ASX/ NZX RELEASE

Lion Nathan releases Statutory Interim Results for the six months ended 31 March 2009

20 May 2009: Today, Lion Nathan released its full Statutory Interim Results for the six months ended 31 March 2009, confirming results previously announced on 24 April 2009.

The Company recorded a Net Profit After Tax (NPAT) of $176 million, a 6.9% increase on the prior calendar period. Lion Nathan's solid first half beer results enabled a positive revision to the FY09 NPAT guidance to $305 - $315 million (previously $300 - $315 million).

On 11 May 2009, the Company announced that it had signed an Implementation Agreement with Kirin Holdings Company Limited ("Kirin") under which Kirin would acquire all of the outstanding shares in Lion Nathan that it does not already own. The NPAT guidance range excludes costs associated with this proposed transaction ("Kirin proposal").

Some non-material differences exist between the Statutory Interim Results and the previously announced Preliminary Trading Results. Appendix 4 of the Interim Results provides details of these differences. The Statutory Interim Results supersede the Preliminary Trading Results and have been subject to audit review.

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Note: An analyst teleconference covering this result announcement will take place at 11am on Wednesday 20 May 2009. A replay of the teleconference including questions and answers will be available on Lion Nathan's website shortly after the conclusion of the live teleconference.

For further information on Lion Nathan and all company announcements, presentations and webcasts please visit our website www.lion-nathan.com.au

Full Statutory Interim Results

FOR 6 MONTHS ENDED 31 MARCH 2009

Note: all dollar amounts are in Australian dollars unless noted otherwise

DATE: 20th May, 2009

OVERVIEW

Lion Nathan's solid first half beer results enabled a positive revision to the FY09 NPAT guidance to $305 - $315 million pre-significant items (previously $300 - $315 million). This NPAT guidance excludes costs associated with the Kirin proposal[1].

First half results summary: *(comparisons are to first half of FY08 unless noted otherwise)*

- Group net sales revenue up 5.7% to $1.185 billion
- Group Earnings Before Interest and Tax (EBIT) increased by 8.4% to $307.0 million
- Reported Net Profit After Tax (NPAT) of $176 million, up 6.9% (Underlying NPAT[2] up 6.1% to $178 million)
- Lion Nathan's robust business model continues to generate strong cash flows. The Company's funding position remains secure, with no debt maturities in the remainder of FY09
- Very strong results from Lion Nathan Australia achieved through core brand growth, innovation, tap gains and Boag's growth
    - EBIT up 14.8% to $280.3 million
    - Volume up 4.6%
    - Net sales revenue up 11.3%
- New Zealand - maintaining position through innovation success
    - EBIT up 3.1% to NZ$56.5 million
    - Domestic beer volume in line with prior year
    - Growth of Steinlager Pure and Speight's Summit resulted in strong mix gains
- Wine – profitability adversely impacted by economic environment in US, UK and Australia and investment in US platform
    - EBIT (pre SGARA[3]) of $3.5 million, down 55.7%

Outlook:

The Company's investment decisions over the past five years have built a stronger business which is positioned to deliver in FY09 and beyond.

The Company expects a higher growth rate in the second half due to innovation momentum, Boag's growth accelerating, the timing of Easter and the cycling of the investment period of the prior year where fourth quarter marketing spend and the funding costs relating to the Boag's acquisition had a significant impact on results.

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[1] Refer to the susequent events note on page 13 and to the stock exchange announcement on 11 May 2009 for further details

[2] NPAT excludi.ng costs associated with CCA proposal (first half FY09) and Boags one time items (first half FY08)

[3] Self Generating and Re-Generating Assets

TO LION NATHAN SHAREHOLDERS – 20 MAY 2009

BUSINESS OVERVIEW

Lion Nathan recorded a net profit after tax (NPAT) of $176 million for the six months to 31 March 2009, up 6.9%. After adjusting for costs associated with the proposed acquisition of Coca-Cola Amatil (CCA), NPAT was $178 million.

