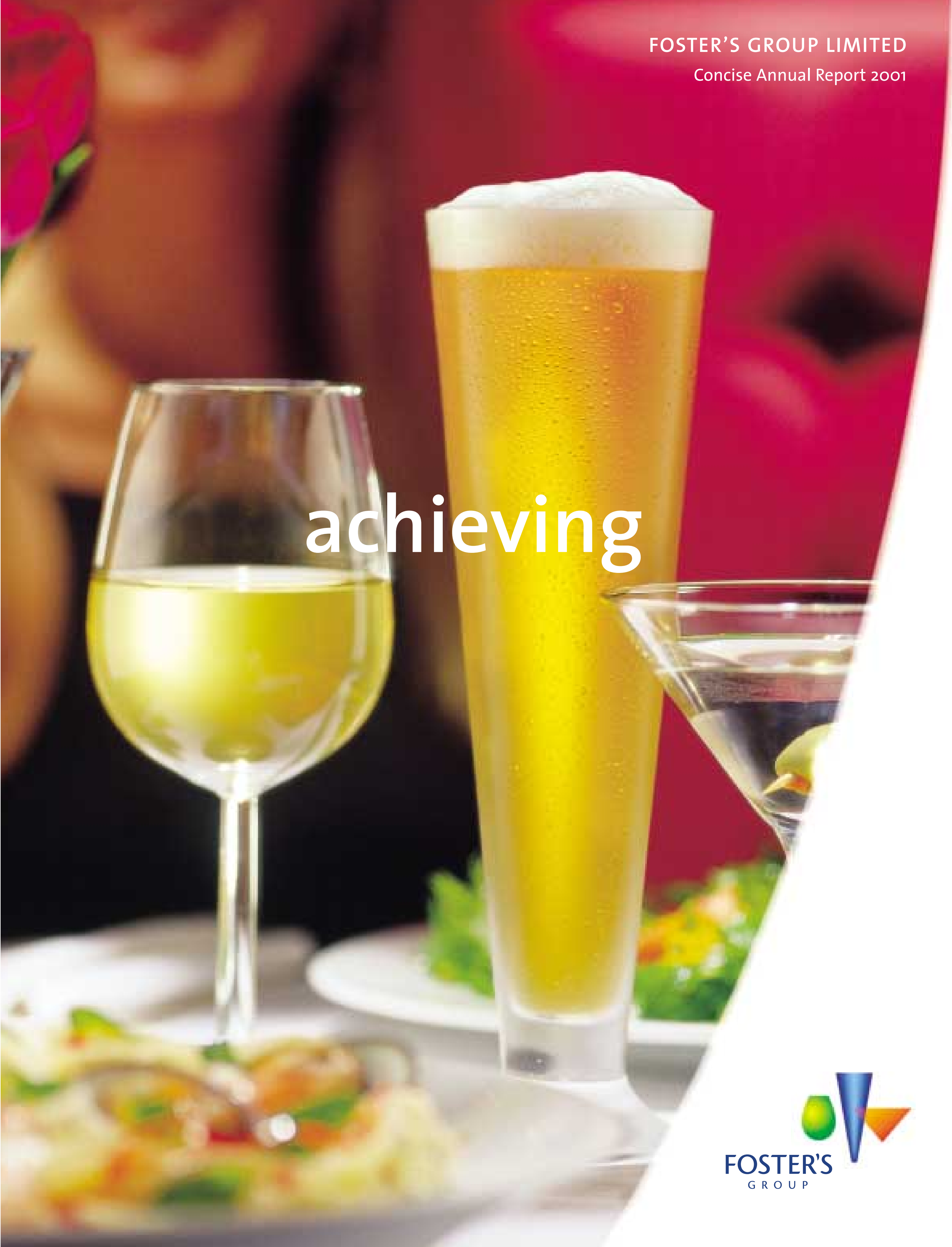
