

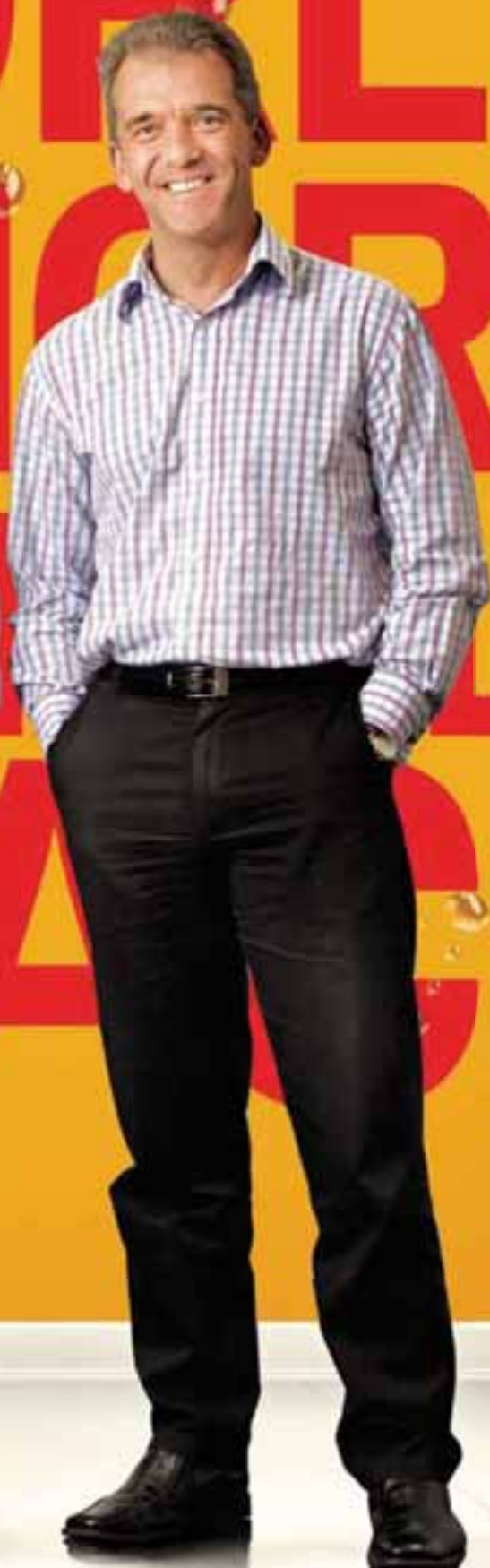
WHO'S READY FOR A

DRINK

LION NATHAN ANNUAL REVIEW

2008

MAKING OUR
WORLD
A MORE
SAFE
PLACE





Raise your glasses. Not a bad year. Not bad at all	1
Serving it up. How we brought you the results we did	2
Each to their own. Quenching every thirst in ways people love	5
Quick catch up. A lot's been happening lately	6
No trouble brewing. Pouring our energies into our assets	11
Going natural. You can count the ingredients we use on one hand	12
Taking care of business. Working hard to get a result for everyone	14
We're all in this together. Working to promote responsible drinking	17
Delivering for today, investing for tomorrow. Many happy returns	18
Financial summary. Summing up	19
Investor information. Something we can all share	IBC

Who are we?

Lion Nathan is a premium alcoholic beverages company with operations in Australia and New Zealand. The company produces, distributes and markets beer, fine wine, RTDs and spirits, and a number of its brands are distributed globally. With assets of \$3.2 billion, Lion Nathan generates strong stable earnings and cash flow and employs more than 3,300 people.

Our DNA



Why Lion Nathan is an attractive investment:

- Robust earnings and strong cashflow
- Focused and disciplined strategy
- Positioned for growth
- Disciplined capital management and acquisition criteria
- Doing the right thing for the long term
- **Great people, great brands**

Australia breweries:



New Zealand breweries:



Wineries:



Raise your glasses



We have put in the hard yards over the past few years. We've invested heavily in our brands and the capabilities of Lion Nathan people, and we've modernised our asset base. We have strengthened our understanding of what people are looking for when they socialise and what our customers are looking for in our products. Now we're seeing the rewards, and we are positioned for growth. We'll have a quiet drink to celebrate that – as should you. And then we'll get back to delivering more value for our investors, higher profits for our customers, and the best occasions we can muster for drinkers.

2008 was testament to the level of success we can achieve when we invest in our core strategies, keep abreast of consumer trends and work together to achieve results. The financial year was characterised by robust revenue growth and cashflow realisation. We made significant progress in our investments in core business assets – people, brands, production – and we remain on course to achieve a step up in earnings in 2009.

We achieved a 4.2% increase in operating net profit after tax (NPAT) to \$278.3 million for the 12 months to September 2008, and group net sales revenue is up 6.5% to \$2.094 billion. All business units contributed to this great result, with strong revenue and earnings growth in Australia, New Zealand and wine.

The success of recent innovation and increased brand investment has translated into

volume growth and improved mix. Within both the Australian and New Zealand business units, 10% of net sales revenue in FY08 was derived from new products and innovations launched in the last three years. We've recently seen the successful launch of the Natural Beer Promise and Tooheys NEW White Stag in Australia, as well as Speight's Summit Lager in NZ.

Our power brand strategy is also paying dividends, with standout volume and revenue growth in both beer businesses, led by Tooheys Extra Dry, Hahn Super Dry, XXXX GOLD and Steinlager Pure. 2008 also saw the addition of the great team and award-winning brands from J. Boag & Son and we made a commitment to build a new brewhouse to double the capacity at the iconic brewery in Launceston. We look forward to growing the trademark both in Tasmania and on the mainland.

Our three year programme of major capital investment in our key breweries is almost complete in Australia, and we're already seeing increased production efficiencies, improved safety, agility and quality standards and, importantly, an ongoing reduction in our environmental footprint.

Construction of our new multi-beverage facility in New Zealand, "The Pride of Auckland" is also on track, with the first brew expected in 2009.

We successfully rolled out Lion Keys for Customers in Australia and achieved excellent results in both our customer satisfaction ratings and our internal engagement scores trans-Tasman. These achievements indicate the strong and enduring nature of our culture, which we believe drives our marketplace success.

We will continue our focused strategy of pursuing sustainable long term growth through investment in our brands, breweries and people

to deliver shareholder value. The investments that have been made in the past few years have built a stronger business, and with this momentum, we are extremely well positioned as we enter 2009 and the challenges it holds.