Commenting on the result, Lion Nathan CEO, Rob Murray said, "These first half results show the resilience of our business which has delivered another set of robust numbers. Five years ago, we made the decision to invest in our most valuable assets; our brands, our people and our breweries and we made a commitment that the investment would be followed by a step up in earnings. At the time we could not have predicted the economic conditions we would face. For that reason, it is even more rewarding to see the business delivering ahead of our forecasts. The investments we have made have been a key enabler of innovation and have enhanced the equity of our core brands and it has also resulted in a stronger business, better able to navigate tough economic times."

Underpinning the result was the excellent performance of the Lion Nathan Australia business unit, which grew Operating EBIT by an impressive 12.7% to $280.3 million (Reported EBIT grew 14.8%). Net sales revenue rose 11.3% in the period and total volumes increased by 4.6%. Gains through core brands and the Boag's trademark, ongoing improvement in mix, successful innovation and good tap beer volumes were the key drivers of growth.

The New Zealand business performed well to achieve a 3.1% improvement in EBIT in New Zealand dollars (NZD). With stable domestic beer volumes, the growth in EBIT was largely the result of improving mix with the key contributors being the success of Steinlager Pure and Speight's Summit. This was supported by good results from the wine, spirits and ready to drink (RTD) portfolio and tight cost control across the business.

With regard to the market conditions in Australia and New Zealand (NZ), Mr Murray said "Our core beer markets have remained robust despite the economic circumstances, with premium beer remaining attractive as an affordable luxury. The level of innovation has had a very positive impact and consumers continue to move to more premium beers. We have seen some switching to at home consumption in particular regions, but overall the market remains in good health."

In contrast to the strong beer results, the Wine business has experienced much greater volatility and exposure to the current economic conditions. Wine EBIT pre SGARA declined to $3.5 million, down 55.7% for the half. This was further compounded by an adverse SGARA movement which went from a $0.5 million gain in the first half of last financial year to a $0.7 million loss this half year.

Corporate costs rose due partly to the legal, consulting and other costs associated with the CCA proposal as well as one-time items associated with the move to the new corporate office and an increase in other group costs.

The Company's cash flow and financing position remains solid. The interest expense for the half was better than anticipated due to the timing of cashflows for major projects and a modest benefit from lower interest rates.

The step change in EBIT for the Australian beer business and the resilience of the New Zealand business in the first half positions the Company well for the full year, and as such, the Company revised the NPAT guidance range to $305 - $315 million (previously $300 - $315 million) pre-significant items. The timing of Easter, further gains through innovation and contribution from the Boag's brands are expected to culminate in an increase of the NPAT growth rate in the second half. The NPAT guidance range excludes costs associated with the Kirin proposal.

Table 1 – REPORTED PROFIT ANALYSIS			
Six months ended ($m)	**31 March 2009**	**31 March 2008**	**Change**
Net Sales Revenue [4]	1,185.3	1,121.9	5.7%
Reported EBIT			
Australia	280.3	244.2	14.8%
New Zealand (NZD)	*56.5*	*54.8*	*3.1%*
New Zealand (AUD)	47.0	47.6	-1.3%
Wine (pre SGARA)	3.5	7.9	-55.7%
SGARA	(0.7)	0.5	-240.0%
Corporate	(23.1)	(16.9)	-36.7%
Group EBIT	**307.0**	**283.3**	**8.4%**
Net Interest Expense	(61.7)	(47.8)	-29.1%
Pre-Tax Earnings	**245.3**	**235.5**	**4.2%**
Income Tax Expense	(69.2)	(70.7)	2.1%
Minority Interests	(0.1)	(0.2)	50.0%
Net Profit after Tax	**176.0**	**164.6**	**6.9%**

Note: Rounding may affect percentage change calculations – correct percentage change shown in table.