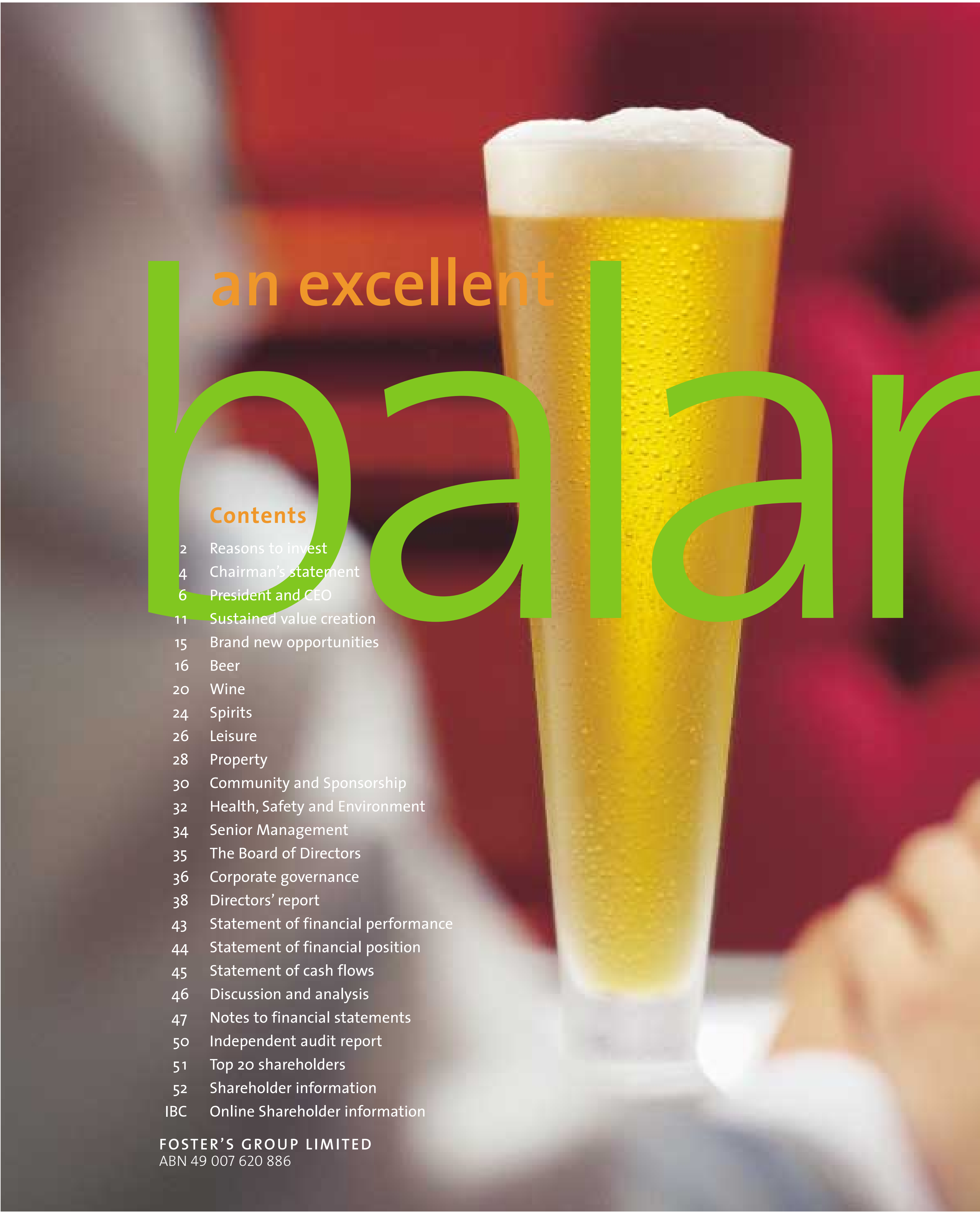
FOSTER'S GROUP LIMITED