Geoff Ricketts
Chairman

Rob Murray
Chief Executive Officer

➔ Check out more about this year's financial progress, at www.lion-nathan.com/investors.aspx



SERVI

GROUP OPERATING NET PROFIT AFTER TAX UP 4.2%

2007 - \$267.2m
2008 - \$278.3m

NET SALES REVENUE UP 6.5%

2007 - \$1.967 billion
2008 - \$2.094 billion

OPERATING EBIT

Australia
2007 - \$413.6m
2008 - \$446.1m

New Zealand
2007 - \$76.3m
2008 - \$76.2m

Wine (pre SGARA)
2007 - \$12.9m
2008 - \$15.8m

STRONG CASH GENERATION CONTINUES

Cash realisation ratio of 97.4%,
up from 93% in FY07

DIVIDEND

Dividend increased to 22 cents per share, taking
annual total dividend to 42 cents per share

VOL FROM POWER BRANDS VS VOL FROM POWER BRANDS IN 2004 (AU-BEER)

2004 - 70%
2008 - 81%

VOL FROM POWER BRANDS VS VOL FROM POWER BRANDS IN 2004 (NZ-BEER)

2004 - 67%
2008 - 71%

SEGMENT LEADERS

- XXXX GOLD - number 1 mid strength beer in Australia, number 1 QLD beer
- Tooheys NEW - number 1 NSW beer
- West End Draught - number 1 SA beer
- James Squire Pilsener - Gold Medal winner in the Bohemian-Pilsener category at the World Beer Cup Awards 2008
- Hahn Premium Light - number 1 light beer in Australia
- Speight's Great Beer Delivery won 19 advertising awards including four Cannes Lions, an Axis, a Clio and two EFFIES
- Speight's Gold Medal Ale - number 1 beer in NZ
- Lion Red - number 1 beer in the Northern NZ region
- Steinlager Pure - number 1 premium beer NZ brand after only 18 months in market
- DANIEL LE BRUN Blanc de Blancs 2000 - Trophy for Champion Sparkling Wine, Air New Zealand Wine Awards, 2008
- Wither Hills Rarangi Sauvignon Blanc - Supreme Champion Wine of Show, Royal NZ Show International Aromatic Wine Competition

BOAG'S

6% trademark volume growth since being integrated into LNA

\$20-25 million investment in the Boag's Brewery in Launceston

2008 capacity - 50 million litres (approx)

2011 capacity - 100 million litres (approx)

NG IT UP

MARKETING INVESTMENT

8-10% of net sales revenue (considered world's best practice for an FMCG branded company)

INNOVATION

10% of net sales revenue derived from new products and innovations launched in the last three years

PEOPLE AND INDUSTRY

Lion Nathan employs around 3,300 people, purchases almost \$100 million in agricultural produce annually and pays approximately \$1.2 billion in taxes (Australia & NZ)

ASSETS

Total assets - \$3.2 billion

- 8 key breweries
- 2 craft breweries
- 9 wineries
- 1 distillery
- 44 liquor outlets

- 86% of these assets in two core brewing businesses in Australia & NZ

LEADERSHIP

- More than 300 individuals have been through the Endeavour Leadership Programme since 2005
- Lion Nathan named as one of ten Top Companies for Leaders, Asia Pacific Region, Hewitt Partners/Fortune Magazine

CULTURE

- 85% of our people are favourably engaged about working at Lion Nathan. This places Lion Nathan in the top quartile of Global High Performing Companies.
- 80% of Australian customers favourably engaged with Lion Nathan
- 87% of customers in NZ favourably engaged with Lion Nathan
- Achieved number 1 position ranking for customer satisfaction in both Australia and NZ compared to our competitive set
- Improvement in our culture scores - significant improvement shown across all 12 styles

CAPITAL EXPENDITURE INVESTED IN PRODUCTION ASSETS

\$252 million spent in FY08 including overhaul of three key brewing sites

SOCIAL RESPONSIBILITY INVESTMENT

\$2.8million (1% of NPAT)

ENVIRONMENT

- Lion Nathan is the second company in Australia to be recognised as a Greenhouse Challenge Plus Leader
- We generate 16% less greenhouse emissions than in 1995, which is equivalent to taking 9,000 cars off the road every year
- Reduced total energy usage by 22% since 1995, saving enough energy to power nearly 80,000 household fridges every year
- Water usage rates per litre of beer packed are down by more than one third since 1995



Each to their own

Once it was just about the taste. These days, savvy consumers want to know not only what a product tastes like, but also what's in it and what it does for them. They're looking for choice and demanding brands they connect with and they are willing to pay more for something special or different. We've responded in a range of ways that say - loud and clear - "we hear you".

MORE AND MORE APPEALING

Take the heightened awareness around what people are now putting into their bodies. Never before have we seen such consumer awareness around product ingredients, as people opt for products that complement a balanced lifestyle.

While the white collar, younger adults have Hahn Super Dry and Boag's Classic Blonde to meet this desire, we've now taken that appeal mainstream with Tooheys NEW White Stag, a new low-carb offering targeted directly at traditional beer drinkers. This is a beer with a full-flavoured taste, but only one third the carbs of other full strength brands. No artificial additives or preservatives either.

The launch of our Natural Beer Promise initiative in Australia (see page 12) puts our 'natural' credentials out there for all the world to see. The Natural Beer Promise guarantees that beverages carrying the 'brewed in compliance' stamp are naturally brewed using only five natural ingredients and have no artificial additives or preservatives.

And it isn't just Aussies opting for natural. We've also seen exceptional growth in two new additive and preservative free offerings in New Zealand. Super premium Steinlager Pure and Speight's Summit Lager place us well to meet this growing global trend.

GOOD LIFE, GREAT TIMES

Mateship is, and will continue to be, one of the most important things to any male. But increasingly, modern men place a lot of importance on the quality of life experiences.

That's reflected in the way we promote XXXX GOLD. Our drinkers still identify with a bunch of mates who go away for a weekend to be 'blokes', but we also have more relevant, contemporary experiences to share. The new advertising campaign - The XXXX GOLD Boat Building Project - reflects a fresh spin on the male bond as mates come together to work on a project.

This year also saw the launch of the XXXX GOLD Retreat - the place to be for any male who enjoys the good life. A huge, custom-built double B truck that transforms into a multi-level entertaining unit, the XXXX GOLD Retreat features a public bar, performance stage for the XXXX Angels as well as a massive TV screen and a corporate entertaining area. The Retreat has been designed to offer mates the opportunity to really 'live the good life' at XXXX sponsored events.