[4] Net of excise and discounts

AUSTRALIA

Table 2 – AUSTRALIA				
Six months ended		**31 March 2009**	**31 March 2008**	**Change**
Volume	(millions of litres)	406	388	4.6%
Net Sales Revenue [5]	$m	832.0	747.7	11.3%
Operating EBIT	$m	280.3	248.7	12.7%
Reported EBIT	$m	280.3	244.2	14.8%

Note: Rounding may affect percentage change calculations – correct percentage change shown in table

Investments leading to stronger brand equity and EBIT improvement
The performance of the Australian business in the first half of FY09 provides a solid platform for the full year and beyond. The growth in core brands including Boag's, enhanced brand equity, strong mix and tap gains all helped Lion Nathan Australia (LNA) achieve a 12.7% rise in Operating EBIT for the first half (a 14.8% increase in Reported EBIT).

Core brands and tap beer providing mix benefits
The strong mix shift to "step-up" brands, aided by the success of recent innovations, secured an up-lift in net sales revenue of 11.3% for the period.

The benefits of upweighted brand investment were seen in the strength of LNA's core brands with Tooheys Extra Dry, XXXX Gold and Tooheys New all performing ahead of their respective market segments. Premiumisation and wellbeing trends are still thriving in the market. LNA's "step-up" portfolio has enjoyed considerable success as a consequence of consumers moving up from traditional mainstream beers. Hahn Super Dry grew volumes by just under 50% in the half, outstripping the already high growth rate for the low-carb category. Craft beer sales increased through the James Squire trademark with volumes up 14% for the half.

Lion Nathan Australia was able to grow tap volumes in XXXX Gold, Boag's Draught, Tooheys Extra Dry, James Squire and Hahn Super Dry which has had a positive impact on margin levels. The business's total tap beer volumes were up 2% on prior year including Boag's, and almost flat once Boag's is excluded. This is an excellent result in the context of a market segment which has been in steady decline for over 10 years as consumers move to drink from bottles in on-premise locations and compounded by smoking bans. The tap gains are testament to the strength of the brands and gains made in brand equity through sustained brand investment.

Maintaining market share in buoyant market
LNA grew total volumes by 4.6% in the half and 5.5% on an MAT basis. Once the prior year volumes are normalised for Boag's, volumes grew by 1%[6] MAT. This is in line with the market which is estimated by AC Nielsen, to have grown by 0.9%[7] MAT. LNA outperformed the market in all bar the Premium segment, where the business is structurally under represented and where there was significant price activity during the half.

Recent innovations a success
Over the last three years, the business has created a number of new brands and each of these is now established as sizeable and sustainable consumer propositions. Tooheys New White Stag was launched in September 2008 as the first mainstream low-carbohydrate beer in the market and is meeting internal launch expectations. This half year represents the first summer for Barefoot Radler and sales volume outstripped expectations with the brand reaching 5 million litres in the last year and rising rapidly, broadening the appeal of beer.

Boag's building momentum - increasing profitability in the second half
Boag's is a key growth driver for Lion Nathan Australia and the first half results provide the business with further confidence in the potential for the trademark. Volumes for the Boag's trademark were up 8% on prior year, and the four key brands within the Boag's portfolio rose 12%. The brand momentum has increased significantly in recent months, with Boag's Draught now available on tap in over 1,800 locations nationwide and building. This is

[5] Net of excise and discounts
[6] Prior year figure adjusted to include prior year Boag's volumes
[7] AC Nielsen MAT volume growth as at February 2009

supported by the recently commenced TV advertising campaign for Boag's Draught which highlights the brands' Tasmanian provenance, a message which has gained strong cut through with consumers.

The last twelve months has included significant investment in this brand, with new packaging, TV commercials, and other advertising developed. These investments support the recent growth momentum which is expected to culminate in an increasing profit contribution from Boag's in the second half.

Investments delivering results
The LNA business has benefited greatly from the decision to invest behind the Company's core assets – its brands, breweries and people. The first half results demonstrate the renewed strength of the LNA business and the impact of the investments in creating a business that is more agile, efficient and better able to capitalise on opportunities through innovation and strong brand equity. Further benefits from these investments are anticipated into the second half of FY09 and beyond, including further savings through the nearly completed brewery upgrades.

