APPENDIX 4E

FOSTER'S GROUP LIMITED

FOR THE TWELVE MONTHS ENDED 30 JUNE 2007

ABN 49 007 620 886

Results for announcement to the market

Extracts from this report for announcement to the market.

				$m
Total revenue	up	5.0%	to	$4,760.2
Net profit for the period attributable to members	down	17.1%	to	$966.2

Dividends	Amount per security	Franked amount per security at 30% tax
Final dividend	13.00¢	13.00¢
Interim dividend	10.75¢	10.75¢
Total dividend	23.75¢	23.75¢

Record date for determining entitlements to the dividends	6 September 2007

Annual Meeting
The annual meeting will be held as follows:

Place	Adelaide Convention Centre North Terrace Adelaide, South Australia
Date	Wednesday 31 October 2007
Time	10.30 am
Approximate date the annual report will be available	Tuesday 18 September 2007

Compliance Statement

This report has been prepared under accounting policies which comply with the Corporations Act 2001, the Accounting standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This report and the financial statements prepared under the Corporations Act 2001, use the same accounting policies. This report gives a true and fair view of the matters disclosed. The financial statements have been audited. No qualifications have been made by the auditors.

28 August 2007

FOSTER'S FULL YEAR EARNINGS UP 17%

- Net profit pre significant items & SGARA up 16.8% to $716 million
- Earnings per share pre significant items & SGARA up 16.7% to 35.6 cents
- Continuing business net sales revenue up 4.7% to $4.6 billion
- Return on capital employed up 1.2 percentage points to 15%
- Net debt down $931 million to $2,569 million
- Final dividend up 10.6% to 13.0 cents per share
- $350 million Capital Management program announced

Results Summary - Foster's Group Limited for the 12 Months ended 30 June 2007			
	2007 $m	2006 $m	% Change
Continuing Business			
Net Sales Revenue (NSR) (1)	4,555.2	4,350.9	4.7
EBITS(1)	1,154.9	1,072.9	7.6
EBITS / NSR (%)	25.4	24.7	0.7 pts
Operating Cash Flow pre Interest and Tax (OCFPIT)	1,213.2	1,246.6	(2.7)
OCFPIT / EBITDAS (%)	92.9	102.5	(9.6)pts
Foster's Group			
Net Profit after Tax before Significant Items & SGARA (1)	716.1	612.9	16.8
Earnings per Share before Significant Items & SGARA (1)	35.6	30.5	16.7
Net Profit after Tax	966.2	1,166.2	(17.1)
Earnings per Share (cents)	48.0	58.0	(17.2)

1. Refer reconciliation to income Statement on page 11

CEO Comments

Foster's Chief Executive Officer, Trevor O'Hoy said:

"We have delivered accelerating earnings per share growth and our third consecutive year of double digit growth.

"Group earnings before interest, tax, SGARA and significant items grew 7.6% to $1.15 billion.

"Revenues grew 4.7% to $4.5 billion, or almost 6% at constant exchange rates.

"Revenue growth accelerated strongly in the second half, up 8.6% at constant exchange rates.

"Net profit pre significant items and SGARA grew 16.8% to $716.1 million.

"Cash conversion was strong at 93% of EBITDAS - ahead of our 85-90% guidance range.

"Growth of international wine was a highlight and reinforces our strategy to become a major global premium wine player.

"One third of group earnings are now offshore and wine represents over 40% of total earnings.

"Our Australian business remains the nation's leading alcohol provider – and continues to generate strong earnings growth.

"Brand health is strong, with all of our global wine brands in growth in the second half.

"We relaunched Rosemount one year ago and I'm pleased to say the brand returned to global growth in the second half.

"In Australian beer, Pure Blonde continues to be a phenomenon, single-handedly accounting for over 21% of total beer category value growth in 2007.

"VB remains Australia's clear favourite - with new packaging and a revamped summer promotion on the way.

"My faith and confidence in the business model we have built remains as strong as ever.

"While I maintain that we can – and should – do better, all the financial indicators are heading in the right direction.

"Importantly, revenue growth is sustainable - driven by systematic and sustained investment in brand and sales support.

"Our focus is on continuing to improve returns from current businesses and delivering sustainable growth in shareholder value.

"The Board has announced a capital management program of up to $350 million and declared a fully franked final dividend of 13c up 10.6%.

HIGHLIGHTS

Earnings per share before significant items and SGARA increased 16.7% to 35.6 cents driven by revenue growth and margin expansion, and supported by strong cash flows. Group returns increased 1.2 percentage points to 15%.

Continuing business constant currency net sales revenue increased 5.9% to $4,555.2 million with growth in the second half accelerating to 8.6%.

- Net sales revenue in Australia, Asia and Pacific (AAP) increased 3.9% (4.0% at constant currency). Net sales revenue in Australia increased 3.8%. In the second half Australian revenue increased 7.9%, with 7.8% growth in beer, cider and spirits / RTDs (BCS) and 8.1% growth in wine.

- Constant currency net sales revenue in the Americas increased 7.5% and EMEA increased 15.2%. In the second half constant currency net sales revenue increased 6.9% in the Americas, and 14.6% in EMEA.

- Global wine sales growth continued to gain momentum. Volume increased 4.7% and constant currency net sales revenue increased 7.3%. In the second half global wine volumes increased 6.6% and constant currency net sales revenue increased 9.5%.

Excluding one-time transition costs associated with the transformation of the Australian logistics network, BCS mix adjusted unit cost of goods (COGS) increases were 4.7% and remained within Foster's 3-5% guidance range. Constant currency wine unit cost of goods in fiscal 2007 were in line with fiscal 2006.

Continuing business EBITS increased 7.6% (9.5% constant currency) to $1,154.9 million and EBITS margins increased 0.7 pts (0.9 pts constant currency) to 25.4%.

- In the AAP region EBITS increased 6.5% to $870.0 million and EBITS margins grew 0.7 percentage points to 30.2%. In the second half AAP EBITS increased 9.6% driven by a solid performance from BCS and wine in Australia.

- In the Americas, EBITS increased 3.6% (16.0% constant currency) to $254.2 million. Second half EBITS reduced by 12.7% (increased 7.8% at constant currency). Earnings were negatively impacted by exchange rate movements and higher than anticipated costs associated with the Napa Bottling Centre.

- In EMEA, EBITS increased 18.8% (11.1% constant currency) to $82.2 million. Second half EBITS increased 27.9% (17.9% constant currency) with EBITS margins expanding 1.8 percentage points (0.5 percentage points constant currency) to 19.2%.

- Global wine EBITS increased 7.2% (12.9% constant currency) to $469.6 million. EBITS margins increased 0.4 percentage points (1 percentage point at constant currency) to 20%. EBITS margins were negatively impacted by transaction exchange rate movements and higher than anticipated wine packaging and Australian export logistics costs. Second half global wine EBITS increased 0.7% (10.7% constant currency) and EBITS margins decreased 0.9 percentage points (increased 0.2 percentage points constant currency) to 20.4%.

Net interest expense declined 23.1% to $187.1 million. Tax expense (excluding tax on discontinued operations and significant items) increased 5.1% to $260.7 million.

Net profit pre significant items and SGARA increased 16.8% to $716.1 million.

Continuing business operating cash flow prior to interest and tax (OCFPIT) decreased 2.7% to $1,213.2 million.

- Continuing business OCPFIT / EBITDAS pre significant items decreased 9.6 percentage points to 92.9%.

- Continuing business net capital expenditure was $144.6 million, $70.9 million below the prior period.

Directors have declared a final dividend of 13.0 cents per ordinary share fully franked, an increase of 10.6% on the 2006 final dividend.

FULL YEAR REVIEW

Net profit before significant items and SGARA increased 16.8% to $716.1 million and earnings per share before significant items and SGARA increased 16.7% to 35.6 cents. Continuing business EBITS margins increased 0.7 percentage points (0.9 percentage points at constant currency) to 25.4%.

REVENUE GROWTH

Continuing business net sales revenue increased 4.7% (5.9% constant currency) to $4,555.2 million and in the second half constant currency net sales revenue growth accelerated to 8.6%.

In AAP, revenue increased 3.9% and growth accelerated to 8.5% in the second half as refinements to the Australian route to market model were implemented and a number of new products were launched. In November 2006 Foster's transitioned to a dual Independent Customer and National Accounts sales structure in Australia and, in February 2007 specialist wine and premium on-premise sales teams were introduced. These initiatives improved sales execution, customer responsiveness and in wine increased sales focus and customer service. AAP wine net sales revenue increased 1.7% and in the second half increased 9.8%.

In Australia, beer revenue increased 5.8% with growth in premium and mid-strength ahead of the respective categories (Source: AC Nielsen). In the mid strength category Foster's strengthened its portfolio with the launch of VB Mid and Crown Gold. In the premium category Corona and Crown performed strongly, and Foster's announced a new license agreement for Carlsberg in Australia and in July 2007 launched Shanghai Lager. Mix is expected to continue to contribute strongly to net sales revenue growth in fiscal 2008.

In the regular category Pure Blonde volume increased by more than 140% and captured over 20% of total beer category value growth in Australia (Source: AC Nielsen – Total Beer category value growth MAT to 30 June 2007). Carlton Draught continued to perform strongly with double digit revenue growth. VB revenue increased but volume was below the prior period. A number of initiatives, including the launch of VB Mid, the first major innovation initiative behind the VB brand, are being implemented to improve performance. Volume in the Light category was below the prior period.

Revenue growth in the Americas and EMEA benefited from stable route to market structures and a strong innovation pipeline. EMEA growth was driven by the re-establishment of a strong promotional program with the major UK retailers, and strong growth in the Netherlands, Nordic markets and Ireland. Key drivers of Americas growth were the contributions from new products including Beringer Third Century, Bohemian Highway and Yellowglen Yellow and Pink, and growth in Foster's Californian wines at the US$10 and above price points which continue to be particularly strong.