CUSTOM MADE

Part of the power of having a portfolio of highly attractive brands is being able to fuse our consumers' priorities and interests with the products of ours that they choose. Today, more and more of our brands are using channels like the internet and mobile phone to engage and communicate with consumers, and, in some cases, communicating through consumers using word of mouth, user generated and customised campaigns.

Tooheys NEW's 'personalised' marketing campaigns, putting drinkers names and local suburbs under crown caps and custom NSW packaging, helped promote home state brand preference throughout key selling periods, while Tooheys Extra Dry gave the power to

drinkers for the launch of its 696ml longneck. The brand invited the creative community to design their own customised brown paper bag, and the winner had 200,000 bags printed with his design which are now being distributed nationally.

Beck's too experimented with this customisation trend, inviting its drinkers to create their own soundtrack to its latest television commercial, while Hahn Super Dry asked consumers to rate online videos, news stories, sports reports and even their mates on a 'Spectrum of Super'.

Speight's went so far as to send a custom-made pub around the world in response to the growing number of NZ expats living in the UK craving their local brew. The Speight's Great Beer Delivery featured a fully-operational Speight's Alehouse built and transported to London via sea, growing not only brand loyalty but generating unprecedented awareness via international media coverage.

PREMIUM ATTRACTION

As beer drinkers widen their repertoires, it's not just the international and local premiums and craft brews that have benefited. Consumers trying more premium offerings alongside traditional mainstream beers are also trying our new 'step up' offerings, such as Hahn Super Dry, Speight's Summit Lager and Barefoot Radler, which have all experienced exceptional growth in FY08.

In New Zealand, Steinlager Pure has seen excellent local growth as a result of premiumisation. So much so, in fact, that we are now launching Steinlager Pure in Australia in 2009.

POWERFUL BRANDS, ENGAGING STORIES

The power of a great story is the secret of a great brand. Many of our brands talk directly to the cultural and emotional curiosity of their consumers. That dialogue, in turn, increases brand loyalty, which of course generates sales. But it's not just the stories that resonate with consumers, it's the way we tell them. Our marketers are constantly looking for innovative ways to communicate with our drinkers.

The J. Boag & Son brands, for example, are steeped in Tasmanian heritage. The first Boag's brewery opened in Launceston in 1883 and today it is still a source of huge pride for many Tasmanians that the brews continue to be produced in the state, and still contain locally grown 'Pride of Ringwood' hops. It is this story - reinforced by the imagery we use to package and promote each Boag's beer - that has led to the continued growth of the trademark.

Kirin tells its drinkers a story of a First Press Brewing technique that ensures purity and smoothness and in Japan is looked upon as a blessing from nature. The brewing method results in a high quality, pure tasting Japanese lager that commands fierce loyalty.

Our ability to capitalise on all of these consumer trends has helped us drive revenue growth and shareholder returns. Our goal is to make sure that today, tomorrow, a year from now, when someone has a thirst, we have both the beverage and the brand right there for them to order.

➔ Find out more about our brands at www.lion-nathan.com/great-brands.aspx



Quick catch up ...

1 YOUNG BUT VINTAGE

Further proof that Lion Nathan has great people: they continue to shine. Mitchelton winemaker Ben Haines was recently named the Wine Society's Young Winemaker of the Year ahead of ten other young winemakers from Australia and New Zealand.

Established in 2001, this prestigious accolade celebrates today's best wines and winemakers. The wine which clinched the award for Ben was the 2006 Mitchelton Print Shiraz, now the winery's benchmark wine and the foundation of its Shiraz range. Congratulations Ben!

2 GO, YOU GOOD THING

When we launched Steinlager Pure in New Zealand in May 2007, we couldn't have imagined how successful the brand would be. In just its first six months, Steinlager Pure exceeded its sales targets for two whole years, becoming, along the way, the country's most premium beer offering.

But it didn't end there. The drink's extraordinary growth has rocketed the Steinlager trademark to the top of the premium beer category, allowing it to maintain a clear price premium in the face of deep-cut competitive pricing which has dominated the rest of the New Zealand market in recent times.

Steinlager Pure will make its debut in Australia this Summer. We have every confidence that Australians will enjoy New Zealand's finest brew as much as their trans-Tasman neighbours.

3 TOOHEYS LOOMS LARGE

The Tooheys trademark has had a huge year, with continued market success, major campaigns for Tooheys Extra Dry and Tooheys NEW, and a brand new addition to the fold.

This year Tooheys NEW built on its 'For the Love of Beer' strategy, which celebrates the brew's original and most faithful drinkers. 'The Beer of Great Ideas' campaign captured the pioneering nature of the Tooheys

4

DON'T MESS
WITH NATURE.

ONLY NATURAL INGREDIENTS.



5

brothers and culminated in a global beer relay, supported by high impact TV, print, radio, online and outdoor.

Meanwhile, Tooheys Extra Dry (TED), now the fifth biggest beer in Australia, enjoyed 27% volume growth (AC Nielsen: Sep 07-Sep08 MAT basis). TED's ongoing success can largely be attributed to its highly targeted marketing strategy, which includes key sponsorship properties such as the Big Day Out and Splendour in the Grass festivals, as well as the uncharTED breaking bands competition. The brand's innovative approach also saw TED partner the international design community to create personalised packaging for the new 696mL longneck.

New to the Tooheys stable this year is the first mainstream low-carb offering in the Australian market, Tooheys NEW White Stag. So far, things are tracking along nicely for the new offering.

4 HITTING THE SUMMIT

Urban NZ consumers have long sought brands that reflect their active lifestyles. So this year, we launched Summit Lager, the first naturally brewed product under the Speight's trademark. The step-up brand has seen excellent growth in its early stages and we're expecting it to be a major contributor to profit targets for 2009 and beyond.

5 THAT'S THE SPIRIT

Lion Nathan Australia's spirit and ready-to-drink (RTD) brands McKenna Bourbon and Inner Circle Rum are now being sold exclusively through Bacardi-Lion, the joint venture between Lion Nathan and Bacardi Martini.

Tax changes introduced in Australia in July have created an uncertain environment around RTDs, and led to a decline in the category. Our response? Combine our dark spirit portfolio with Bacardi-Lion's strong presence in the full strength spirits and RTD segments to create a complete and powerful portfolio that will help mitigate this risk, and allow Lion Nathan to leverage the larger Bacardi-Lion platform as an effective route to market.

The integration is now complete and Bacardi-Lion has enhanced its sales team with the addition of great people from our dedicated spirit and RTD sales force. We retain ownership of the trademarks and will continue to build the brands through innovation and marketing.

OUR SOCIABILITY COMMITMENT

Our core purpose is to make our world a more sociable -
are a fantastic accompaniment to sociability, pro

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Two Tracks
Chardonnay 2007
MARLBOROUGH
NEW ZEALAND

Quick catch up ...