NEW ZEALAND

Table 3 - NEW ZEALAND					
Six months ended		**31 March 2009**	**31 March 2008**	**Change**
Domestic Beer Volume [8]	(millions of litres)	91	91	-0.3%
Total Volume [9]	(millions of litres)	105	106	-0.4%
Net Sales Revenue [10]	NZ$m	324.2	326.3	-0.6%
	$m	269.9	283.5	-4.8%
Reported EBIT	NZ$m	56.5	54.8	3.1%
	$m	47.0	47.6	-1.3%

Note: Rounding may affect percentage change calculations – correct percentage change shown in table

Innovation led to improved mix and EBIT, despite high cost and FX pressures
The New Zealand business has been able to gain ground through innovation and mix improvements in beer complemented by volume gains in wine, spirits and RTDs offsetting export and mainstream beer volume declines. This enabled EBIT growth to continue in the first half of FY09, with EBIT up 3.1% in local currency.

Domestic beer volumes steady
Despite strong prior year first half volumes which benefited from the timing of Easter and the hot NZ summer, domestic beer volumes in the first half of FY09 remained steady on prior year. Beer exports declined by 1.3 million litres for the period as macro-economic factors caused demand to contract, particularly in Hawaii, where Steinlager has a strong presence, and where tourism levels are down significantly on prior year.

Positive mix trends continue largely due to successful innovations
Lion Nathan New Zealand's domestic beer volumes were in line with prior year, with an improved product mix as consumers migrated to "step up" and premium beers. Much of this movement to higher value brands was due to recently launched brands Steinlager Pure and Speight's Summit. In addition, Steinlager Classic returned to growth.

Price increases required to cover rising costs
Beer raw material costs (especially aluminium, sugar, barley, glass, energy costs) have risen significantly in recent years, and well ahead of CPI. While positive mix gains and innovation success has provided some offset to this cost pressure, this is not sustainable. A recent price increase effected in March 2009 will alleviate some of this cost pressure and partially restore beer margins, however further price increases are likely in 2009 to recover these significant historic cost increases and the continued negative exchange rate impacts on foreign priced input costs.

Wine, Spirits & RTDs provide incremental EBIT
Lion Nathan New Zealand achieved first half volume growth of 11% from its wine, spirits, and RTDs portfolio compared to the prior year with all categories growing. New product development initiatives in wine, and new agency brands more than offset the loss of the Moet Hennessy agency brands in February 2008. The effective Christmas promotional programme supported by the continued strength in the Smirnoff vodka brand helped lift spirits performance in a competitive market, while RTDs were boosted by increased multi-pack volumes in key brands.

[8] Excludes Lion Nathan International volume
[9] Comprising beer, wine, spirits, RTDs and other volume
[10] Net of excise and discounts

WINE

Table 4 – WINE				
Six months ended		**31 March 2009**	**31 March 2008**	**Change**
Volume [11]	(000s of 9 litre cases)	775	752	3.1%
Net Sales Revenue [12]	$m	83.4	90.7	-8.0%
Reported EBIT pre SGARA	$m	3.5	7.9	-55.7%
SGARA	$m	(0.7)	0.5	-240.0%
Reported EBIT	$m	2.8	8.4	-66.7%

Note: Rounding may affect percentage change calculations – correct percentage change shown in table.

Wine Group profitability down due to market conditions and investment in US platform
Key wine markets have been impacted not only by the economic crisis but also by structural wine industry dynamics of excess supply, the vagaries of nature and rising discount requirements.

Volumes and overheads up due to the new US distribution platform
Volumes are higher than prior year due to the inclusion of brands distributed through the new owned Lion Nathan US wine distribution business. This business is in start up phase and it is expected to breakeven in the near term, covering the additional overheads attributable to this business. The platform provides a solid basis to take Lion Nathan's wines to market in the US.