Foster's wine business continues to build top line momentum. Volume increased 4.7% and constant currency net sales revenue increased 7.3%. Second half volume and constant currency revenue growth were 6.6% and 9.5% respectively. Beringer, Lindemans, Penfolds and Wolf Blass all performed strongly with constant currency revenue increasing 10.7% during the period and 12.2% in the second half.

The performance of Rosemount improved through the year as its relaunch gained momentum in each region. Globally, Rosemount returned to growth in the second half (volume up 8.3% and constant currency net sales revenue up 1.5%) and in the fourth quarter Rosemount volume increased 17%. Rosemount is performing strongly in the AAP and EMEA regions. In the USA consumer and customer response has been encouraging in states where the new Rosemount is on shelf. The decline in Rosemount revenue per case during the period was driven by the EMEA region and reflects mix and a return to strong promotional programming in the UK market.

Innovation was a key contributor to growth in global wine. In the Americas Foster's launched 4 new wine brands – Beringer Third Century, Bohemian Highway, Yellowglen Yellow and Pink and Lindmans South Africa. In EMEA Foster's entered the Italian and Sparkling categories, and the Chilean category with Lindemans Country of Origin. Foster's increased its relevance to major UK retailers with the launch of Lindemans Winemakers Release and Eaglehawk Reserve ranges, and increased its presence in the Californian category with additional Beringer ranges.

In fiscal 2008 Foster's expects a continuation of fiscal 2007 innovation momentum, and the realisation of full year benefits from sales capability advances initiated in fiscal 2007. Revenue gains are also expected from mix improvements across the portfolio and pricing.

In the Americas, in fiscal 2008 Foster's will undertake distributor reviews across key states seeking to partner with distributors that deliver superior growth. While no decisions have been made, Foster's expects this review will identify incremental opportunities to improve the effectiveness and efficiency of the US route-to-market.

In wine, selective price increases taken in fiscal 2007 are expected to be followed by the pursuit of more widespread pricing opportunities across each market in fiscal 2008.

Foster's continues to invest behind its core brands with global advertising and promotional (A&P) marginally ahead of the prior period.

GLOBAL SUPPLY

BCS Supply

Foster's Beer, Cider and Spirits (BCS) supply function continues to perform as expected. In fiscal 2007, Australian BCS mix adjusted unit Cost of Goods Sold (COGS) increased by approximately 4.7% with the realisation of efficiency benefits partially offsetting the impact of higher commodity input costs. The 4.7% increase excludes $7.7 million in one-off costs incurred in the second half associated with the transformation of the Australia logistics network. Second half mix adjusted BCS unit COGS increased 6.2% with higher commodity prices including aluminium, sugar, glass and malt accounting for approximately 80% of the unit COGS increase.

In fiscal 2007 Foster's closed the Airport West and Botany production facilities and announced it would cease production at the North Fremantle brewery in September 2007. Production from these facilities will be transferred to more efficient sites within the Foster's network, principally Yatala, Abbotsford and Cascade.

Foster's currently expects Australian BCS mix adjusted unit COGS in fiscal 2008 to increase by between 2-4% excluding the impact of additional transition costs associated with the transformation of the Australian logistics network.

Global Wine Supply

In wine supply, vineyard, winery and procurement costs were in line with expectations and have benefited from the realisation of efficiency initiatives. However wine packaging and Australian export logistics costs were higher than anticipated.

Fiscal 2007 wine constant currency unit cost of goods were in line with fiscal 2006, with efficiency realisation, mix shift to higher priced bottled wine, packaging costs and vintage changeover the major influences.

In Australia, system and process re-engineering at the Wolf Blass packaging facility and in wine export logistics delivered anticipated improvement in service levels and financial performance in the second half. Further incremental improvements are anticipated in fiscal 2008.

In the Americas, improvements in operating efficiencies at the Napa Bottling Centre (NBC) were realised late in the second half, and as a result costs were $10 million higher than previously expected. These costs related to higher people and logistics costs, and greater than expected volumes packed at the St Helena packaging facility and at external contract bottlers. NBC plant operating efficiency improved in May and this improvement has been sustained in June and July. Further incremental improvements are anticipated in fiscal 2008 and are expected to facilitate a reduction in external contract bottling and closure of the St Helena packaging facility.

Combined global unit costs for wine packaging, warehousing, freight and logistics were lower in fiscal 2007 than the prior period and are expected to reduce further in fiscal 2008 as we continue to realise efficiencies in wine manufacturing operations.

Global wine unit COGS in fiscal 2008 will be influenced by the further realisation of efficiency initiatives, incremental improvement in packaging costs and Australian wine export logistics, first half benefits from the lower cost Australian vintage 2006, offset by the impact of the higher cost 2007 Australian vintage and a planned mix shift towards higher value premium bottled wines. Constant currency fiscal 2008 Californian COGS are expected to be slightly higher than fiscal 2007.

Notwithstanding changes in unit COGS, Foster's expects wine margin expansion in fiscal 2008 driven by ongoing efficiencies, mix enhancement and pricing.

With planned reductions in the volume of lower margin Australian sourced cask wine in fiscal 2008, Foster's expects approximately two thirds of fiscal 2008 global wine volumes to be sourced from Australia.

Foster's has secured the vast majority of its intake requirements for the drought and frost affected 2007 Australian vintage. However lower yields from company vineyards and increases in grape and bulk wine prices will increase the cost of the Australian vintage 2007, before SGARA, by approximately 20% compared to the Australian vintage 2006 which was a very low cost vintage. The increased cost of Australian vintage 2007 will be realised in COGS over a number of fiscal years beginning late in fiscal 2008.

Californian vintage 2007 yields are expected to be moderately below the longer term average. At this early stage the outcome of Australian vintage 2008 remains highly dependant on water availability. Current expectations are for yields similar to vintage 2007 levels.

FOCUS AND EFFICIENCY

Foster's seeks to maximize balance sheet efficiency while maintaining the flexibility to pursue growth opportunities.

In fiscal 2007 free cash flow after dividends increased 6.3% to $285.2 million with an additional $721.7 million realised from the divestment of discontinued businesses and the sale of the former Kent Brewery site. Foster's also bought back approximately 3.3% of its issued capital via a $400 million off-market buy-back.

On 21 August 2007 Foster's signed an agreement for the sale of its Nuriootpa white winery, packaging and warehousing site in the Barossa Valley. The proposed sale of this site was announced in June 2006.

Since June 2005, Foster's has reduced net debt by $1,665 million and returned $1.1 billion to shareholders through dividends and share buy-backs.

Net debt at 30 June 2007 was $2,568.6 million. The net debt balance at 30 June 2007 benefited from strong operational cash flows, proceeds from asset sales and a $357.8 million benefit from foreign exchange movements.

Foster's remains committed to maintaining an investment grade credit rating. At this time, Foster's is comfortable with its current BBB / Baa2 credit ratings from S&P and Moodys respectively and does not see significant net financial advantage in targeting a higher credit rating.

Capital Management

Foster's has today announced a capital management program totaling $350 million with off-market and on-market components[1].

The announcement of the capital management initiatives reflects Foster's sound balance sheet position, the continued expectation of strong operational cash flows, and the surplus capital resulting from recent asset sales. The capital management program is consistent with Foster's commitment to disciplined capital management, and allows Foster's to maintain appropriate gearing levels and capital structure, and is consistent with its investment grade credit rating.

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 in late October 2007.

[1] The Buy-Back is not available to US Persons, Canadian residents or persons in the United States of America. The Buy-Back documents, and any and all related materials, will not be and must not be sent or otherwise distributed in or into the United States or Canada.

OUTLOOK

Foster's outlook comments reflect expectations for underlying performance in constant currency terms.

Revenue growth in the Australian beer category remains robust, and the premium wine category in our key markets continues to display attractive growth characteristics.

Foster's expects global volumes in fiscal 2008 to be similar to fiscal 2007 as portfolio focus shifts to growth in higher margin products, with planned reductions in cask wine volumes. Global revenue growth will be driven by pricing, mix shifts towards premium beers and premium bottled wine, further investment in brands, and enhanced route to market capability.

Revenue growth in the AAP region is expected to be driven by a stable sales organisation in Australia, continued mix improvement and value growth from the Australian beer portfolio, and wine mix enhancement with an increased focus on premium bottled wine.

In the Americas, the premium wine category is expected to remain strong, with further investments in Foster's route to market capability and new product development driving revenue growth in line with the wine category. Strong full earnings growth in fiscal 2008 is likely to be weighted to the second half.

In the EMEA region, Foster's expects to consolidate the recovery in performance experienced in fiscal 2007 with continued momentum from new product development and increasing focus on higher price points driving Foster's revenue growth ahead of the wine category.

Group EBITS margins will benefit from growth in net sales revenue per case and the realisation of further efficiency opportunities.

Earnings per share in fiscal 2008 will benefit from a lower average share count due to the capital management activity completed during fiscal 2007 and the further capital management activity announced today.

Foster's expects cash flow conversion to remain strong and continued growth momentum in both group and wine returns.