6 MAKING A COMMITMENT TO SOCIABILITY

We make great products for great times. Our goal is for our beverages to play a role in promoting sociability, and providing great enjoyment for those who consume them appropriately. In fact, our commitment to helping bring people together permeates the way we do business - from insight generation and product design to marketing communications, sales and point of purchase.

This is spelt out in our 'Sociability Commitment', a high level statement about doing business in a socially responsible manner.

This commitment is so important, it's now incorporated into induction and training programmes. Read it at www.lion-nathan.com.

7 PICK A TRACK. ACTUALLY, PICK TWO

Two Tracks is a fresh new approach to Marlborough wines by highly regarded New Zealand winery Wither Hills. The first innovation to emerge from the winery since it was founded in 1992, Two Tracks provides easy drinking, high quality wines from a region consumers have come to love. Launching in Australia and New Zealand in September 2008, the new range consists of a Sauvignon Blanc, Pinot Gris and Chardonnay. A Pinot will be released early next year.

8 CHEERS, JACKO!

After an eight year stint and more than 30 television commercials, Australia's long time love affair with XXXX GOLD brand ambassadors Jacko and the boys has come to an end.

One of the longest running television commercial campaigns in the past 20 years and our most successful, the Jacko series helped develop and grow the mid-strength category in Australia. Thanks to Jacko, Marlin and their mates, XXXX GOLD now retains almost 60 per cent share and market leadership of this segment.

9



10

9 SUSTAINING OUR MOMENTUM

Sustainability may be today's buzzword for a whole lot of companies, but it's been way more than just a catchphrase for us for a long time. We take our social and environmental responsibilities very seriously, because they underpin Lion Nathan's values of acting with integrity, doing the right thing for the long term and making our world a more sociable place. It's so important to us, in fact, that we've got a dedicated area on our corporate website to talk about our sustainability achievements and goals.

We're also reporting our progress against those goals in a new Sustainability Report which is now available on www.lion-nathan.com

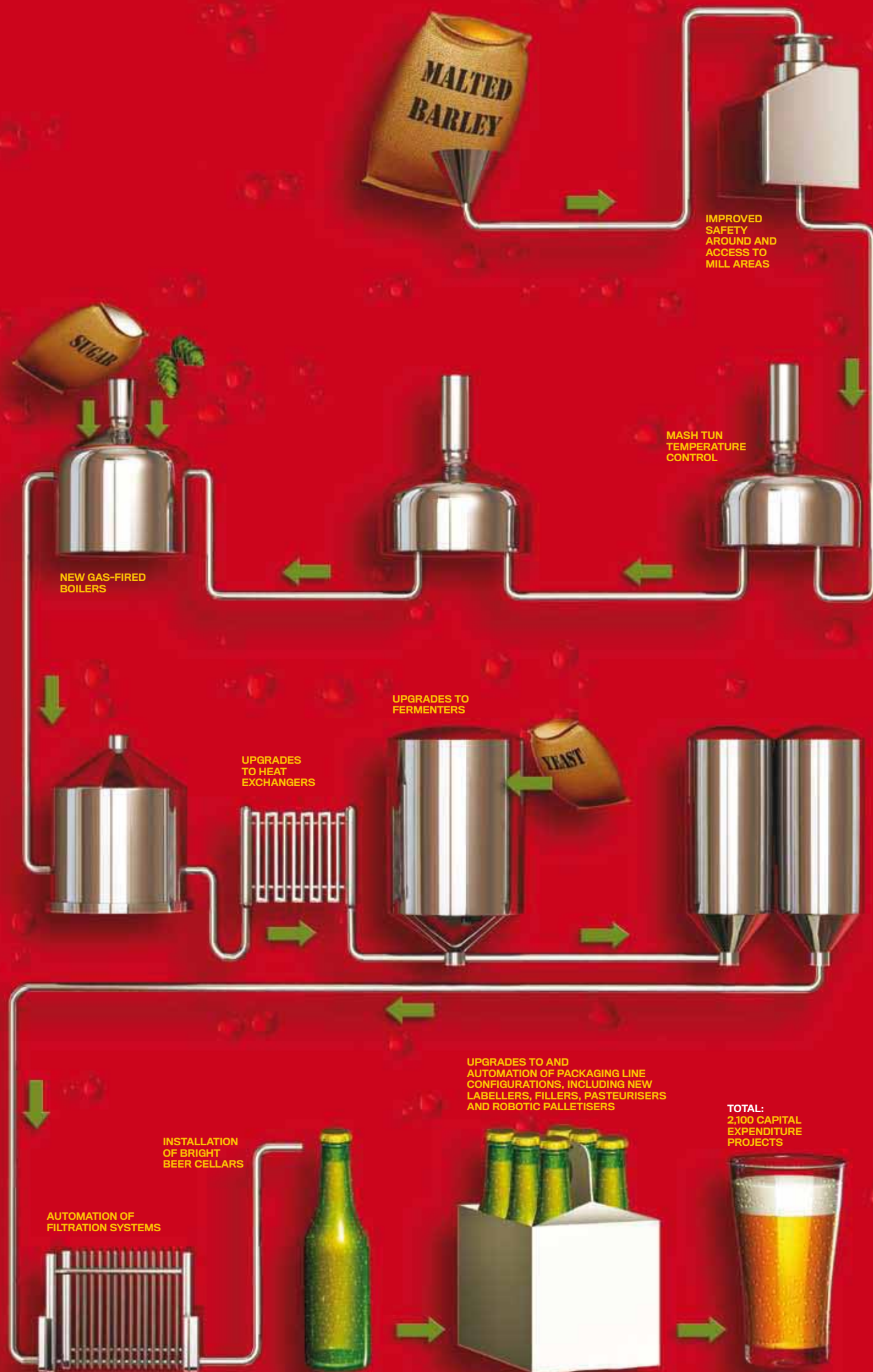
10 THE BEST WINES FOR THE LEAST IMPACT

Proper use of land is integral to our wine business, and we have a duty of care to ensure that we treat our environment in a custodial manner that is respectful, and as non-impactful as possible. That's why all Lion Nathan's wineries share a commitment to work respectfully with the environment in order to minimise impact, as well as to craft

wines of character and of place. This year, all our Australian wineries were accredited to AS/NZS ISO 14001:2004 Environmental Management Systems (EMS), and each winery has an EMS in place to reduce environmental impact and ensure we benchmark against best practice.

