



AUSTRALIAN VINTAGE LTD

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**AUSTRALIAN VINTAGE ANNUAL GENERAL MEETING:
“CONTINUING BRANDED SALES GROWTH”**

Australian Vintage Limited Deputy Chairman, Ian Ferrier told the company’s annual general meeting in Sydney today that Australian Vintage was delivering branded sales growth in tough times.

He said that the global economic slowdown combined with structural and market issues in the wine industry meant 2009 would be challenging.

“We delivered a strong turnaround in 2008 despite the challenges of oversupply, increased global competition and the slowing of economies in key export markets by focusing on brands and margins. This focus delivered an improvement in net profit after tax of \$7.3 million,” Mr Ferrier told shareholders.

Chief Executive, Dane Hudson said “by sticking to our strategic priorities we have made positive progress. We continue to grow export and build defensible brands. Last year our total branded sales rose 10 percent with export sales 22 percent above prior year. The branded sales momentum is continuing with our year to date case sales up 9 percent over last year in what are very competitive markets around the world.

“Last vintage, winery costs were \$3 million below the prior year. We sold under utilised assets including the Griffith winery, and the Loxton winery sale is expected to be finalised on 30 April 2009. Given the recent market challenges, we are implementing discretionary cuts and organisational changes to deliver another \$3 million in savings this financial year.”

OUTLOOK

“We face an uncertain 12 months and 2009 is likely to be even more difficult than 2008. The industry can not go on as it has over the past five years and will have to undergo structural change,” said Mr Ferrier.

“While a lower Australian dollar will assist us in the major export markets, the benefits will be somewhat offset by softer demand for Australian wine in the UK and US. The unexpected duty increase from December 1st in the UK also creates a new challenge for us to overcome.

“In Australia we can expect further volatility in the markets due to competitor restructurings and asset sales and the effects of the drought continue to impact costs. The size and quality of the 2009 vintage is still an unknown.

“Since our last update in August there has been further deterioration in market conditions. We have experienced volatile demand and trading in the first three months of the 2009 financial year and believe that the second half, traditionally the stronger period in our sales, will be very difficult. Given these factors we are reluctant to make any forecast.

“With the issues in the Australian wine industry, combined with global economic slowdown, Australian Vintage has begun a comprehensive review of our brands, strategies, costs and assets to position the company for the new reality in the market.

“The review is expected to be completed by March 2009.

“Australian Vintage is in sound financial shape and we are working hard to rebuild sustainable value for shareholders.”

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Further information

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