FINANCIAL COMMENTARY

12 months ended 30 June	2007 Reported $m	2006 Reported $m	2006 Constant Currency $m	% Change Reported	% Change Constant Currency
Net sales revenue [1]	4,555.2	4,350.9	4,299.5	4.7	5.9
Australia, Asia and Pacific	870.0	816.9	820.0	6.5	6.1
Americas	254.2	245.4	219.2	3.6	16.0
Europe, Middle East and Africa	82.2	69.2	74.0	18.8	11.1
Corporate	(51.5)	(58.7)	(58.7)	12.3	12.3
EBITS [1]	**1,154.9**	**1,072.8**	**1,054.5**	**7.6**	**9.5**
SGARA	(38.1)	(7.1)	(7.7)	(429.2)	(394.8)
EBIT	1,116.8	1,065.7	1,046.8	4.8	6.7
Net finance costs	(187.1)	(243.3)	(231.6)	23.1	19.2
Continuing net profit before tax	**929.7**	**822.4**	**815.2**	**13.0**	**14.0**
Tax [1]	(260.7)	(248.1)	(245.9)	(5.1)	(6.0)
Continuing net profit after tax	**669.0**	**574.3**	**569.3**	**16.5**	**17.5**
Minority Interests	(3.7)	(3.6)	(3.6)	(2.8)	(2.8)
Continuing net profit after tax and minority interests (before significant items)	**665.3**	**570.7**	**565.7**	**16.6**	**17.6**
Discontinued operations trading result after tax [1]	23.4	37.2	40.3	(37.1)	(41.9)
Net Profit after tax (before significant items) [1]	688.7	607.9	606.0	13.3	13.6
Continuing operations significant items (net of tax) [1]	107.8	(59.6)	(58.6)		
Discontinued operations significant items (net of tax)	169.7	617.9	617.1	(72.5)	(72.5)
Net profit after tax	966.2	1,166.2	1,164.5	(17.1)	(17.0)
Reported EPS	48.0	58.0	57.9	(17.2)	(17.1)
Net Profit after tax (before significant items & SGARA) [1]	716.1	612.9	611.3	16.8	17.1
EPS (before significant items & SGARA) [1]	35.6	30.5	30.4	16.7	17.1
Average shares (number - million)	2,013.5	2,012.2	2,012.2		

1. Refer reconciliation to the Income Statement on page [11]

Exchange rates: average exchange rates used for profit and loss purposes in F07 are: $A1 = $US 0.7866 (FY 06: $A1 = $US 0.7467), $A1 = GB£ 0.4066 (FY 06: $A1 = GB£ 0.4205). Period end exchange rates used for balance sheet items are: $A1 = $US 0.8466 (FY 06: $A1 = $US 0.7391), $A1 = GB£ 0.4229 (FY 06: $A1 = GB£ 0.4043).
Constant currency: Throughout this report constant currency assumes current and prior earnings of self-sustaining foreign operations are translated and cross border transactions are transacted at current year exchange rates.
SGARA: Australian International Accounting standard AASB141 "Agriculture"

RECONCILIATION TO THE INCOME STATEMENT

12 months ended 30 June	Reference	**2007 Reported $m**	**2006 Reported $m**
Net Sales Revenue (NSR)	Commentary - p1	**4,555.2**	**4,350.9**
Other Revenue		205.0	182.8
Total Revenue	Income statement - p18	**4,760.2**	**4,533.7**
EBITS	Commentary - p1	**1,154.9**	**1,072.8**
SGARA		(38.1)	(7.1)
EBIT		1,116.8	1,065.7
Material items before tax		96.7	(100.1)
Profit from continuing operations before tax and finance costs	Income statement - p18	**1,213.5**	**965.6**
Tax	Commentary - p10	**(260.7)**	**(248.1)**
Material items - tax		11.1	33.7
Income tax expense relating to continuing operations	Income statement - p18	**(249.6)**	**(214.4)**
Discontinued operations trading result after tax	Commentary - p10	**23.4**	**37.2**
Discontinued operations material items after tax		-	(82.0)
Profit after tax on divestment		169.7	706.7
Net profit from discontinued operations	Income statement - p18	**193.1**	**661.9**
Net profit after tax before Significant Items and SGARA	Commentary - p1	**716.1**	**612.9**
Material items post tax - continuing operations		107.8	(66.4)
Discontinued operations material items after tax		-	(82.0)
Discontinued divestment result after tax		169.7	706.7
SGARA post tax		(27.4)	(5.0)
Net profit attributable to members of Foster's Group Limited	Income statement - p18	**966.2**	**1,166.2**

FOSTER'S AUSTRALIA, ASIA AND PACIFIC

12 months to 30 June Continuing Business pre Significant Items	2007 Reported $m	2006 Reported $m	Change %	2006 Constant Currency $m	Change %
Beer Volume (millions 9L cases)	**107.5**	107.6	(0.1)	107.6	(0.1)
Wine Volume (million 9L cases)	**11.7**	12.6	(7.3)	12.6	(7.3)
Other (millions 9L cases)	**6.9**	7.0	(1.5)	7.0	(1.5)
Total Alcohol Volume (millions 9L cases)	**126.1**	127.2	(0.9)	127.2	(0.9)
Net Sales Revenue	**2,880.9**	2,773.4	3.9	2,770.1	4.0
EBITS	**870.0**	816.9	6.5	820.0	6.1
EBITS / NSR Margin (%)	**30.2**	29.5	0.7 pts	29.6	0.6 pts

AAP EBITS increased 6.5% (6.1% constant currency) to $870 million with a 6.0% increase in Australian EBITS, strong growth in Asia and New Zealand and a lower contribution from the Pacific. Second half AAP EBITS increased 9.6% (8.5% constant currency).

In Australia net sales revenue growth accelerated in the second half following the transition to a dual Independent Customer and National Accounts sales structure and the introduction of specialist wine and premium on-premise teams.

Significant progress has been made in the development of the Australian business platform. The transition to an integrated sales system was completed in the first half and the transformation of the Australian logistics capability to a national multi-beverage network is underway and on schedule. In the first half of fiscal 2008 multi beverage warehouses in Melbourne and Sydney will be commissioned with the national network expected to be in place in the second half of fiscal 2008. Portfolio prioritisation and simplification initiatives continued through the second half contributing to enhanced sales focus and core products aligned to specific customer channels.

Key new product launches during the period included VB Midstrength, Pure Blonde draught, Crown Gold, Yellowglen Jewel and the relaunch of Rosemount and made a strong contribution to second half growth in net sales revenue.

Net sales revenue in Australia increased 3.8% and in the second half increased 7.9%. Total alcohol beverage volume decreased 0.6% with beer volume up 0.4%, wine volume down 8.5% (down 7.4% in the second half) and other alcohol down 1.9%. Within wine, focus has been increased on bottled wine which returned to growth in the second half. Planned reductions in cask wine volume were realised during the period with volumes declining 29% over the full year and 40% in the second half. Further reductions in cask wine volume are planned in fiscal 2008 as Foster's continues its mix evolution away from low margin product and increases focus on the premium bottled wine category.

BCS net sales revenue in Australia increased 4.7% with price contributing the majority of the increase in average net sales revenue per case. Wine net sales revenue in Australia increased 0.2%. In the second half BCS net sales revenue increased 7.8%, and wine net sales revenue grew strongly (up 8.1%) reflecting the benefits of a more stable route to market, increased sales focus and favourable mix, including the benefits of increased allocations of luxury and icon Australian wines to the AAP region. Average wine net sales revenue per case increased 9.5% (16.7% in the second half) and was primarily driven by mix.

Australian EBITS increased 6.0% with good growth in BCS and wine. BCS mix adjusted unit COGS increased 4.7% excluding $7.7 million of costs associated with the transformation of the Australian Logistics network. Increases in average wine unit COGS were driven by mix and higher costs associated with wine packaging inefficiencies in Australia, consistent with guidance in the first half.

In the second half Asia performed strongly and benefited from an increased allocation of luxury and icon Australian wines. Earnings in the Pacific were negatively impacted by political events in Fiji. In New Zealand wine volumes increased strongly in the second half, but beer volumes declined following the alignment of trans-Tasman pricing.

FOSTER'S AMERICAS

12 months to 30 June Continuing Business pre Significant Items	2007 Reported $m	2006 Reported $m	Change %	2006 Constant Currency $m	Change %
Beer Volume (millions 9L cases)	**5.8**	6.0	(3.8)	6.0	(3.8)
Wine Volume (million 9L cases)	**19.9**	18.8	5.5	18.8	5.5
Total Alcohol Volume (millions 9L cases)	**25.7**	24.8	3.2	24.8	3.2
Net Sales Revenue	**1,219.9**	1,195.3	2.1	1,134.8	7.5
EBITS	**254.2**	245.4	3.6	219.2	16.0
EBITS / NSR Margin (%)	**20.8**	20.5	0.3 pts	19.3	1.5 pts

The Americas continues to grow as a strong premium wine market for Foster's. Wine volume in the Americas increased 5.5% and wine constant currency net sales revenue increased 7.5%, with good growth in the USA and Canadian markets. In the second half wine volume increased 7.7% and constant currency net sales revenue increased 7.0%.

Californian wine constant currency net sales revenue increased 7.3% with strong growth in Chateau St Jean and Stags' Leap which were examples of the 8 brands of Foster's 9 Californian brands in the above US$10 segment that grew in fiscal 2007. Beringer constant currency net sales revenue increased 6.7%. All tiers of the Beringer brand grew revenue with good growth in Beringer Founders Estate, Stone Cellars and the California Collection, supported by the launch of Beringer Third Century during the period.

Australian wine constant currency net sales revenue increased 5.7% with Lindemans, Wolf Blass and Penfolds all performing strongly.

Foster's continues to invest in sales capability and efficiency. In fiscal 2007, US field sales staff were equipped with proprietary store level depletions tracking software, purchase level consumer insights database and enhanced sales price and promotion analysis tools. Distribution points increased approximately 6% with good growth in the on-premise and convenience channels.

Wine constant currency net sales revenue per case increased 1.9% in fiscal 2007 and benefited from selective price increases implemented in the first half and a contribution from improved mix. In the second half net sales revenue per case was negatively impacted by reduced volumes of luxury and icon Australian wines as they were reallocated to higher returning AAP markets.

Americas constant currency EBITS increased 16.0% and constant currency EBITS margins increased 1.5 percentage points to 20.8%. In the second half EBITS margins were negatively impacted by reduced volumes of luxury and icon Australian wines and costs associated with inefficiencies at the NBC. Higher than anticipated NBC costs reduced Americas EBITS margins by approximately 2.5 percentage points in the second half.