Our efforts are paying off. While the industry standard for vineyard irrigation sits at 3.48ml / ha per winery, our average water usage across seven of our Australian sites is approximately 0.6ml / ha. And we don't intend to stop there.

Check out more at www.lion-nathan.com



No trouble brewing



There's no point in producing high quality liquids and marketing the most adored brands if you don't invest in the assets that allow you to share them with the world. That's why, a few years ago now, we made the decision to pour more of our energies into refreshing our production assets: our operations teams, our facilities and our distribution channels.

Many of our systems needed upgrading, and with newer, faster, safer, more efficient and environmentally sustainable technologies available, we got right to work.

PUTTING OUR MONEY WHERE OUR MOUTH IS

We're not talking a minor facelift here. In FY08, total capital expenditure in production assets across the group was recorded at \$252 million. When you consider that's on top of \$111 million spent in FY07, and the \$109 million spent in FY06, you get a bit of an idea as to the commitment the business has made to reach the high benchmark of world class manufacturing.

IT'S A BIG JOB

We've got more than 2,100 capital expenditure projects either complete, planned or on the boil (so to speak) but we won't bore you with all the technical details. What we will tell you is that across our key breweries, we've:

- enhanced the refrigeration, fermentation and filtration systems, as well as upgraded stormwater diversion;
- installed new bright beer cellars and gas-fired boilers at Castlemaine Perkins, which will help to minimise electricity and water use, as well as steam and carbon emissions;
- introduced robotic palletisers and upgraded our automated labellers, ensuring the safety of our most important assets - our people;
- improved our packaging line configurations and increasing automation functionality at Tooheys, delivering increased flexibility to the packaging process;
- committed to build a new brewhouse at Boag's in Tasmania, effectively doubling capacity and introducing state of the art, environmentally friendly technology to the iconic brewery;
- built a Waste Water Treatment Plant at Castlemaine Perkins to help save a massive 1.1 million litres of water (or three million stubbies worth) of water each day;
- scoped a new co-generation plant at Tooheys, which when complete, will save up to 15,000 MWh of grid electricity and 9,500 tonnes of greenhouse gas emissions a year (the equivalent of about the energy it takes to power 2000 homes annually); and
- begun work on our brand new brewery, warehouse and production facility in New Zealand, 'The Pride of Auckland', which is expected to produce its first brew in 2009.

Right across all our facilities we have made upgrades to our amenities and work spaces, ventilation and electrical systems as well as implemented projects to reduce noise, water usage and emissions, and we are committed to improving our energy management systems.

NEXT STEPS

While many of our major projects will be completed in FY09, we won't stop there. Building on this investment, the next stage of our journey is to develop Lion Nathan's Way for Manufacturing Excellence, a new focus on how we can develop and implement best practice processes. It's all part of our vision of being an agile and flexible, low cost, integrated alcoholic drinks supply chain, recognised for not only quality and excellence, but for customer satisfaction and engagement.

Our aim is to reach world class standards of manufacturing, and deliver increased efficiencies right across our operations - from receiving the ingredients, to brewing the beer, to packaging it and getting it out to the marketplace. It's a high benchmark, but we're seeing the benefits: improved safety, agility and quality standards, as well as reducing our environmental impact. We look forward to building on this success.

Going Natural

More and more people have been asking questions about ingredients and opting for 'natural' choices in many areas of their lives for some time now. Despite this, our research showed that when you asked Australian drinkers what's in beer or how it's made, most of them simply didn't know. In fact, less than one in ten people* could name the ingredients used to make beer.



NATURALBEER.COM.AU

Our brewers have always been passionate about brewing quality beer and meeting the needs of beer drinkers, so they got together to sort out how we could get right back to basics. The aim: to give beer lovers a natural choice and educate them about what goes into their beer. The result: a brand new set of criteria for brewing beer naturally.

It wasn't easy. It took longer than we thought it would - years in fact - but thanks to the efforts and skills of our brewers, and with investments in our breweries and improvements to our processes, we got there.

In late September, we announced our biggest ever

portfolio initiative: the Natural Beer Promise. This new benchmark for natural brewing is built on a strict set of brewing standards. It's instantly recognisable thanks to a new 'Brewed In Compliance' stamp. It comes with a dedicated website and marketing campaign. And it has let our brewers talk directly to consumers about what's being poured into their glass.

Beers which meet this benchmark have only five natural ingredients (water, malted barley, yeast, cane sugar and hops), are brewed naturally and contain no artificial additives or preservatives.

And we're not just talking a few small brands. The beers that now carry the Natural Beer Promise: Brewed In Compliance stamp are some of the biggest in Australia: XXXX GOLD, the largest mid-strength brand and second largest beer brand; Tooheys NEW, the third largest brand; West End Draught, South Australia's number 1 brew; XXXX Bitter; Tooheys Old; and Swan Draught.

As far as consumers are concerned, the most important news is that the distinctive taste, quality and appearance of the beers they adore haven't changed. But what our brewers have done is remove the artificial additives, improved the way we do things, and really got back to the basics of brewing with just those five natural ingredients.

We're excited about this initiative. We think it raises the bar for the whole industry and presents a real category growth opportunity. But just as importantly, it gives us a chance to start a real conversation with beer drinkers about their favourite beverage so that, ultimately, they have a natural choice and can make informed buying decisions at the bar or bottle shop.

* PureProfile Australian national survey (Sept 2008). Sample size: 1004 respondents aged 18+ years.

➔ Check out more at www.naturalbeer.com.au





Taking care of business



We've long believed that engagement holds the key to success. To attract and retain great people, we've put a lot of work into building a constructive culture where our people are motivated and empowered to be the best they can be, to really make a difference and have a great time doing it.

We've found there's a direct relationship between an internally constructive culture and engaged customers and consumers. Quite simply, the more engaged our people are, the more engaged our customers and consumers will be. And more engaged customers and consumers do more business with us.

LOOKING INSIDE

Our journey in understanding and growing engagement within the business is well established. When people enjoy the work they are doing, the harder they strive to achieve and go the extra mile.

The results of our 2008 internal people engagement survey, show that 85% of our people¹ are positively engaged about working at Lion Nathan. Pretty impressive result when you consider it places our business in the top quartile of engagement for high performance companies globally!

Our people think we are doing an excellent job working with our consumers and customers, they are passionate about our brands, and they act as advocates for those brands. They believe and support the Lion Nathan vision and values, and what's more, they are intending to stick around. Excellent news all round really.

WHAT'S THE POINT?

There's no point having a great internal culture if you're not going to grow external relationships the same constructive way. Our customers are a vital link to our consumers. We are all on this journey together.