Concise Annual Report 2001



achieving

FOSTER'S
GROUP



an excellent balan

Contents

FOSTER'S GROUP LIMITED
ABN 49 007 620 886

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There is now a much more even split between Foster's beer, wine and leisure businesses, lesser dependence on Australia, broadened income sources across continents and currencies and a new growth engine in premium wine.

It is what Foster's has aspired to and worked towards for many years – a truly premium branded beverage company.

Worldwide.

Reasons to invest

REVENUE UP

29.9%

Revenue has increased **$1,037 million to $4,505 million.**

EBIT UP

28.5%

Earnings before interest and tax (EBIT) has increased **$186 million to $836 million.**

SHARE PRICE UP

16.6%

Share price has increased **$0.78 to $5.48 as at 30 June 2001.**

PREMIUM BRANDS = PREMIUM

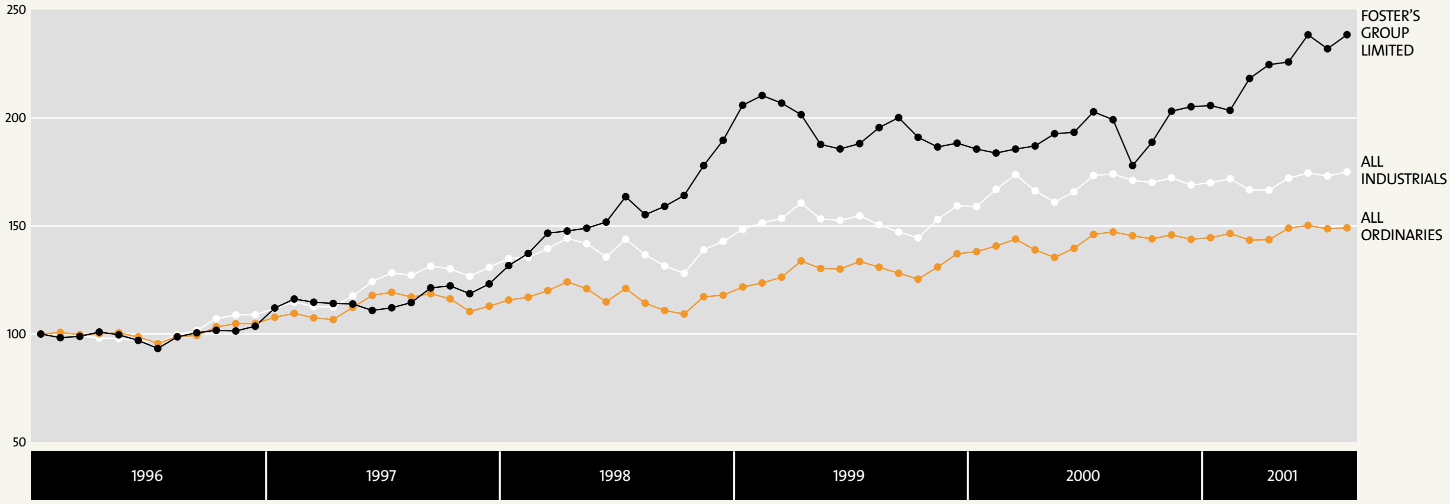
Foster's continues to execute the strategy set in place over five years ago:

- maintain focus on premium brands which build premium margins to deliver premium returns
- manage our capital base
- achieve the right mix of high return and high growth businesses.

