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Lion Nathan Scheme Update and Third Quarter 2009 Trading

Sydney, 16 July 2009

Update on the Scheme

Lion Nathan Limited (“**Lion Nathan**”) wishes to advise that Kirin Holdings Company Limited (“**Kirin**”) has received consent from the New Zealand Overseas Investment Office (“**OIO**”) in relation to Kirin’s proposed acquisition of the remaining shares in Lion Nathan that it does not already own by way of a Scheme of Arrangement (“**Scheme**”).

This condition to the implementation of the Scheme, which was set out in the Implementation Agreement dated 10 May 2009, has now been satisfied. Lion Nathan notes that the satisfaction of the remaining conditions precedent to the implementation of the Scheme is in progress.

Lion Nathan has today lodged its draft Scheme Booklet with ASIC in accordance with the Corporations Act 2001. Lion Nathan anticipates that the Scheme Booklet will be sent to shareholders in August 2009 and the Scheme Meeting will be held in September/October 2009.

Update on Third Quarter Trading

Lion Nathan also announces its trading update for the quarter ended 30 June 2009. The Company is on track to deliver \$305 - \$315 million net profit after tax (“**NPAT**”) (pre-significant items, i.e. excludes costs associated with the Kirin proposal and Scheme process). This is consistent with previous profit guidance.

Group sales volumes grew by 3% for the nine months to June 2009. Over the same period, net sales revenue grew around 6%, driven by significant growth in the Australian business which offset declines in Wine.

On a year to date basis Lion Nathan Australia has grown beer volumes by 5%. Key brand highlights include the continued growth of XXXX Gold and the Tooheys trademark, and the strong growth of Hahn Super Dry and Boag’s Draught. Building on the success of recent innovations, Hahn Super Dry 3.5, (a midstrength, low carbohydrate beer) was launched during the quarter with encouraging results.

In New Zealand some softening of volumes was experienced in the third quarter consistent with market trends, however both mix and value had a positive impact on revenue. The Steinlager trademark has benefited from new packaging and promotional support for Steinlager Classic as well as the launch of Steinlager Edge, a mid-strength beer variant, in late June. The Edge brand has already gained broad distribution and stock weight in trade.

Key markets for Lion Nathan Wine continue to be adversely impacted by the deterioration in economic conditions and the effect of this on the Wine division has continued in the third quarter. Whilst Lion Nathan Wine Group volumes are up marginally on prior year due to the inclusion of new agency brands in the US, the increased cost of promotions and consumers shifting away from the fine wine segment has resulted in a decline in net sales revenue over the period.

FY2009 Operating NPAT Guidance

Lion Nathan remains on track to deliver a step up in earnings in FY09 and today re-affirmed its NPAT guidance of \$305 - \$315 million (pre-significant items, i.e. excludes costs associated with the Kirin proposal and Scheme process).

Commenting on the results, Lion Nathan CEO, Rob Murray said: "The investments we have made in our business since 2004 have created a stronger and more flexible business. Our people have remained focussed and it is particularly pleasing that we are on track for a significant profit step up in 2009, despite weaker economic conditions, volatile financial markets and an uncertain outlook for many consumers."

For further information, please contact:

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