Our survey of customer engagement found that 80% of our Australian customers, and 87% of customers in New Zealand are positively engaged with us as a business². This means more than 1300 of our most important stakeholders are highly satisfied with what we do and regard us as a trusted partner.

Our customers told us that our service, sales force effectiveness and reputation are key drivers of this engagement. Many customers told us our approach to relationships delivered positive outcomes for their business, and as a result, are positive about doing more business with us. Gotta like that.

BUT, DOES IT WORK?

When you talk to a guy like Matt Tapper, Lion Nathan NSW Regional Director, you see the power of engagement. Matt's team is responsible for meeting the needs of more than 6000 customers in Australia's largest beer market.

According to Matt, "Our brands quite simply can't reach their potential without the strong endorsement of our customers. That endorsement is earned over the long term by constantly seeking to understand their business and consistently adding value to it.

"Every customer's business is different and it's important we bring them relevant business solutions. But they all want a partner that they can trust and relate to, who keeps their promises and makes timely decisions.

"For me, the quantity of calls the team makes is table stakes. The real value is determined by how effective each call is, and whether our customers come away from that experience feeling like we have taken another positive step toward a highly engaged business relationship."

LIKE, HOW?

Core to Lion Nathan's focus on improving customer engagement is building internal capability. That's why this year we rolled out Lion Keys for Customers, a capability programme that roadmaps how our sales teams go to market and engage our customers.

The programme is designed to deliver a best-in-class approach to all steps in the marketing and selling process, helping to maximise quality time with customers, as well as delivering commercial returns for the business. It's a simple idea really: develop a deeper level of understanding of the needs of the consumer, shopper and customer, so we can build the brands and activities that meet their needs.

DON'T JUST TAKE OUR WORD FOR IT

Justin Hemmes, a man synonymous with turning sociability into success, has been associated with Lion Nathan since the very early days.

As Justin tells it: "During my first week of managing our Sydney-based Hotel CBD, I received a visit from two guys who came in and said: 'We want those taps, we want our beers on that shelf and you don't have enough displays of this product in your fridges.' If I wanted to sell their beer, this is what I had to do.

"The next day, two more guys walked in, introduced themselves as my Lion Nathan reps and said 'What can we do to help? We want to understand what you're trying to do here and help your business grow. Is there anything you need from us to help you succeed and make that happen?'"

Justin decided: "These are people I want to partner with. Lion Nathan's approach really

sold me. Its people focused on customer service and asked 'what can we do for you?', 'how can we help you sell our product?' This is how business partnerships should be."

Lion Nathan's relationship with Justin has continued as he has built a leading edge empire that now encompasses several world class venues, including Establishment and ivy which have transformed the Australian hospitality industry.

And with eight busy businesses and over a thousand employees, how does Justin keep his own staff and customers engaged? "We invest a lot of money in staff training and social events, and we make an effort to personally acknowledge when our people do great work. We hire people who are passionate about the industry and like coming to work at our venues each day. In turn, they provide a really positive experience for our customers and encourage them to come back."

SO, WHAT NEXT?

We've never been ones to stop when the going's good. Our new challenge is to set the bar higher, and move our people and customer engagement scores from 'engaged' to 'highly engaged'.

We will continue to develop and grow our people, helping them be the best they can be and creating an environment where people work together to achieve.

Through partnering and sharing of consumer and shopper insights we will help more of our customers grow their businesses.

We will continue our focus on making a positive contribution to social and environmental sustainability, both internally and in working with our customers.

Are we up for it? Absolutely.

1 LN People Engagement Survey 2008. Sample: 2073 people (Australia & NZ)
2 Towers Perrin ISR, LN Customer Engagement Survey 2008. Sample: 1002 LNA customers, 340 LNNZ customers



MATT TAPPER, Regional Director NSW, Lion Nathan Australia
JUSTIN HEMMES, CEO, Merivale Group

THE MORE ENGAGED OUR PEOPLE ARE, THE MORE ENGAGED
OUR CUSTOMERS AND CONSUMERS WILL BE.



STRONG PARENT/CHILD BONDS ARE OFTEN THE KEY TO AN ADOLESCENT'S SENSE OF SELF-WORTH AND CAN BE A KEY PREVENTATIVE MEASURE TO OUR KIDS GOING OFF THE RAILS.

We're all in this together



For thousands of years, people of different cultures have consumed alcoholic beverages with friends and family in a variety of social occasions. For the most part, our products are a great partner to these occasions and provide a lot of enjoyment for those who consume our drinks in moderation.

Quite understandably however, government, media and the community continue to be concerned by the issue of alcohol misuse. We are too. We recognise that if our products are misused, that can impact on individuals, families and communities. That's why we're so committed to doing what we can to minimise those impacts.

There are no quick fixes or easy solutions to the problems of misuse. But we are making a significant investment in evidence-based approaches to culture change. We believe that encouraging a sustainable, moderate drinking culture in the markets we operate in is not just good for business, it's also the right thing to do.

That's why we're a foundation sponsor and board member of DrinkWise Australia - a partnership between the alcohol industry, the Federal Government and the community - which is an evidence based organisation focused on promoting change towards a more responsible drinking culture.

This year, DrinkWise Australia launched its first social marketing campaign: 'Kids Absorb Your Drinking'. The campaign encourages parents to take responsibility and positively influence their children's future drinking behaviours. In doing so it hopes to play its part in ensuring that the next generation will believe 'drinking to get drunk' is socially unacceptable.

There's plenty of evidence to suggest that strong parent/child bonds are often the key to an adolescent's sense of self-worth. In fact, this bond can be a key preventative measure against adolescents going off the rails and indulging in dangerous behaviours. That's why we've also invested in proven programmes like the Pathways Foundation, an Australian organisation that helps parents strengthen their relationship with their pre-teen and teenage children.

According to Dr Arne Rubinstein, founder of the Pathways Foundation and a father of two teenage boys

himself, parental bonds cannot be underestimated. "Our relationships with our kids can have a profound impact on the approach they take to life and the people they turn out to be," says Dr Rubinstein. "I have great hopes for my children, including that they will grow into motivated adults, inspired to reach their full potential in life.

"Modern life can put great pressure on the time we have available to spend with our kids, sharing our stories and experiences and learning what's going on in their lives. Even those of us with great relationships with our kids can benefit from more quality time with them and better communication with them, so that when it comes to the 'tough stuff', we're well placed to tackle issues head on, together."

Lion Nathan's support has assisted the Pathways Foundation to roll out contemporary programmes, workshops and camps to assist young people to make that fundamental but emotional shift from child to young adult.