	2001	2000	change
For the year			
Revenue ($m)	**4,505.3**	3,468.1	29.9%
EBIT ($m)	**836.3**	650.7	28.5%
Net debt ($m)	**3,538.2**	1,250.2	2,288.0
EPS (¢)	**24.8**	24.5	0.3
Return on funds employed*	**13.8%**	19.0%	-5.2 points
Return on funds employed pre Beringer impact	**17.5%**	19.0%	-1.5 points
Dividends per share (¢)	**15.5**	14.5	6.9%
Number of shares at year end (million)	**1,993.4**	1,705.6	16.9%
Average number of shares (million)	**1,878.7**	1,724.3	9.0%

*EBITA on capital employed (Earnings before interest, tax and amortisation)

SHARE PRICE – RELATIVE PERFORMANCE



MARGINS = PREMIUM RETURNS = shareholder value

1996 MARKET CAPITALISATION $4.3 BILLION

2001 MARKET CAPITALISATION $10.9 BILLION

Market capitalisations as at 30 June 1996 and 30 June 2001

	2001	2000
Foster's Performance Indicators		
Beer – hectolitres (thousands)	**17,898.3**	17,759.6
Beer – countries distributed	**153**	150
Wine – cases (thousand 9-litre cases)	**13,485**	6,409
Wine – club members (thousands)	**1,181**	1,154
Vineyard hectares controlled	**>7,600**	>3,300
Hotels owned/operated	**150**	148
Liquor outlets	**109**	103
Total hotels and liquor outlets	**259**	251

Chairman's statement

Frank Swan
Chairman
Foster's Group Limited

Last year at this time, my message was about how Foster's had the financial flexibility to carry out the strategies to create shareholder value. This year I am happy to report great progress.

2001 was a landmark year for Foster's, with the group moving further towards realising its goal of becoming a major player in the global premium branded beverage markets of the world.

The highlight for the year was the $2.9 billion acquisition of Beringer Wine Estates, a leading US premium wine producer based in California's Napa Valley. This acquisition transformed Foster's, further spreading our business interests across continents and currencies, and providing a new growth engine in wine to complement our existing, cash-strong beer business.

This powerful combination has already begun delivering benefits, with net profit before significant items up 14.7% to $490.7 million and group earnings before interest and tax up 28.5% to $836.3 million, making 2001 our sixth consecutive year of double-digit EBIT growth from continuing businesses.

All divisions of Foster's performed strongly during the year, despite climates of economic uncertainty in our major markets of Australia and the United States.

CUB delivered EBIT growth of 4.5%, an outstanding performance given the turbulent domestic environment and the increased excise tax on draught beer with the introduction of the GST. Following the successful 'It's Your Shout' campaign, beer excise tax was reduced in April and since then sales of draught beer have recovered modestly, after falling by approximately 4% in the first half of the year.

Foster's Brewing International successfully integrated the operations of four distinct non-Australian beer businesses during the year, bringing together the group's global beer operations and marketing activities. Foster's Lager, now sold in more than 150 countries, is one of the world's fastest growing international beers. Recently Foster's marked the 20th anniversary of draught on tap in the UK, where it is the number one selling beer in London and number two nationally.

Beringer Blass Wine Estates (BBWE), formed following the merger of Mildara Blass and Beringer Wine Estates, performed strongly for the year, with excellent gains recorded, particularly in exports of Australian wine. Beringer US performed in line with the group's pre-acquisition expectations for the nine months since the business was acquired. The wine division is now well placed to capitalise on further consolidation in the American premium wine market.

Underpinning the success of the businesses is the talent, dedication and commitment of Foster's 13,700 employees (full-time equivalents) and the leadership, experience and vision of the management team. On behalf of shareholders, I would like to thank each of our employees for their contribution to this successful year.

2001 was also an historic year for Foster's, with shareholders voting in May to change the company name to Foster's Group Limited. The new company name and corporate identity were officially launched on 2 July and are designed to better reflect the diversity of the group's business activities, which now include beer, wine, spirits, leisure and hospitality and residential property.

As we move forward, the focus will remain on maximising returns from all the group's operations. The addition of Beringer has doubled the size of the wine business and raised the group's growth profile. At the same time, the beer business continues to outperform its competitors and deliver the strong cash flows the group needs to invest in the future. Together, this premium beer and wine combination will drive Foster's overriding objective to deliver superior returns to shareholders.