Consumers trading down and deeper discounting required
In the US and UK, market dynamics have deteriorated with considerable trading down evident and a switch away from on-premise consumption, reducing demand for fine wines. Additionally, there has been a significant increase in supplier funded discounting required by major retailers, particularly in the UK, leveraging the excess global supply.

In Australia, similar trends are becoming evident. The total bottled market is still in growth, though much reduced from previous levels. MAT value growth is at 3.8%, down from 8% a year ago and the quarterly growth is only 1.8%. The major contributor to wine market growth in Australia was sauvignon blanc, which increased value by approximately 30% in the half to overtake chardonnay (which decreased 10%) as the number one varietal. The growth in sauvignon blanc accounted for 82% of the total market growth.

As Lion Nathan's Wine business adapts to take account of the changing market conditions, Wither Hills is strongly positioned in the Australian market and brand extensions are planned to capture demand at key growth price points.

Nature impacting on yields and SGARA
The intense heat and fires in South Eastern Australia have reduced vintage yields across the region and have negatively impacted SGARA valuations for the half. The heatwave across Victoria and South Australia has had the greatest impact, with yields down up to 15% for some vineyards. Berry weights are below expectation with some fruit effectively dried from the sun and extreme heat. In Central Victoria, no owned vineyards were lost in the recent fires but smoke taint was detected in some of the contracted growers' vineyards. Consequently intake from these growers in the region was considerably reduced. The lower 2009 vintage is likely to assist the balancing of bulk wine inventory in Australia and will not impact on the Company's ability to meet demand.

Outlook
The Wine business is expected to track below prior year for the second half of FY09, as economic factors continue to suppress demand and margins. Due to the relative size of the Wine business, this is not expected to be material to the Group result.

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[11] External sales only (excludes sales to Lion Nathan New Zealand)
[12] Net of excise and discounts

NET DEBT, FUNDING AND INTEREST EXPENSES

Table 5 – NET DEBT, FUNDING AND INTEREST EXPENSE			
$ million	**31 March 2009**	**31 March 2008**	**Change**
Bank overdraft and short term borrowings	6.4	25.7	(19.3)
Current portion of non-current debt	58.0	43.8	14.2
Total current debt	**64.4**	**69.5**	**(5.1)**
Non-current debt	1,766.4	1,332.0	434.4
Gross debt	**1,830.8**	**1,401.5**	**429.3**
Less: Cash	(64.0)	(55.6)	(8.4)
Net debt before derivatives	**1,766.8**	**1,345.9**	**420.9**
Debt derivatives [13]	(116.5)	181.1	(297.6)
Net debt	**1,650.3**	**1,527.0**	**123.3**
EBITDA	354.7	327.0	27.7
Net interest expense	(61.7)	(47.8)	(13.9)
Key ratios			
Net debt to EBITDA (times)	2.7	2.6	0.1 times
EBITDA interest cover (times)	4.8	6.0	(1.2) times

Note: Rounding may affect percentage change calculations – correct percentage change shown in table.

Since March 2008, net debt has increased by $123.3 million. Much of this increase occurred in the last six months of the previous financial year to fund capital expenditure projects across the Group. Net debt has increased $21.1m for the six months from September 2008. This is primarily driven by capital expenditure spend offset by operating cashflows and the repayment of the current portion of USPP debt in February 2009.

Strong funding position
Key debt coverage ratios remain well within debt covenants and investment grade parameters.

The robustness of Lion Nathan's business model and balance sheet resulted in rating agency Fitch upgrading the Company's credit rating in April 2009 to BBB+ (from BBB).

Ratings from Standard and Poor's and Moody's are BBB/positive and Baa2/positive respectively.

Interest costs higher than prior year, but better than anticipated
The Company's funding levels have increased since January 2008 to facilitate the acquisition of Boag's and the investment in brewing assets. Consequently, interest expense increased, with $47.8 million incurred in the first half of FY08, increasing to $60.9 million in the second half of FY08. In the first half of FY09, the timing of cashflows for major projects has enabled interest costs to remain broadly consistent with the second half of FY08 at $61.7 million. Interest expense for the second half of FY09 is expected to remain at a similar level.