Dr Rubinstein, again: "As an adult, it's often hard to understand how difficult this time can be for young people, particularly in such a modern, fast moving world. That's why it's so important we provide our kids with a place to turn."

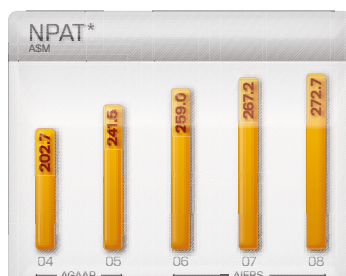
Lion Nathan's long-term partnership with Pathways has not just helped families in Australia, it's also helped enable a trans-Tasman partnership with the Tracks Trust, a similar programme in New Zealand.

Education is key to changing behaviour, and we see these programmes as important steps toward empowering parents and individuals to make better choices when drinking.

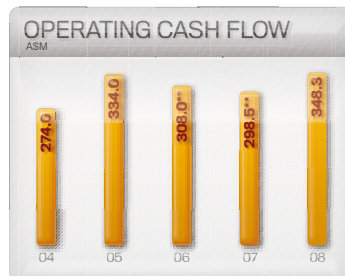
For more information about our community investment programmes visit our 2008 Sustainability Report.

➔ Check out more at www.lion-nathan.com/sustainability.aspx

Delivering for today, investing for tomorrow



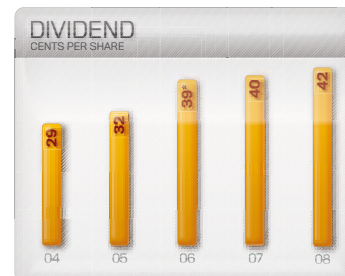
* NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEMS



* BEFORE ONE OFF TAX PAYMENT OF \$34.5M
** DIVIDENDS AND DISTRIBUTIONS FROM ASSOCIATE ENTITIES RECLASSIFIED FROM OPERATING ACTIVITIES TO INVESTING ACTIVITIES AND ACQUISITION OF SHARES BY LION NATHAN ACHIEVEMENTS RIGHTS TRUST RECLASSIFIED FROM OPERATING ACTIVITIES TO FINANCING ACTIVITIES FROM THE 2006 YEAR



* END OF SEPTEMBER CLOSING PRICE



* PLUS 30 CENTS SPECIAL DIVIDEND - 69 CENTS TOTAL DIVIDEND IN 2006

This year, we continued to grow profits while at the same time investing in the brands, breweries and people that will secure the future of the business.

Lion Nathan recorded a 4.2% increase in operating net profit after tax (NPAT) to \$278.3 million in FY08. After adjusting for the impact of one-time items (OTIs) and individually significant items (ISIs), a reported NPAT of \$272.7 million was achieved. This includes the one-time costs associated with the acquisition of J Boag & Son Pty Limited (Boag's) of \$8 million (\$5.6 million post tax).

All business units contributed to the strong result, with revenue and earnings growth in Australia, New Zealand and Wine. The results were fuelled by the success of recent new products and increased brand investment, which has translated into volume growth and improved mix. A particular highlight is the beer volume, value and market share growth achieved in Australia and New Zealand.

Strong cash flow remains a key attribute of the business with a cash realisation ratio of 97.4% this year, up from 93.0% in FY07.

Over the last three years, we have increased our investment in brands, breweries and people. In FY08, this investment has resulted in the successful launch of a number of new products including Speight's Summit Lager in New Zealand and, more recently, Tooheys NEW White Stag in Australia.

Within both the Australian and New Zealand business units, 10% of net sales revenue in FY08 was derived from new products and innovations that have been launched over the last three years.

Key components of the brewing infrastructure have been overhauled over the past few years to lower costs and improve flexibility. Major projects at Tooheys and XXXX Castlemaine will be completed in FY09.

An upgrade to the Boag's brewery in Tasmania was announced in May, and work has commenced to double the capacity of this brewery to 100 million litres.

A new brewery, warehousing and production facility is under construction in East Tamaki, Auckland, to replace the current brewery at Newmarket. This project is on track for completion in 2011,

with the first brew expected to be produced at the new Auckland brewery late in the 2009 calendar year. These projects represent the principal drivers of the increased capital expenditure in FY08.

Capital expenditure of \$252 million was recorded in FY08, at the bottom end of the Company's guidance range, due to the timing of cash outflows.

As we anticipated, variable input costs increased during FY08. Commodity price increases have been a factor, whilst the consumer trend to premiumisation also impacted upon cost of goods. Guidance of a 5-7% increase in variable input costs is reiterated for FY09.

Lion Nathan continues its focused strategy of pursuing sustainable long term growth through investment in brands, breweries and people to deliver shareholder value. Importantly, our customers have also benefited from this approach, with both Lion Nathan Australia and Lion Nathan New Zealand ranked number one for overall satisfaction against their respective competitors¹.

The investments that have been made over the last three years have built a stronger business. As such, whilst economic conditions

are volatile at present and the new financial year will be challenging, we remain confident of an earnings step up in FY09 and have set a guidance range of \$300 - \$315 million NPAT (pre significant and one-time items).

¹ Towers Perrin ISR, LN Customer Engagement Survey 2008.

Check out more at
www.lion-nathan.com/investors.aspx

Financial summary:

Operating Profit Analysis

(Before one-time & significant items)

Twelve months ended (\$m)	30 SEPT 2008	30 SEPT 2007	CHANGE
Operating EBIT			
Australia	446.1	413.6	7.9%
New Zealand (AUD)	76.2	76.3	(0.1)%
Wine (pre SGARA)	15.8	12.9	22.5%
SGARA	0.3	(2.8)	110.7%
Corporate	(31.4)	(27.6)	(13.8)%
Group Operating EBIT	507.0	472.4	7.3%
Net Interest Expense	(108.7)	(89.6)	(21.3)%
Pre-Tax Earnings	398.3	382.8	4.0%
Income Tax Expense	(119.8)	(115.5)	(3.7)%
Minority Interests	(0.2)	(0.1)	(100.0)%
Operating Net Profit after Tax	278.3	267.2	4.2%