FOSTER'S EUROPE, MIDDLE EAST AND AFRICA (EMEA)

12 months to 30 June **Continuing Business pre Significant Items**	**2007 Reported $m**	**2006 Reported $m**	**Change %**	**2006 Constant Currency $m**	**Change %**
Beer Volume (millions 9L cases)	**1.3**	1.5	(5.9)	1.5	(5.9)
Wine Volume (million 9L cases)	**9.4**	7.6	22.7	7.6	22.7
Total Alcohol Volume (millions 9L cases)	**10.7**	9.1	18.2	9.1	18.2
Net Sales Revenue	**454.4**	382.2	18.9	394.6	15.2
EBITS	**82.2**	69.2	18.8	74.0	11.1
EBITS / NSR Margin (%)	**18.1**	18.1	-	18.8	(0.7)pts

In EMEA, innovation and the distribution reach of the combined Southcorp and Beringer Blass businesses contributed to accelerated growth. Wine volume increased 22.7% and wine constant currency net sales revenue increased 16.1%. In the second half, wine volume increased 16.7 % and constant currency net sales revenue increased 16.6%. EMEA region constant currency EBITS increased 11.1%.

New products including Lindemans Winemakers Release, Eaglehawk Reserve, and the launch of an expanded Beringer range contributed strongly to constant currency net sales revenue growth in fiscal 2007.

In the UK wine volume increased 26% benefiting from strong promotional programs with the major retailers, an investment in sales capability in the convenience channel and the successful relaunch of Rosemount. Rosemount volumes increased over 60% in the second half.

Outside the UK, wine volume increased 19% with strong growth in the Nordics, the Netherlands and Ireland driven by strong performances by Lindemans, Penfolds and Wolf Blass.

Wine constant currency net sales revenue per case declined 5.4% which primarily reflects mix as Foster's recaptured volume share and relevance with key customers by establishing a strong position at the £4 average retail price point in the UK, and realised strong growth of bag-in-box in the Nordics. In the second half mix was also impacted by reduced volumes of luxury and icon wines following a reallocation to higher returning AAP markets.

EMEA constant currency EBITS margins declined 0.7 percentage points to 18.1%, primarily reflecting mix. In the second half, constant currency EBITS margins increased 0.5 percentage points to 19.2%, reflecting selective pricing and the benefits of increased volumes of the lower cost Australian vintage 2006 wine.

FOSTER'S WINE TRADE

12 months to 30 June Continuing Business pre Significant Items	2007 Reported $m	2006 Reported $m	Change %	2006 Constant Currency $m	Change %
AAP Volume (millions 9L cases)	**11.7**	12.6	(7.3)	12.6	(7.3)
Americas Volume (millions 9L cases)	**19.9**	18.8	5.5	18.8	5.5
EMEA Volume (millions 9L cases)	**9.4**	7.7	22.7	7.7	22.7
Total Volume (millions 9L cases)	**41.0**	39.1	4.7	39.1	4.7
AAP NSR	**690.5**	678.7	1.7	677.3	1.9
Americas NSR	**1,215.8**	1,191.2	2.1	1,130.7	7.5
EMEA NSR	**440.2**	366.6	20.1	379.0	16.1
Total Net Sales Revenue	**2,346.5**	2,236.5	4.9	2,187.0	7.3
Total EBITS	**469.6**	437.9	7.2	415.9	12.9
EBITS / NSR Margin (%)	**20.0**	19.6	0.4 pts	19.0	1.0 pts
EBIT	**431.5**	430.7	0.2	408.3	5.7
OCFPIT	**481.8**	539.4	(10.7)	527.3	(8.6)

Foster's global wine trade volumes increased 4.7% and constant currency net sales revenue increased 7.3%. Constant currency EBITS increased 12.9% and EBITS margin increased 1.0 percentage point to 20%.

The SGARA loss of $38.1 million ($27.4 million after tax) was primarily due to lower volumes from the drought and frost affected Australian vintage 2007, only modestly offset by an increase in value per tonne.

The wine business is expected to deliver sustainable improvements in returns in fiscal 2008, however, given prevailing foreign exchange rates and higher than anticipated wine packaging and export logistics costs, Foster's wine business returns in fiscal 2008 are not expected to reach the levels targeted at the time of the Southcorp acquisition. The timing of reaching targeted return levels will be dependant upon prevailing exchange rates, continued revenue growth momentum, increased wine packaging and export logistics efficiencies, and the volume and costs associated with Australian vintage 2008.

CONTINUING BUSINESS SIGNIFICANT ITEMS

Continuing business net profit from significant items of $107.8 million ($96.7 million before tax) included a $131.5 million after tax profit related to the sale of the Kent brewery site in Sydney and an after tax loss of $23.7 million relating to the cessation of production at North Fremantle. The North Fremantle significant item includes cash costs of $13.1 million.

DISCONTINUED BUSINESSES

The Discontinued Businesses trading result was $32.5 million ($23.4 million after tax) and primarily related to the Wine Clubs & Services business.

Discontinued business significant items after tax was $169.7 million and included a post tax loss of $35.2 million relating to divestment of the Wines Clubs & Services businesses and a post tax profit of $204.9 million relating to the divestment of the Asian brewing businesses and the Foster's trademark in India. The Wine Clubs and Services loss includes a fair value adjustment relating to Sobemab, the European Wine Services business that remains to be sold, and incremental tax, transaction and restructuring costs.

CASH FLOW

12 months to 30 June	2007 $m	2006 $m	% Change
EBITDAS - continuing	**1,305.6**	**1,216.7**	**7.3**
Working capital change	(86.5)	63.3	
Other items	(5.9)	(33.4)	
Operating cash flow before interest and tax	**1,213.2**	**1,246.6**	**(2.7)**
Dividends received	0.4	0.1	
Net interest paid	(209.7)	(221.6)	
Tax paid	(228.1)	(206.6)	
Net operating cash flows	**775.8**	**818.5**	**(5.2)**
Net capital expenditure	(144.6)	(215.5)	
Cash flow before dividends	**631.2**	**603.0**	**4.7**
Ordinary dividends/distributions to minorities	(346.0)	(334.6)	
Cash flow after dividends	**285.2**	**268.4**	**6.3**
Continuing business cash conversion	92.9%	102.5%	(9.6)pts
Net operating cash flows	**775.8**	**818.5**	**(5.2)**
Discontinued business	34.4	64.0	
Less significant item cash flows in operating	(62.9)	(47.3)	
Statutory operating cash flows	**747.3**	**835.2**	**(10.5)**

Continuing business operating cash flow pre interest, tax and significant items decreased 2.7% to $1,213 million. Free cash flow after dividends increased 6.3% to $285 million.

Cash conversion declined 9.6 percentage points to 93% of EBITDAS. The decline in cash conversion primarily reflects higher cash outflows associated with Australian vintage 2007.

Net capital expenditure declined 32.9% to $144.6 million. Major capital expenditure projects during the period included the Australian logistics transformation, upgrades to warehousing facilities at Lindemans Karadoc, wine packaging at Wolf Blass and NBC, and investments in technology such as the enhanced international 'order to cash' system. In fiscal 2008 capital expenditure is expected to be in line with depreciation.

Discontinued operations include net operating cash flows of $34.4 million and approximately $3.7 million of net capital expenditure. Cash flows associated with significant items were $62.9 million and included cash disbursements relating to the Southcorp integration of $21.3 million, and payments totalling approximately $16.2 million in relation to the wine trade operation review announced in June 2004 and $15.5 million relating to the global Formula 1 sponsorship which ended in December 2006.

NET DEBT

12 months to 30 June	2007 $m	2006 $m	% Change
Gross borrowings	2,874.5	3,972.6	(27.6)
Debt issuance costs	(18.8)	(22.9)	
Fair value adjustments to fixed debt	2.1	(8.7)	
Borrowings per balance sheet	2,857.8	3,941.0	(27.5)
Cash	(287.5)	(449.6)	(36.1)
Fair value of fixed rate debt hedges	(1.7)	7.8	
Net debt	2,568.6	3,499.2	(26.6)
Gearing (%)	55.4	78.1	22.7 pts
Interest Cover (times)	6.2	4.4	1.8 times

Foster's net debt reduced by $931 million during the period to just below $2.6 billion. Net debt was $357.8 million lower as a result of foreign exchange movements. The approximate proportion of Foster's gross debt denominated in US dollars is 80%, in pounds sterling 8%, in Australian dollars 10%, and other currencies 2%. Approximately 50% of the gross debt portfolio is at fixed rates.

Net interest expense declined to $187.1 million and the average interest rate in the period was 5.72%. Net interest benefited by approximately $12 million as a result of foreign exchange movements, and in the second half from an $8 million debt restructuring benefit. Foster's expects the average interest rate in fiscal 2008 to be in the mid-6% range.

Group interest cover, defined as continuing business EBITS to net interest, has increased from 4.4 times to 6.2 times.

TAXATION

The Group's tax expense (excluding tax on significant items and discontinued operations) increased 5.5% to $260.7 million. The effective tax rate (excluding significant items and related tax) was 28%. Foster's expects its effective tax rate to remain at or modestly above current levels in fiscal 2008.

In June 2007 Foster's announced that it had received income tax assessments from the Australian Commissioner of Taxation. The assessments relate to the utilisation of tax losses associated with the funding of the Elders Finance Group in the 1980's and 1990's which are currently the subject of related Federal Court proceedings initiated by Foster's. Foster's view is that it's maximum exposure in relation to these and related assessments is limited to $545.7 million ($340.9 million for primary tax and $204.8 million for penalties and interest), based on the positions adopted by the Commissioner. Foster's paid $244 million to the Commissioner on 3 August 2007. Foster's will recognise this amount as a receivable until the matter is resolved.