[13] Fair value of cross currency interest rate swaps used to hedge the Group's US Private Placement (USPP) debt liabilities

CASH FLOW

Table 6 – OPERATING CASH FLOW			
For the six months ended ($m)	**31 March 2009**	**31 March 2008**	**Change**
NPAT	176.0	164.6	11.4
Depreciation and amortisation	47.7	43.7	4.0
Net change in tax balances	7.5	15.9	(8.4)
Change in working capital	(50.2)	16.4	(66.6)
Other	(1.5)	(1.6)	0.1
Cash flows from operating activities	**179.5**	**239.0**	**(59.5)**
One-time and significant item cash outflows:			
Boag's integration	0.5	2.5	(2.0)
Project Invest	2.2	2.6	(0.4)
Net Operating cash flow	**182.2**	**244.1**	**(61.9)**
Cash realisation ratio before tax and interest (%)	88.6	103.2	(14.6) times
Cash realisation ratio (%)	81.4	115.5	(34.1) times

Note: Rounding may affect percentage change calculations – correct percentage change shown in table.

Operating cashflows returned to more normal levels, after an unusually high result in the prior year where the cash realisation ratio of over 100% was recorded. Higher debtors' balances due to increased beer volumes and stronger mix, coupled with a decrease in provisions and capex / operational accruals and increased inventory ahead of Easter sales, led to an increase in working capital.

Investing cashflows decreased $325.1m due to the acquisition of J Boag & Son Pty Limited in the prior year.

Financing activity cashflows decreased $295.3m as a result of net proceeds on borrowings to fund the Boags acquisition in the prior year.

CAPITAL PROJECTS UPDATE

Full year capital expenditure guidance reaffirmed
As previously guided, capital expenditure of $225 – $275 million is anticipated in FY09.

The investment in breweries in Australia and New Zealand will help the Company maintain low cost, efficient operations with enhanced flexibility, agility and quality to meet evolving customer and consumer requirements as well as providing further improvements in occupational health and safety standards and reducing the environmental footprint of the breweries.

Further savings enabled through recent Australian breweries investment
Work to improve the XXXX Castlemaine and Tooheys breweries will conclude by the end of this financial year, with some fine tuning expected in FY10. Annualised savings from this investment have reached the $15 million project commitment, and there is now scope for these savings to increase as the full benefits of the investment program come to fruition. The project has resulted in significant reductions in greenhouse gas emissions and energy usage and a forecast reduction in trade waste.

Increasing the capacity of the Boag's brewery
The new brewhouse at the Boag's brewery in Launceston is expected to be complete in the first half of FY10. The first brew is expected by the end of this calendar year. The additional capacity of the brewery will allow the brand to build on its current momentum.

Transforming NZ operations
The Auckland brewery project is well underway, with the brewhouse currently under construction. The first brew from the new brewery is expected by the end of this calendar year. Following this, the packaging and distribution equipment will be installed. It is anticipated that the Auckland operations will be fully transitioned to the new facility in 2011. Total projected Auckland brewery project expenditure remains at NZ$250 million as previously advised. The project is on track to deliver NZ$15 million in savings, as per previous guidance.

OTHER FINANCIAL INFORMATION

Effective income tax rate
The effective income tax rate during the half has reduced by the lower New Zealand corporate tax rate and R&D tax concessions.

COGS guidance reaffirmed
At a Group level, variable COGS are likely to increase between 5-7% in FY09[14], as per previous guidance.

[14] Excludes the impact of volume and mix

INTERIM DIVIDEND

The Board has declared an interim dividend of 22 cents per share which will be fully franked with Australian franking credits. The interim dividend is payable on 23 June 2009 based on a record date of 5 June 2009.

Table 7 – FINANCIAL SUMMARY

Six months ended	31 March 2009	31 March 2008	Change
Earnings per share[15]	33.1c	30.9c	7.1%
Interim Dividend	22.0c	20.0c	10.0%
Franking	100%	100%	-

Note: Rounding may affect percentage change calculations – correct percentage change shown in table.