Reported Profit Analysis

Twelve months ended (\$m)	30 SEPT 2008	30 SEPT 2007	CHANGE
Net Sales Revenue	2,094.2	1,967.0	6.5%
EBIT			
Australia	438.1	391.7	11.8%
New Zealand	76.2	105.4	(27.7)%
Wine (pre SGARA)	15.8	(6.9)	329.0%
SGARA	0.3	(2.8)	110.7%
Corporate	(31.4)	(34.7)	9.5%
Group EBIT	499.0	452.7	10.2%
Net Interest Expense	(108.7)	(100.9)	(7.7)%
Pre-Tax Earnings	390.3	351.8	10.9%
Income Tax Expense	(117.4)	(69.6)	(68.7)%
Minority Interests	(0.2)	(0.1)	(100.0)%
Net Profit after Tax	272.7	282.1	(3.3)%
Earnings per share before significant items (cents) ^[1]	51.2	50.2	2.0%
Reported Earnings per share (cents) ^[1]	51.2	53.0	(3.4)%
Final ordinary dividend per share (cents)	22.0	21.0	4.8%
Total ordinary dividend per share (cents)	42.0	40.0	5.0%
No. shares on issue at period end (millions)	534.2	534.2	-

Reconciliation of Operating and Reported Results

Twelve months ended (\$m)	30 SEPT 2008		30 SEPT 2007	
	EBIT	NPAT	EBIT	NPAT
Operating Result	507.0	278.3	472.4	267.2
One-Time Items (OTIs)	(8.0)	(5.6)	-	-
Result before Significant Items	499.0	272.7	472.4	267.2
Significant Items ^[2] (ISIs)	-	-	(19.7)	14.9
Reported Result	499.0	272.7	452.7	282.1

¹ Calculated using total number of shares on issue less shares held by Lion Nathan Achievement Rights Trust

² Refer to the FY08 results released on 18 November 2008 and 2008 Annual Report for details of significant items. These publications are available at www.lion-nathan.com

Note: Rounding may affect percentage change calculations - correct percentage change shown in tables.

For full details of the Company's 2008 financial year results, please refer to documents published on 18 November 2008, as well as the 2008 Annual Report. Copies of all company announcements, results webcasts and presentations are available at www.lion-nathan.com

Financial summary: continued

Australia

Twelve months ended (\$m)		30 SEPT 2008	30 SEPT 2007	CHANGE
Volume	(millions of litres)	731	699	4.6%
Net sales revenue ^[3]	\$m	1,431.8	1,287.0	11.3%
Operating EBIT	\$m	446.1	413.6	7.9%
Reported EBIT	\$m	438.1	391.7	11.8%

New Zealand

Twelve months ended (\$m)		30 SEPT 2008	30 SEPT 2007	CHANGE
Beer Volume ^[4]	(millions of litres)	171	171	0.1%
Total NZ Volume ^[5]	(millions of litres)	189	186	1.6%
Net sales revenue ^[3]	NZ\$m	575.4	584.4	(1.5)%
	A\$m	487.2	514.0	(5.2)%
Operating EBIT	NZ\$m	90.0	86.7	3.8%
	A\$m	76.2	76.3	(0.1)%
Reported EBIT ^[6]	NZ\$m	90.0	121.2	(25.7)%
	A\$m	76.2	105.4	(27.7)%

Wine

Twelve months ended (\$m)		30 SEPT 2008	30 SEPT 2007	CHANGE
Wine Volume (000s of 9 litre cases) ^[7]		1,473	1,437	2.5%
Net sales revenue ^[3]	\$m	175.2	166.0	5.5%
Operating EBITs ^[8]	\$m	15.8	12.9	22.5%
Reported EBITs	\$m	15.8	(6.9)	329.0%
SGARA	\$m	0.3	(2.8)	110.7%
Operating EBIT	\$m	16.1	10.1	59.4%
Reported EBIT	\$m	16.1	(9.7)	266.0%

³ Net of excise and discounts

⁴ Including Lion Nathan International volume

⁵ Comprising beer, wine, spirits, RTDs and other volume

⁶ Includes Khyber Pass Brewery sale FY07 year

⁷ External sales only (excludes sales to Lion Nathan New Zealand)

⁸ Earnings before interest tax and SGARA

Note: Rounding may affect percentage change calculations - correct percentage change shown in tables.

For full details of the Company's 2008 financial year results, please refer to documents published on 18 November 2008, as well as the 2008 Annual Report. Copies of all company announcements, results webcasts and presentations are available at www.lion-nathan.com

Investor information:

Calendar of Events

18 November 2008

FY08 result announced

17 December 2008

Distribution to shareholders of 2008 annual report commences

19 December 2008

Record Date for final dividend

15 January 2009

Final dividend paid

26 February 2009

Annual General Meeting to be held at The Grand Ballroom, The Hilton, 484 George Street, Sydney, NSW

31 March 2009

End of first half of 2009 financial year

May 2009

Half-year 2009 result announced

30 September 2009

End of 2009 financial year

November 2009

FY09 result announced

December 2009

Distribution to shareholders of 2009 annual report commences

Investor Information

Stock Exchanges and Listed Securities

Lion Nathan Ordinary Shares trade on both the Australian and New Zealand Stock Exchanges. The Company's ticker symbol is LNN on both exchanges.

Voting Rights

On a show of hands, each holder of Ordinary Shares is entitled to one vote. On a poll, one vote is counted for every Ordinary Share.

Direct Banking of Dividends

Lion Nathan has elected to move to direct banking of Ordinary Share dividends. This enables shareholders to have dividends paid directly by Lion Nathan to New Zealand and Australian trading banks. Further information can be obtained from the Share Registry in the country in which the shares are registered.

Company Publications

The Company issues the following announcements and publications throughout the year to inform investors of the Company's operations and results:

- Half year result announcement and presentation
- Annual result announcement and presentation
- Annual Report, Notice of Annual General Meeting and Explanatory Notes
- Annual Review
- Sustainability Report

These publications and key management presentations are also available for viewing and downloading from the investor relations section of the Company's web site: www.lion-nathan.com/investor.aspx

Investor and Analyst Enquiries

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Lion Nathan Limited

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Fax: 61-2-9290 6675

investor.enquiry@lion-nathan.com.au

Security Holder Enquiries

Security Holders with enquiries about transactions, changes of address or dividend and interest payments should contact the Share Registry in the country in which their securities are registered.

Share Registries

Australia

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

GPO Box 2975

Melbourne VIC 3001

Australia

Tel: 1300 656 107

International: 61-3-9415 4351

sydney.services@computershare.com.au

New Zealand

Computershare Investor Services Limited
Level Two, 159 Hurstmere Road

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Private Bag 92119

Auckland 1020

New Zealand

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Fax: 64-9-488 8787

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Peter Bush

Hirotake Kobayashi

Koichi Matsuzawa

F Miki (Director & Alternate Director

for H Kobayashi and K Matsuzawa)

Rob Murray (Chief Executive Officer)

Andrew Reeves (Managing Director

Lion Nathan Australia)

Geoff Ricketts (Chairman)

Gavin Walker

Barbara Ward

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