Foster's Group Limited and its controlled entities
Income Statement for the financial year ended 30 June

	Note	Consolidated	
		2007	2006
		$m	$m
Revenue	2	**4,760.2**	4,533.7
Cost of sales		**(2,665.5)**	(2,466.6)
Gross profit		**2,094.7**	2,067.1
Other income	2, 3	**144.3**	9.7
Selling expenses		**(340.0)**	(325.5)
Marketing expenses		**(360.1)**	(350.8)
Distribution expenses		**(23.8)**	(11.8)
Administration expenses		**(224.6)**	(301.1)
Other expenses	2,3	**(87.3)**	(130.5)
Share of net profits of associates and joint ventures accounted for using the equity method	8	**10.3**	8.5
Profit from continuing operations before tax and finance costs		**1,213.5**	965.6
Finance income		**27.3**	31.0
Finance costs		**(214.4)**	(274.3)
Net finance income/(costs)	2	**(187.1)**	(243.3)
Profit before tax from continuing operations		**1,026.4**	722.3
Income tax expense relating to continuing operations		**(249.6)**	(214.4)
Net profit from continuing operations		**776.8**	507.9
Net profit from discontinued operations	4	**193.1**	661.9
Profit for the year		**969.9**	1,169.8
Net profit attributable to minority interests		**3.7**	3.6
Net profit attributable to members of Foster's Group Limited		**966.2**	1,166.2
Profit for the year		**969.9**	1,169.8
Earnings per share for profit from continuing operations attributable to the members of Foster's Group Limited (cents)	6	**38.4**	25.1
Earnings per share for profit attributable to the members of Foster's Group Limited (cents)	6	**48.0**	58.0

The income statement should be read in conjunction with the accompanying notes.

Foster's Group Limited and its controlled entities
Balance Sheet at 30 June

	Note	Consolidated 2007 $m	2006 $m
Current assets			
Cash and cash equivalents		**287.5**	449.6
Receivables		**1,211.4**	889.9
Inventories		**1,037.9**	1,170.0
Non-current assets classified as held for sale		**100.7**	567.9
Derivative financial assets		**1.6**	3.7
Total current assets		**2,639.1**	3,081.1
Non-current assets			
Receivables		**42.6**	70.7
Inventories		**461.2**	481.1
Investments accounted for using the equity method	8	**63.0**	64.7
Property, plant and equipment		**2,261.7**	2,343.2
Agricultural assets		**335.1**	354.1
Intangible assets		**3,421.8**	3,591.2
Deferred tax assets		**296.8**	406.6
Derivative financial assets		**41.7**	46.4
Total non-current assets		**6,923.9**	7,358.0
Total assets		**9,563.0**	10,439.1
Current liabilities			
Payables		**771.1**	794.1
Borrowings		**285.9**	472.6
Current tax liabilities		**272.4**	1.3
Provisions		**148.7**	206.4
Liabilities directly associated with non-current assets held for sale		**40.4**	107.4
Derivative financial liabilities		**3.1**	4.3
Total current liabilities		**1,521.6**	1,586.1
Non-current liabilities			
Payables		**27.4**	45.3
Borrowings		**2,571.9**	3,468.4
Deferred tax liabilities		**744.4**	789.1
Provisions		**28.7**	18.9
Derivative financial liabilities		**35.8**	49.6
Total non-current liabilities		**3,408.2**	4,371.3
Total liabilities		**4,929.8**	5,957.4
Net assets		**4,633.2**	4,481.7
Equity			
Contributed equity	9	**3,612.9**	3,616.8
Reserves		**(219.4)**	(136.6)
Retained profits	10	**1,212.1**	972.7
Total parent entity interest		**4,605.6**	4,452.9
Minority interests in controlled entities		**27.6**	28.8
Total equity		**4,633.2**	4,481.7

The balance sheet should be read in conjunction with the accompanying notes.

Foster's Group Limited and its controlled entities
Statement of Recognised Income and Expenses for the financial year ended 30 June

	Note	Consolidated 2007 $m	2006 $m
Total Equity at the beginning of the financial year		**4,481.7**	3,707.2
Adjustment resulting from change in accounting policy		**(5.3)**	(13.4)
Cash flow hedges (net of tax)		**2.1**	(27.3)
Net investment hedges (net of tax)		**177.6**	(75.1)
Share based payments		**2.0**	11.7
Actuarial gains/(losses) on defined benefit plans		**0.5**	13.0
Exchange difference on translation of foreign operations		**(254.0)**	35.6
Net income/(expense) recognised directly in equity		**(77.1)**	(55.5)
Profit for the year		**969.9**	1,169.8
Total recognised income/(expense) for the period		**892.8**	1,114.3
Total recognised income and expense for the period is attributable to:			
- members of Foster's Group Limited		**889.1**	1,110.7
- minority interests		**3.7**	3.6
Transactions with equity holders			
- contributions (return) of equity	9	**(3.9)**	87.9
- dividends paid	7	**(732.5)**	(411.7)
- minority interests		**(4.9)**	(16.0)
		(741.3)	(339.8)
Total Equity at the end of the financial year		**4,633.2**	4,481.7

The statement of recognised income and expenses should be read in conjunction with the accompanying notes.

Foster's Group Limited and its controlled entities
Statements of Cash Flows for the financial year ended 30 June

	Consolidated	
	2007	2006
	$m	$m
	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	**6,858.6**	6,841.4
Payments to suppliers, governments and employees	**(5,672.9)**	(5,564.1)
Dividends received	**0.4**	0.1
Interest received	**22.6**	41.6
Borrowing costs	**(231.8)**	(273.8)
Income taxes paid	**(229.6)**	(210.0)
Net cash flows from operating activities	**747.3**	835.2
Cash flows from investing activities		
Payments to acquire controlled entities (net of cash balances acquired)	**(1.4)**	(156.2)
Payments for property, plant, equipment and agricultural assets	**(195.2)**	(284.9)
Payments for acquisition of investments/other assets	**-**	(50.1)
Payments for issues of loans	**(0.4)**	-
Net proceeds from repayment of loans	**3.4**	3.3
Proceeds from sale of property, plant and equipment	**46.9**	65.2
Proceeds from sale of investments and other assets	**202.8**	730.9
Proceeds from sale of controlled entities	**517.3**	28.9
Net cash flows from investing activities	**573.4**	337.1
Cash flows from financing activities		
Payments for shares bought back	**(125.3)**	-
Proceeds from issue of shares and exercise of options	**0.7**	3.3
Proceeds from borrowings	**509.6**	670.3
Repayment of borrowings	**(1,231.7)**	(1,863.6)
Distributions to minority interests	**(3.1)**	(1.8)
Dividends paid	**(620.2)**	(332.9)
Net cash flows from financing activities	**(1,470.0)**	(1,524.7)
Total cash flows from activities	**(149.3)**	(352.4)
Cash at the beginning of the year	**448.0**	791.9
Effects of exchange rate changes on foreign currency cash flows and cash balances	**(11.2)**	8.5
Cash at the end of the year	**287.5**	448.0

The statement of cash flows should be read in conjunction with the accompanying notes.

Note 1 Extract of significant accounting policies

Basis of Preparation

This report is an extract from the general purpose financial report, which has been prepared in accordance with the requirements of Australian equivalents to International Financial Reporting Standards (AIFRSs) and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and agricultural assets, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair value attributable to the risks that are being hedged.

This extract of significant accounting policies does not include all the notes of the type normally included in the annual financial report. The complete summary of significant accounting policies will be included in the Annual Report for the year ended 30 June 2007. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 prepared under Australian GAAP, changes in accounting policy for accounting standard requirements summarised below and any public announcements made by Foster's Group Limited (FGL) during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Statement of Compliance

The general purpose financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

Changes in Accounting Policy

The following changes in accounting policies were implemented:

AASB 114 "Segment Reporting"

Consistent with the prior year the Group has adopted geographical segments as the primary segment. The group no longer reports a secondary industry segment as the risks and returns related to individual products or groups of products are similar. No industry segment has been presented for the comparative year.

AASB 2005-1 "Amendments to Australian Accounting Standards [AASB 139]" – Cash Flow Hedge Accounting of Forecast Intra-group Transactions

Forecast intra-group transactions qualify as a hedge item when the transaction is highly probable, not in the functional currency of the entity entering into the transaction and the foreign currency risk will affect the consolidated position. Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

AASB 2005-4 "Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038]" – Fair Value Options

Gains and losses on financial assets or liabilities are offset in the profit and loss against hedge transactions through the profit and loss when: they eliminate or reduce a recognition or measurement inconsistency; they apply to a group of financial assets/liabilities managed on a fair value basis; or they contain an embedded derivative that is not closely related to the contract.

AASB 2005-9 "Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139, AASB 132]" – Financial Guarantee Contracts

Where a contract meets the definition of a financial guarantee, the contract is recognised at fair value at inception and then recognised at the greater of amortised cost, or the best estimate of total payments under the contract terms. In implementing this change, a provision of $5.3 million (no tax benefits applicable) has been recognised against retained earnings. During the period $1.0 million of this provision was released to net finance costs. An equivalent amount would have been released in the comparative financial period if this change was implemented at 1 July 2004. Comparatives have not been restated. The previous disclosure of a debt related financial guarantee of $150 million has been removed from contingent liabilities and is now disclosed in accordance with the requirements of AASB139 "Financial Instruments: recognition and measurement"

AASB 2006-1 "Amendments to Australian Accounting Standards [AASB 121] – Net Investments in a Foreign Operation

Monetary items form part of a net investment in a foreign operation even if they are not denominated in the functional currency of the entity or the foreign operation.

Recently issued or amended accounting standards

The following Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted for this annual reporting period:

AASB 7 "Financial Instruments: Disclosures", issued August 2005 is applicable to the Group for the year commencing 1 July 2007.

