflow restated	<u>163.3</u>	<u>129.7</u>	25.9

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<b>FX Impact</b>		<b>FOSTER'S GROUP</b>	
			
			<small>Inspiring Global Engagement</small>
	HY04 \$m	HY03 \$m	Change %
<b><u>Beringer Blass Trade</u></b>			
NSR (as reported)	644.7	610.1	5.7
Adjust for current period fx rates	-	<u>(23.4)</u>	
NSR restated	<u>644.7</u>	<u>586.7</u>	9.9
EBITAS (as reported)	137.2	142.1	(3.4)
Adjust for current period fx rates	-	<u>(5.2)</u>	
EBITAS restated	<u>137.2</u>	<u>136.9</u>	0.2

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**SGARA**

	HY05	HY04
	\$m	\$m
<b>Revenue</b>		
<b>Current Year Increment</b>	23.1	64.0
<b>Prior Year Amortisation</b>	(16.4)	(59.3)
	6.7	4.7
<b>Cost of Sales</b>		
<b>Vineyard Operating Expenses*</b>	(24.1)	(55.3)
<b>Prior Year Amortisation</b>	13.4	17.0
	(10.7)	(38.3)
<b>EBITA</b>	(4.0)	(33.6)

\* Represents cash flow

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**Interest Expense Reconciliation**

	\$m
<b>Net interest expense HY04</b>	(34.0)
<b>Lower interest expense on average debt</b>	6.8
<b>Convertible bond impact in HY04</b>	(9.1)
<b>Other net interest</b>	0.6
<b>Net Interest Expense HY05</b>	(35.7)

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## Group Working Capital



	HY05	HY04
	\$m	\$m
Receivables	930.9	1,611.4
Inventories	1,258.4	1,610.1
Creditors	<u>(878.2)</u>	<u>(2,236.4)</u>
Net Working Capital	<u>1,311.1</u>	<u>985.1</u>

December 2003 adjusted for \$668.4m buy-back paid in January 2004

Payables	(1,568.0)
Net working capital	1,653.5

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## Balance Sheet



A\$ million	Dec 2004	Dec 2003
Net Working Capital	1,311.1	985.1
Fixed Assets	2,323.5	2,260.0
Investments	61.5	157.9
Intangibles	2,139.4	2,254.3
Other Assets	114.2	77.8
Tax & Other Provisions	<u>(188.4)</u>	<u>(298.3)</u>
Capital Employed	5,761.3	5,436.8
Net Debt	<u>(810.3)</u>	<u>(684.3)</u>
Shareholders Equity	<u>4,951.0</u>	<u>4,752.5</u>

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## Definitions



- **Average exchange rate**  
The average USD exchange rate for HY05 used for P&L is 0.7307. This is also the rate applied to HY04 USD results (along with relevant 3<sup>rd</sup> currencies as applicable) to calculate numbers referred to as "at constant exchange rates".
- **Continuing Business**  
Total business excluding Lensworth (divested December 2004) and ALH (divested November 2003).
- **EBITAS**  
Earnings before Interest, tax, amortisation, significant items and SGARA.
- **Normalised Net Income**  
Net Income excluding SGARA, significant items, amortisation and discontinued operations. Includes Interest expense benefit from the sale of Lensworth and ALH.
- **Normalised OCF**  
Operating cash flow, excluding significant items and other one-off transactions which will not be part of the future financial results of the continuing business.
- **Normalised OCFPIT**  
Normalised OCF (as above) pre interest and tax. Measure primarily used at divisional level.
- **SGARA**  
Australian accounting standard AASB 1037 "Self Generating and Re-Generating Assets".

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