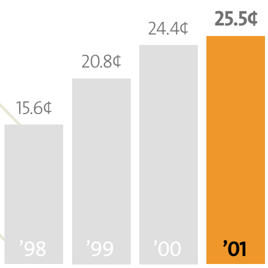
Frank Swan

Chairman
Foster's Group Limited

PREMIUM BRANDS + CAPITAL MANAGEMENT + THE RIGHT

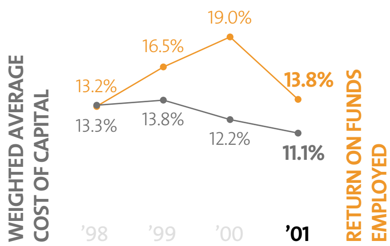
By any measure, 2001 was a year of tremendous achievement. Foster's today is a powerful mix of synergistic businesses focussed on strengthening our position as a global premium beverage company.

It is an exciting time to be a part of Foster's – I am confident that we are in a great position to build on record results to create an even stronger company for 2002 and beyond.



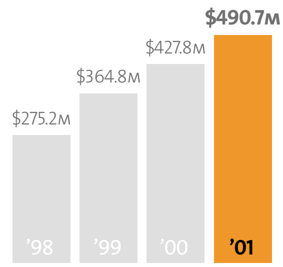
EARNINGS PER SHARE (PRE SIGNIFICANT ITEMS, FULLY DILUTED) UP 1.1¢ to 25.5¢

Earnings per share (EPS) increased to 25.5 cents per share and pre-amortisation earnings per share increased 4.3% to 26.7 cents per share. An excellent result in a year in which the Beringer purchase was completed and one which was originally anticipated to be EPS dilutive.



RETURN ON FUNDS EMPLOYED
DOWN 5.2 points to 13.8%

ROCE (pre-amortisation) was 13.8%, which decreased from the previous year primarily as a result of the Beringer acquisition. It still represented a premium to WACC of 270 basis points. However, excluding the Beringer acquisition, ROCE was 17.5% representing a premium to WACC of 600 basis points.



NET PROFIT (BEFORE SIGNIFICANT ITEMS) UP $62.9 MILLION OR 14.7%

Despite unsettled trading conditions, net profit before significant items increased 14.7% to $490.7 million, an outstanding result.

BUSINESS BALANCE = value creation

How did Beringer perform and has the integration been a success?

Beringer performed very well and is living up to all our pre-acquisition expectations.

The business reported double-digit EBIT and revenue growth for the nine months since the acquisition, and its premium brand portfolio was once again one of the most awarded in the US. Beringer is a superb quality company and the combination of the US and Australian wine businesses has created a global premium wine leader and, importantly, given Foster's a growth engine for the future.

The integration of the Beringer and Blass international operations progressed well during the year and synergies from the merger are expected to flow through in the year ahead. Importantly, the integration will further boost the sales and marketing prospects of our Australian wine brands in the US, as Beringer has long established relationships with America's large and influential distributors.

How do you intend to grow the Australian beer business going forward?

Carlton & United Breweries (CUB) has set itself some key strategic objectives for the coming year, with the main driver for growth being the focus on the core brands – VB, Crown Lager, Carlton Draught, the Cascade family, Foster's family and Carlton Midstrength – it is these products that carry a significant amount of brand equity and which can provide both volume and margin growth.

Secondly, CUB will focus on growing draught beer throughout Australia. Leveraging the lower excise tax rates on draught beer, CUB will continue its major advertising promotion and sponsorship of draught beer, particularly Carlton Draught through the AFL sponsorship.

Thirdly, CUB will grow its spirits business, Continental Spirits. Consumers are drinking a wider range of alcohol products today and CUB is ideally placed to meet demands across beer, wine and spirits products.

Fourthly, CUB will again focus on the premium beer category, which delivers superior margins. This sector has seen significant growth over the last five years as a result of consumers demanding premium products.