AASB 8 "Operating Segments", issued February 2007 is applicable to the Group for the year commencing 1 July 2009.

Both accounting standards have disclosure implications to the Group. There are no financial impacts associated with adoption of the amendments above.

Note 2 Revenue, expenses and income

	Consolidated	
	2007	2006
	$m	$m
Revenue		
Sales Revenue from continuing operations	**4,551.6**	4,347.2
Royalties	**3.6**	3.7
Net Sales Revenue	**4,555.2**	4,350.9
Dividends	**0.4**	0.1
Rent	**-**	0.1
Other revenue	**204.6**	182.6
Total other revenue	**205.0**	182.8
Total revenue from continuing operations	**4,760.2**	4,533.7
Income		
Net profit on disposal of		
- property, plant and equipment	**17.8**	9.6
- agricultural assets	**1.3**	(1.4)
- net assets held for sale	**125.2**	1.5
Total income from continuing operations	**144.3**	9.7
Depreciation - continuing operations	**(147.1)**	(138.2)
Amortisation - continuing operations	**(3.7)**	(5.6)
	(150.8)	(143.8)
Depreciation - discontinued	**(1.8)**	(15.3)
Amortisation - discontinued	**(0.8)**	(4.8)
	(2.6)	(20.1)
Depreciation - total	**(148.9)**	(153.5)
Amortisation - total	**(4.5)**	(10.4)
	(153.4)	(163.9)
Net agriculture valuation movement	**(38.0)**	(7.1)
finance income		
- other persons [1]	**23.6**	28.2
- fair value loans	**3.7**	2.8
	27.3	31.0
finance costs		
- other persons	**(214.4)**	(274.3)
	(214.4)	(274.3)
net finance income/(cost)	**(187.1)**	(243.3)

1. Includes a current period foreign exchange gain of $8.3 million arising from debt restructuring.

Note 2 Revenue, expenses and income (continued)

	Consolidated 2007 $m	2006 $m
Other disclosures - Continuing		
amounts to provisions for		
- doubtful debts - trade debtors	**(0.5)**	-
- employee entitlements	**(43.3)**	(60.9)
- other	**(20.7)**	(36.9)
write-down in value of inventories	**(5.9)**	(6.9)
reversal of previous inventory write-downs	**13.5**	9.2
rental expense relating to operating leases	**(49.3)**	(65.1)
defined benefit superannuation expense	**(1.4)**	(3.2)
Recoverable amount write-down		
- property, plant and equipment	**(21.2)**	(12.3)
- intangible assets	**-**	(1.8)
- assets held for sale	**(0.4)**	(2.1)

Sales revenue is net of trade discounts and volume rebates. Sales revenue from continuing operations includes the sale of beer, spirits, ciders and wine products. Other revenue mainly includes sales of non-alcoholic beverages, sales by Capital Liquor, hop extract sales and bio-resources revenue.

Note 3 Material Items

Individually material items included in profit from continuing operations before income tax:

	Consolidated 2007 $m	2006 $m
(tax effect nil unless otherwise stated)		
Kent brewery site disposal		
- profit on sale of Kent brewery site	**125.2**	-
- net surplus provision release (tax expense applicable $0.9 million)	**5.4**	-
	130.6	
North Fremantle brewery closure costs		
- asset recoverable amount write-down (tax benefit applicable $6.3 million)	**(20.8)**	-
- redundancies and restructuring costs (tax benefit applicable $3.9 million)	**(13.1)**	-
	(33.9)	-
Southcorp Integration		
Redundancies, asset write-downs and other restructuring costs associated with Southcorp integration, comprising:		
- redundancies (2006 tax benefit applicable $17.2 million)	**-**	(50.9)
- non-cash loss on foreign exchange derivative contracts (2006 tax benefit applicable $2.3 million)	**-**	(7.1)
- asset recoverable amount write-downs and other non-cash restructuring costs (2006 tax benefit applicable $3.3 million)	**-**	(11.1)
- restructure, relocation and closure costs (2006 tax benefit applicable $4.0 million)	**-**	(11.5)
- other cash restructuring costs (2006 tax benefit applicable $6.9 million))	**-**	(19.5)
	-	(100.1)
Total material items (tax benefit applicable $11.1 million; 2006 tax benefit applicable $33.7 million)	**96.7**	(100.1)

Material item expenditure has predominantly been disclosed in other income and other expenses in the income statement.

Note 4 Discontinued Operations

Clubs and Services

In August 2006 the Group announced its intention to divest the Clubs and Services businesses. In May 2007, the Group divested the Australia and New Zealand Clubs and Services businesses to Archer Capital for $214.9 million. In May 2007 the Bourse du Vin International European Clubs business was sold to Baarsma Wine Group Holdings B.V. for $29.1 million and in April 2007 the Windsor USA Clubs business was sold for $9.9 million to affiliates of Girard Winery LLC. In November 2006 the Pallhuber European Clubs business was sold to an affiliate of Orlando Management GmbH for $12.3 million. Sobemab, the European Wine Services business remains held for sale at 30 June 2007.

Foster's Europe and Asia

In September 2006 the Group sold the Vietnam brewing business to Asia Pacific Breweries for US$105 million and the Foster's brand and brewing business in India to SABMiller plc for US$120 million. These divestments marked the Group's exit from brewing in the Asian region. In June 2006 the Group sold its interest in the Shanghai brewing business and local Chinese beer brand names to Suntory Limited. The Group retained ownership and distribution rights for Foster's Lager and its other international beer brands in China.

In May 2006 the Group sold the European distribution rights to the Foster's brand in Europe for $750 million to Scottish and Newcastle.

Australian Leisure and Hospitality

The Australian Leisure and Hospitality Group (ALH) division was divested in November 2003. Certain properties which remain on hand were subject to development conditions before title could pass to Australian Leisure and Entertainment Property Trust.

	Consolidated	
	2007	2006
	$m	$m
Consolidated income statement information		
Revenue	**381.1**	586.1
Expenses	**(348.6)**	(620.0)
Profit before tax and finance costs	**32.5**	(33.9)
Income tax expense	**(9.1)**	(10.9)
Profit after tax from discontinued operations	**23.4**	(44.8)
Gain on sale before income tax	**192.0**	714.9
Income tax expense	**(22.3)**	(8.2)
Profit after tax on divestment	**169.7**	706.7
Net profit from discontinued operations	**193.1**	661.9
Carrying amount of assets and liabilities		
Non-current assets classified as held for sale	**41.0**	429.7
Liabilities directly associated with non-current assets held for sale	**(38.1)**	(105.3)
Net Assets	**2.9**	324.4
Consolidated cash flow information		
Cash Flows related to Operating activities		
Receipts from customers	**404.1**	620.6
Payments to suppliers, governments and employees	**(369.7)**	(559.9)
Net Operating Cash Flows	**34.4**	60.7
Cash Flows related to Investing activities		
Payment for purchases of property, plant and equipment	**(4.3)**	(8.0)
Proceeds from sale of property, plant and equipment	**0.5**	3.2
Proceeds from sale of controlled entities	**517.3**	759.8
Net Investing Cash Flows	**513.5**	755.0
Net cash flows from activities	**547.9**	815.7

In addition to the above net assets of discontinued operations, the carrying amount in the balance sheet for "Non-current assets classified as held for sale" and "Liabilities directly associated with non-current assets held for sale" includes amounts for individually identified assets held for sale, which mainly includes wineries and vineyards.

Note 4 Discontinued operations (continued)

Comparative balance sheet information has been restated to disclose the net assets (excluding net debt) of the discontinued operations for Clubs and Services and Foster's Europe and Asia on the respective assets and liabilities held for sale lines. The ALH net assets have been reported under the classification of 'held for sale' in previous periods.

	Previously reported at 30 June 2006	Discontinued operations	Restated 30 June 2006 Balance Sheet
	$m	$m	$m
Current assets			
Cash and cash equivalents	449.6		449.6
Receivables	961.0	(71.1)	889.9
Inventories	1,278.1	(108.1)	1,170.0
Non-current assets classified as held for sale	168.7	399.2	567.9
Derivative financial assets	3.7		3.7
Total current assets	2,861.1	220.0	3,081.1
Non-current assets			
Receivables	71.9	(1.2)	70.7
Inventories	481.1		481.1
Investments accounted for using the equity method	68.3	(3.6)	64.7
Property, plant and equipment	2,460.0	(116.8)	2,343.2
Agricultural assets	356.0	(1.9)	354.1
Intangible assets	3,668.2	(77.0)	3,591.2
Deferred tax assets	426.1	(19.5)	406.6
Derivative financial assets	46.4		46.4
Total non-current assets	7,578.0	(220.0)	7,358.0
Total assets	10,439.1	-	10,439.1
Current liabilities			
Payables	850.1	(56.0)	794.1
Borrowings	472.6		472.6
Tax liabilities	2.4	(1.1)	1.3
Liabilities directly associated with non-current assets held for sale	30.2	77.2	107.4
Provisions	213.2	(6.8)	206.4
Derivative financial liabilities	4.3		4.3
Total current liabilities	1,572.8	13.3	1,586.1
Non-current liabilities			
Payables	45.5	(0.2)	45.3
Borrowings	3,468.4		3,468.4
Deferred tax liabilities	801.2	(12.1)	789.1
Provisions	19.9	(1.0)	18.9
Derivative financial liabilities	49.6		49.6
Total non-current liabilities	4,384.6	(13.3)	4,371.3
Total liabilities	5,957.4		5,957.4
Net assets	4,481.7	-	4,481.7