Australian Franking credits

The interim dividend will be fully franked with Australian franking credits. The franking credits balance is set out in the table below.

Table 8 – AUSTRALIAN FRANKING CREDITS

Millions	
Franking credits available as at 30 September 2008	145.6
Adjustment for tax paid in respect of FY08	5.5
Franking debits used for 2008 final dividend	(50.4)
Franking credits arising from the payment of current year tax	31.0
Franking account balance as at 31 March 2009	**131.7**

New Zealand Imputation credits

As at 31 March 2009, 146.3 million NZ imputation credits were available. No NZ imputation credits will be attached to the interim dividend.

[15] Calculated using total number of shares on issue less shares held by the Lion Nathan Achievement Rights Trust

OUTLOOK

Guidance $305 million - $315 million NPAT
Following the strong first half results and robust beer market fundamentals the Company revised the full year NPAT guidance range to $305 million - $315 million pre-significant items. This excludes costs associated with the Kirin proposal.

Beer market and beer results robust
With consumers moving into beer and trading up within the beer category to step-up and premium offerings, the beer market has remained buoyant. Lion Nathan has been able to take advantage of these trends to deliver strong results from both beer business units in the first half, with LNA EBIT up 14.8%, and LNNZ EBIT up 3.1% in local currency.

Innovation remains key
The momentum of recent new brands such as Steinlager Pure, Hahn Super Dry, Barefoot Radler, Speight's Summit and Tooheys New White Stag is expected to yield further growth in the second half. It is anticipated that this will be enhanced by further innovation which is scheduled for release over coming months.

Growth rate accelerating
The Company expects the NPAT growth rate to increase in the second half of FY09, as the business cycles the heavy marketing investment period of the last quarter of FY08. Additionally, the first half growth rate was suppressed by the significantly lower interest costs in the first half of FY08 as the Boag's funding was drawn down in January of last year. Funding levels have been relatively stable since that time.

Boag's considerable contributor in second half
The profitability of the key Boag's brands is expected to rise in the second half as they build on the momentum achieved through the recent relaunch of Boag's Draught and new advertising campaign.

Easter timing a factor
With Easter moving from the first half in FY08 to the second half in FY09, the Company has enjoyed a good start to the second half for all divisions, providing further confidence in the full year outlook.

Outlook
In regard to the Company's outlook for the full year, Rob Murray said "The business fundamentals give us confidence in a strong second half, building on the solid foundations of the first half. Our key beer markets remain healthy and with limited exposure to the more volatile wine market, we are well placed to thrive in the current environment. The wise investment decisions we made five years ago have resulted in a stronger, more resilient Company with great brands, more flexible and efficient operations, leading people engagement and a string of successful brand innovations. Each of these is a competitive advantage for Lion Nathan that can help us to deliver not only in FY09 but well into the future."

SUBSEQUENT EVENTS

On the 11th May 2009, Lion Nathan announced that it had signed an Implementation Agreement with Kirin Holdings Company Limited ("Kirin") in relation to Kirin's offer to acquire all of the issued shares in Lion Nathan that it does not already own for an offer consideration of $12.22 per share (the "Offer"). This consideration includes the $0.22 interim dividend and a $0.50 special dividend, both of which are expected to be fully franked with Australian franking credits and the special dividend is expected to be partly imputed utilising available New Zealand imputation credits.

The transaction is to be implemented via a scheme of arrangement ("Scheme") and is subject to a limited number of customary conditions precedent, including obtaining all necessary regulatory approvals (including Australian FIRB and New Zealand OIO approvals), no material adverse event and an independent expert appointed by Lion Nathan concluding that the Scheme is in the best interests of Lion Nathan's non-Kirin shareholders.