Note 5 Segment Results

	Total assets $m	Total liabilities $m	Acquisition of property, plant & equipment, agricultural assets & intangibles $m	Depreciation and amortisation expense $m	Recoverable amount write-down $m	Non-cash expenses other than depreciation and amortisation $m
				2007		
Geographic segments						
Americas	**2,290.3**	**142.8**	**38.9**	**25.7**	**-**	**1.3**
Europe, Middle East and Africa	**338.7**	**91.5**	**0.9**	**2.9**	**0.4**	**1.3**
Australia, Asia and Pacific	**5,836.0**	**594.1**	**146.8**	**115.1**	**21.2**	**72.6**
Continuing operations	**8,465.0**	**828.4**	**186.6**	**143.7**	**21.6**	**75.2**
Unallocated						
Corporate	**472.7**	**188.8**	**4.4**	**7.1**	**-**	**1.3**
Cash/Borrowings	**287.5**	**2,857.8**				
Deferred tax assets/tax provisions	**296.8**	**1,016.8**				
Continuing operations	**9,522.0**	**4,891.8**	**191.0**	**150.8**	**21.6**	**76.5**
Discontinued operations	**41.0**	**38.0**	**4.2**	**2.6**	**19.8**	**0.4**
Total operations	**9,563.0**	**4,929.8**	**195.2**	**153.4**	**41.4**	**76.9**
				2006		
Geographic segments						
Americas	2,550.4	197.0	74.1	25.5	1.8	3.3
Europe, Middle East and Africa	318.9	80.5	6.3	4.6	2.1	11.9
Australia, Asia and Pacific	6,068.6	669.3	180.0	106.1	12.3	76.0
Continuing operations	8,937.9	946.8	260.4	136.2	16.2	91.2
Unallocated						
Corporate	215.3	173.9	16.8	7.6	-	11.1
Cash/Borrowings	449.6	3,941.0				
Deferred tax assets/tax provisions	406.6	790.4				
Continuing operations	10,009.4	5,852.1	277.2	143.8	16.2	102.3
Discontinued operations	429.7	105.3	9.6	20.1	87.6	18.7
Total operations	10,439.1	5,957.4	286.8	163.9	103.8	121.0

Note 5 Segment Results (continued)

	Total Revenue			Comprised of	
	Revenue including inter-segment sales $m	Inter segment revenue $m	External revenue $m	Net Sales Revenue $m	Other revenue $m
			2007		
Geographical segments					
Americas	**1,236.3**	**(11.7)**	**1,224.6**	**1,219.9**	**4.7**
Europe, Middle East and Africa	**485.1**	**(27.0)**	**458.1**	**454.4**	**3.7**
Australia, Asia and Pacific	**3,854.1**	**(789.9)**	**3,064.2**	**2,880.9**	**183.3**
	5,575.5	**(828.6)**	**4,746.9**	**4,555.2**	**191.7**
Unallocated					
Corporate	**13.3**	**-**	**13.3**	**-**	**13.3**
Net finance costs				**-**	**-**
Continuing operations	**5,588.8**	**(828.6)**	**4,760.2**	**4,555.2**	**205.0**
Discontinued operations	**381.1**	**-**	**381.1**	**376.7**	**4.4**
Total operations	**5,969.9**	**(828.6)**	**5,141.3**	**4,931.9**	**209.4**
			2006		
Geographical segments					
Americas	1,210.8	(11.4)	1,199.4	1,195.3	4.1
Europe, Middle East and Africa	408.7	(26.6)	382.1	382.2	(0.1)
Australia, Asia and Pacific	3,550.8	(613.9)	2,937.0	2,773.4	163.6
	5,170.4	(651.9)	4,518.5	4,350.9	167.6
Unallocated					
Corporate	15.2	-	15.2	-	15.2
Net finance costs				-	-
Continuing operations	5,185.6	(651.9)	4,533.7	4,350.9	182.8
Discontinued operations	586.1	-	586.1	587.1	(1.0)
Total operations	5,771.7	(651.9)	5,119.8	4,938.1	181.8

The Group predominantly operates in three geographic segments, supported by a Global Corporate services function. The Group no longer reports a secondary industry segment as the risks and returns related to individual products or groups of products are similar. The Group has included segment disclosure of Net Sales Revenue and Other Revenue in 2007, including comparative information for 2006 to align the segment disclosures to Note 2, Revenue, income and expenses. The net finance costs have not been allocated across segments as the financing function of the Group is centralised through the Group's Treasury division. Inter-segment pricing is on an arm's length basis and is eliminated on consolidation.

Note 5 Segment Results (continued)

	Profit before income tax and material items $m	Material items $m	Profit before income tax $m
		2007	
Geographical segments			
Americas	**254.9**	**-**	**254.9**
Europe, Middle East and Africa	**82.2**	**-**	**82.2**
Australia, Asia and Pacific	**831.2**	**96.7**	**927.9**
	1,168.3	**96.7**	**1,265.0**
Unallocated			
Corporate	**(51.5)**	**-**	**(51.5)**
Net finance costs	**(187.1)**	**-**	**(187.1)**
Continuing operations	**929.7**	**96.7**	**1,026.4**
Discontinued operations	**32.5**	**-**	**32.5**
Total operations	**962.2**	**96.7**	**1,058.9**
		2006	
Geographical segments			
Americas	255.3	(16.2)	239.1
Europe, Middle East and Africa	68.9	(18.3)	50.6
Australia, Asia and Pacific	800.2	(48.7)	751.5
	1,124.4	(83.2)	1,041.2
Unallocated			
Corporate	(58.7)	(16.9)	(75.6)
Net finance costs	(243.3)	-	(243.3)
Continuing operations	822.4	(100.1)	722.3
Discontinued operations	53.6	(87.5)	(33.9)
Total operations	876.0	(187.6)	688.4

Note 6 Earnings per share

	Consolidated 2007	2006
Basic earnings per share (cents) based on net profit from continuing operations attributable to members of Foster's Group Limited	**38.4**	25.1
Basic earnings per share (cents) based on net profit from discontinued operations	**9.6**	32.9
Basic earnings per share (cents) based on profit attributable to members of Foster's Group Limited	**48.0**	58.0
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (in thousands)	**2,012,681**	2,012,182
Diluted earnings per share (cents) based on net profit from continuing operations attributable to members of Foster's Group Limited	**38.4**	25.1
Diluted earnings per share (cents) based on net profit from discontinued operations	**9.6**	32.9
Diluted earnings per share (cents) based on profit attributable to members of Foster's Group Limited	**48.0**	58.0
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share (in thousands)	**2,013,525**	2,012,182

Comparatives have been restated to reflect the impact of bonus elements of shares.

Earnings reconciliation

Basic earnings per share	**$m**	$m
Net profit from continuing operations	**776.8**	507.9
Net profit attributable to minority interests	**(3.7)**	(3.6)
Net profit from continuing operations attributable to members of Foster's Group Limited used in calculating basic earnings per share	**773.1**	504.3
Net profit from discontinued operations	**193.1**	661.9
Net profit attributable to members of Foster's Group Limited used in calculating basic earnings per share	**966.2**	1,166.2

Diluted earnings per share		
Net profit from continuing operations	**776.8**	507.9
Net profit attributable to minority interests	**(3.7)**	(3.6)
Net profit from continuing operations attributable to members of Foster's Group Limited used in calculating diluted earnings per share	**773.1**	504.3
Net profit from discontinued operations	**193.1**	661.9
Net profit attributable to members of Foster's Group Limited used in calculating diluted earnings per share	**966.2**	1,166.2

Note 7 Dividends

	2007 $m	2006 $m
Interim dividend of 10.75 cents per ordinary share paid 2 April 2007 (2006: 9.75 cents per ordinary share paid 3 April 2006)	**218.0**	196.4
Final dividend of 13.00 cents per ordinary share proposed by Directors to be paid 1 October 2007 (2006: 11.75 cents per ordinary share paid 2 October 2006)	**256.2**	237.2
Total dividend of 23.75 cents per ordinary share (2006: 21.50 cents per ordinary share)	**474.2**	433.6
Proposed for approval at Annual General Meeting (not recognised as a liability as at 30 June)		
Total franked dividends for 2007: 23.75 cents per ordinary share (2006: 21.50 cents per ordinary share)	**474.2**	433.6
The amount of dividends that have been or will be franked.	**732.5**	411.7
Amount of franking credits available for the subsequent year.	**188.4**	166.9
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were:		
Paid in cash	**342.9**	332.9
Off-market share buy-back	**277.3**	-
Satisfied by the issue of shares	**112.3**	78.7
Employee share plan loan repayment	**-**	0.1
	732.5	411.7

	Consolidated 2007	2006
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2006: 30%)	**42.9**	165.7
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	**145.5**	1.2
The amount of franking credits available for future reporting periods:	**188.4**	166.9
- impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	**(109.8)**	(101.7)
	78.6	65.2

All the proposed dividends will be 100% franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period subsequent to 30 June 2007. The interim dividend was 100% franked at a tax rate of 30%. The final dividend will be 100% franked at a tax rate of 30%.

Note 8 Investments accounted for using the equity method

	Consolidated 2007 $m	2006 $m
Investments in associates and joint venture partners	**63.0**	64.7

Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the entity holding the ownership interest. The entities are primarily involved in, or have been involved in the production, marketing and distribution activities of the Group.

Note 8 Investments accounted for using the equity method (continued)

Name of entity	Country of Incorporation	Reporting date	Ownership interest 2007 %	2006 %
Fiddlesticks LLC	United States of America	31 December	**50.0**	50.0
Foster's USA, LLC	United States of America	31 March	**49.9**	49.9
Judd Road Vineyards Limited	New Zealand	30 June	**50.0**	50.0
International Trade and Supply Limited	United Kingdom	31 December	**39.9**	39.9
Oak Vale Vineyard Limited	New Zealand	30 June	**50.0**	50.0

The carrying values of material investments are:

- Foster's USA LLC $25.1 million (2006: $27.8 million); and
- International Trade and Supply Limited $36.5 million (2006: $35.5 million).