The Scheme is subject to the Court convening a meeting of Lion Nathan's non-Kirin shareholders ("Scheme Meeting"). At the Scheme Meeting, a majority in number of non-Kirin shareholders voting (in person or by proxy), and who represent at least 75% of the votes cast, must approve the Scheme for it to succeed. If the requisite shareholder approval is obtained, the Scheme will then need to be approved by the Court at a second Court hearing. If the Court approves the Scheme, the Scheme will become binding on all of Lion Nathan's non-Kirin shareholders in accordance with the Australian Corporations Act 2001.

NOTES:

This announcement includes forward looking statements which may be subject to events or uncertainties outside of Lion Nathan's control. No warranty of accuracy or reliability is made and Lion Nathan takes no responsibility for accuracy or reliability of forecasts, the assumptions on which they are based or other forward looking statements. Actual future events may vary from these forecasts. Undue reliance should not be placed on any forward looking statement.

- Ends -

An analyst teleconference covering this result announcement will take place at 11am on Wednesday 20 May 2009. A replay of the teleconference including questions and answers will be available on Lion Nathan's website shortly after the conclusion of the live teleconference.

For further information on Lion Nathan and all company announcements, presentations and webcasts please visit our website www.lion-nathan.com.au

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APPENDICES

1 - One-Time Items (OTI)

The first half of FY09 contains no separately disclosed one-time items.

In line with previous announcements, approximately $3 million pre-tax (around $2 million after tax) in costs were incurred in the first half of this financial year in relation to the proposed merger with CCA. As these costs are not considered material, they will not be separately disclosed as OTIs in the financial report.

In the first half of the prior financial year, pre-tax OTIs of $4.5 million ($3.1 million after tax) were incurred relating to restructuring and integration costs associated with the Boag's acquisition.

2 - Significant items

The FY09 first half result contained no individually significant items (ISIs). Similarly the prior corresponding period contained no ISIs.

3 - Exchange rate translation

Lion Nathan converts its New Zealand earnings into Australian dollars at the monthly weighted average exchange rate for the period which was NZ$1.201 (compared to NZ$1.151 for first half FY08 – up 4.3%). New Zealand investments are converted into Australian dollars at the period end exchange rate which was NZ$1.211 (NZ$1.157 at 31 March 2008 – up 4.7%).

4 – Reconciliation of Preliminary Trading Results to Statutory Interim Results

Lion Nathan released Preliminary Trading Results on 24 April 2009. These results were subject to Audit Review. There are some small differences between the Preliminary Trading Results and the Statutory Interim Results as follows:

Table 9 – STATUTORY RESULTS AND PRELIMINARY TRADING RESULTS

Volume	**Final / Statutory mL**	**Preliminary mL**	**Variance mL**
Australia	406	406	-
New Zealand	105	105	-
Wine (000's cases)	*775*	*798*	*(22)*
Wine	7	7	-
Total Volume	**518**	**518**	**-**

Table 10 – STATUTORY RESULTS AND PRELIMINARY TRADING RESULTS			
Profit and Loss	**Final / Statutory $m**	**Preliminary $m**	**Variance $m**
Net Sales Revenue			
Australia	832.0	832.0	-
New Zealand - NZD	*324.2*	*323.8*	*0.4*
New Zealand - AUD	269.9	269.6	0.3
Wine	83.4	82.4	1.0
Total Net Sales Revenue	**1,185.3**	**1,184.0**	**1.3**
EBIT			
Australia	280.3	280.3	-
New Zealand - NZD	*56.5*	*56.5*	-
New Zealand - AUD	47.0	47.0	-
Wine (pre SGARA)	3.5	3.5	-
SGARA	(0.7)	(0.7)	-
Corporate	23.1	23.1	-
TOTAL EBIT	**307.0**	**307.0**	**-**
Net interest	(61.7)	(61.7)	-
Income tax expense	(69.2)	(69.2)	-
Minority Interest	(0.1)	(0.1)	-
Net Profit After Tax	**176.0**	**176.0**	**-**

Differences are due to adjustments relating to intercompany sales eliminations and to correct the disclosure of discount expenses between discounts and expenses.