	Consolidated 2007 $m	2006 $m
Equity accounted share of results		
- net profit before income tax	**10.8**	8.7
- income tax expense attributable to net profit	**(0.5)**	(0.2)
- net profits after income tax	**10.3**	8.5
Retained profits attributable to equity accounted investments		
- balance at the beginning of the financial year	**36.1**	42.0
- distributions received	**(7.1)**	(5.9)
- balance at the end of the financial year	**29.0**	36.1
Carrying amount of equity accounted investments		
- balance at the beginning of the financial year	**64.7**	60.1
- share of net profit	**10.3**	8.5
- dividends received	**(7.1)**	(5.9)
- foreign exchange	**(4.9)**	2.0
	63.0	64.7
Share of assets and liabilities		
- current assets	**29.4**	26.7
- non-current assets	**39.4**	43.0
Total assets	**68.8**	69.7
- current liabilities	**(20.2)**	(19.0)
- non-current liabilities	**(11.5)**	(8.5)
Total liabilities	**(31.7)**	(27.5)
- net assets	**37.1**	42.2
Goodwill/other	**25.9**	22.5
	63.0	64.7

The equity accounted share of results, assets and liabilities are based on unaudited management results. There are no material commitments, contingent liabilities or subsequent events arising from the Group's interest in equity accounted entities.

Note 9 Contributed Equity

	Consolidated	
	2007	2006
	$m	$m
Paid up capital		
ordinary fully paid shares	**3,612.9**	3,616.8
Movements in Share Capital		
opening balance		
- ordinary fully paid shares	**3,616.8**	3,528.9
- employee shares of $1 paid to 1.67 cents	**-**	-
	3,616.8	3,528.9
Off market share buy-back		
- 67,797,482 shares @ $1.81 per share plus transaction costs	**(124.0)**	-
On-market share buy-back		
- 204,000 @ $6.40	**(1.3)**	-
Dividend reinvestment plan		
- 7,871,780 @ $6.00 (2006: 9,471,176 @ $5.64)	**47.2**	53.4
- 10,395,373 @ $6.26 (2006: 4,812,022 @ $5.26)	**65.1**	25.3
783,149 (2006: 1,062,241 @$5.59) ordinary fully paid		
shares issue to employees @ $6.74	**5.3**	5.8
Foster's Long Term Incentive Plan		
- 861,270 @ $2.99	**2.6**	-
Conversion of employee shares to ordinary fully paid shares	**1.2**	-
Options excercised in 2006		
- 320,000 @ $2.36	**-**	0.8
- 750,000 @ $2.12	**-**	1.6
- 420,000 @ $2.48	**-**	1.0
Closing balance		
- ordinary fully paid shares	**3,612.9**	3,616.8
- employee shares of $1 paid to 1.67 cents	**-**	-
Total Contributed equity	**3,612.9**	3,616.8

Note 9 Contributed Equity (continued)

	2007 shares m	2006 shares m
Opening balance		
- ordinary fully paid shares	**2,018.8**	2,001.9
- partly paid employee shares	**1.0**	1.0
	2,019.8	2,002.9
2007 Off-market share buy-back	**(67.8)**	-
2007 On-market share buy-back	**(0.2)**	-
Dividend reinvestment plan		
- October 2006: 7,871,780 (October 2005: 9,471,176)	**7.8**	9.5
- April 2007: 10,395,373 (April 2006: 4,812,022)	**10.4**	4.8
783,149 (2006: 1,062,241) employee share plan issues	**0.8**	1.1
861,270 shares issued pursuant to the Foster's Long Term Incentive Plan	**0.8**	-
Options exercised over 1,490,000 ordinary fully paid shares	**-**	1.5
Closing balance		
- ordinary fully paid shares	**1,970.8**	2,018.8
- partly paid employee shares	**0.8**	1.0
	1,971.6	2,019.8

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Partly paid employee shares

A total of 786,510 (2006: 998,310) of the partly paid shares are on issue at the reporting date. During 2007, 211,800 partly paid employee shares were converted to fully paid ordinary shares.

The partly paid employee shares have been paid up to 1.67 cents. These shares are held by FBG Incentive Pty. Ltd. and by some individually registered holders. These shares pertain to the 1987 Employee Share Plan issue. A call in respect of these shares may be made at the request of the holder or in the event of a call being made by a liquidator or receiver. A call may also be made in respect of these shares following the relevant employee ceasing to be an employee of the Group, provided that the market price of a fully paid ordinary share in the capital of FGL has exceeded the issue price of the relevant partly paid share for a period of not less than forty consecutive business days. No partly paid employee shares have been issued since 1987.

Dividend reinvestment plan

The company has an established DRP under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash.

Share buy-back

In 2007 total on-market buyback activity resulted in 0.2 million ordinary shares being purchased by the company at a total cost (including transaction costs) of $1.3 million. The shares were purchased at prices ranging between $6.26 per ordinary share and $6.40 per ordinary share.

The Group also conducted an off-market buy back during the course of 2007. The tendering process for the off-market buy-back was completed in April 2007 with 67.8 million ordinary shares, representing 3.3% of issued shares, bought back at a price of $5.90 per share. The buy-back amount comprised a capital component of $1.81 per share (recognised in share capital) and a fully franked dividend component of $4.09 per share (recognised in retained earnings). The total cost of the off-market buy-back was $401.3 million (including transaction costs) with $124.0 million recognised in share capital and $277.3 million recognised in retained earnings.

There was no share buy-back activity during 2006.

Note 10 Retained Profits

	Consolidated	
	2007	2006
	$m	$m
Retained profits at the beginning of the year	**972.7**	218.6
Adjustment resulting from change in accounting policy	**(5.3)**	(13.4)
	967.4	205.2
Net profit attributable to members of Foster's Group Limited	**966.2**	1,166.2
Actuarial gains/(losses) on defined benefit plans	**0.5**	13.0
Transfers from reserves	**10.5**	**-**
Total available for appropriation	**1,944.6**	1,384.4
Ordinary dividends		
- final paid	**(237.2)**	(215.3)
- interim paid	**(218.0)**	(196.4)
- dividend component of off market buyback	**(277.3)**	-
Total available for appropriation	**(732.5)**	(411.7)
Retained profits at the end of the year	**1,212.1**	972.7

Note 11 Contingent liabilities

	Consolidated	
	2007	2006
	$m	$m
Arising in respect of:		
- banks and other financiers	**-**	150.0
- other persons	**612.9**	46.8
Retirement benefits payable on termination in certain circumstances, under service agreements with executive Directors and other persons who take part in the management of the Company	**10.4**	11.0
Total Contingent liabilities	**623.3**	207.8

Disputed tax assessments

On 29 June 2007 the Group received assessment notices from the Australian Commissioner of Taxation (the Commissioner) for primary tax of $548.7 million and penalties and interest of $302.0 million. The assessments are attributable to the 1995 to 2004 income tax years and relate to the utilisation of tax losses associated with the funding of the Elders Finance Group (EFG) in the 1980s and 1990s. Foster's is disputing these assessments. Foster's view of the positions adopted by the Commissioner is that its potential maximum exposure in relation to these and related assessments is limited to $545.7 million, comprising $340.9 million for primary tax and $204.8 million for penalties and interest. The Commissioner has issued assessments for the higher amounts in order to cover all possible alternative positions that may be argued in Federal Court proceedings currently underway. Foster's initiated the Federal Court proceedings during the year to obtain certainty about the availability of the tax losses, following the Commissioner's disallowance of an objection against an assessment for tax for a Foster's subsidiary company.

The Group is confident of the position it has adopted and intends to defend vigorously the deduction claims. Part payment of the disputed tax assessments was required pending resolution of the dispute. The Group paid $244.3 million to the Commissioner in August 2007 in respect of the assessments. This amount is fully refundable in the event that the matter is resolved in favour of Foster's. This amount has been recorded on the balance sheet at 30 June 2007 as a receivable and a current tax liability. An amount of $288.8 million has been included as a contingent liability arising in respect of other persons.

Divestment warranties

The Group has various contingent liabilities arising in connection with the sale of discontinued operations. Under the various sale agreements the Group has given customary representations, warranties and indemnities in respect of the divested businesses and their assets and liabilities. These representations, warranties and indemnities expire at various times through to December 2008. In addition, specific tax related warranties apply for any assessments that may be issued in respect of the period of Foster's ownership. The maximum potential loss arising from the contingent liabilities, excluding tax related matters, has been identified as a "guarantee to other persons", however it is not envisaged that any material unrecorded loss is likely to arise.

Financial guarantees

At the time of the Group's divestment of the Australian Leisure and Hospitality business in November 2003, Australian Leisure & Entertainment Property Trust (ALE Trust) issued $150.0 million of unsecured cumulative redeemable loan securities which are redeemable on 30 September 2011. FGL provided a guarantee over the principal and interest payments on the notes in the event of payment default by ALE Trust, for the duration of the notes. Under the new accounting standard requirement pertaining to Financial Guarantee Contracts effective from 1 July 2006, this debt-related financial guarantee has been removed as a contingent liability and will now be disclosed in the Annual Report in accordance with the requirements of AASB 139 "Financial Instruments : recognition and measurement". Comparatives have not been restated.

Litigation

Various entities in the Group are party to legal actions, other than the Tax Assessment matter identified, which have arisen in the ordinary course of business. The actions are being defended and no material losses are expected to arise.

Note 12 Events occurring after reporting date

The Group announced its intention to return up to $350 million to shareholders through the combination of a $250 million off-market share buy-back tender process and an on-market buy-back of shares up to $100 million.

Note 13 Asset Statistics per Ordinary Share

	2007	2006
Net tangible asset backing per ordinary share	**$0.60**	$0.43
Net asset backing per ordinary share	**$2.35**	$2.23