Finally, CUB will continue to produce innovative products such as Carlton Black and Carlton G.

Why did the company need to raise funds during the year?

The purpose of the fund raisings during the year was twofold.

Firstly, to ensure prudent management of our capital base. Part of this process includes securing favourable long-term debt arrangements for the group. To that end, we raised funds to allow us to pay down short-term debt and secure better overall interest rates for the group in the long term.

Secondly, the funds provide added flexibility to take advantage of opportunities that arise, which can add immediate value to the core businesses. During the year, a number of such opportunities arose, including the Italian premium wine maker, Castello di Gabbiano, the French bottling business Sobemab, the New Zealand wine trade business, Matua Valley Wines, and the Australian wine trade business, Briar Ridge.

In line with our policy of encouraging smaller investors, the Dividend Reinvestment Plan (DRP) was reactivated during the period to provide shareholders with the opportunity to reinvest their dividends in new ordinary shares in the company, raising share capital by $149.7 million for the year. In addition, after the close of the year, a further $95 million was raised as part of the company's Share Purchase Plan (SPP), which provided the opportunity for retail investors to participate in the equity raising at the same price as institutional investors.

How is the Foster's beer brand performing overseas?

The Foster's brand is one of Australia's greatest export success stories. Sold in more than 150 countries, it is one of the fastest growing international beer brands in the world today, with more than 100 million cases sold annually.

Foster's is the number one selling beer in London, and number two overall in the UK.

In Europe, Foster's is ranked as the 7th highest selling brand and the only non-European beer brand in the top 15.

In the US, Foster's is the 6th largest imported beer brand.

We have heard a lot about the international wine business this year, but how is the Australian wine business performing?

It has been a great year for our Australian based wine business.

Through our 'triple channel approach', which is unique to Foster's, we continue to utilise three channels to market. They combine our traditional wine trade business with the low capital intensity of clubs and services, enabling the wine business to deliver superior returns on capital employed.

Exports performed strongly accounting for 51% of total sales. Volume growth in excess of 20% was achieved in each of our key markets – the UK, Canada and United States. In Canada, Wolf Blass is the number one selling wine brand.

In Australia, the results were encouraging. On the back of a difficult domestic market, we had a strengthening in domestic wine sales in the second half. Volumes increased across all our labels, thanks to our new domestic marketing strategy. Wolf Blass volumes for the second half increased by 20.2% compared with the same period last year, Yellowglen was up 23.6% and Jamiesons Run leapt by 30.6%.

We are preparing ourselves well for future growth in our wine business in Australia. In particular, the opening of the Wolf Blass Winery was a highlight. It is without a doubt the world's most advanced premium winery. Located in the Barossa Valley, the winery was put to the test in its inaugural year, processing 25,000 tonnes of grapes in its first vintage – 5,000 more than planned. Efficiencies with the new winery saw production costs fall by 10% for its first vintage.

Ted Kunkel

President and CEO
Foster's Group Limited


FOSTER'S
=
a truly global premium branded beverage company

With the acquisition of Beringer Wine Estates, Foster's Group is now a mix of strong cash and strong growth businesses

	EBIT ($m)	% CHANGE 00-01	RETURNS* %
beer	432.6	9.3	28.5
wine	342.1	121.7	9.9
spirits	15.2	153.3	14.8
leisure	104.8	–4.9	15.3
property	25.0	–15.0	29.9

* returns = EBITA on capital employed

FOSTER'S – sustained

		What we do	Where it happens
beer	domestic	Produce, market and sell a range of premium, full strength, midstrength, lower alcohol, imported beers and other alcoholic beverages.	Australia.
	international	Global operations responsible for the stewardship, governance, growth and development of the Foster's brand worldwide. Management of Foster's brewing operations in Asia and the Pacific. Strategic management of the group's other beer brands internationally.	**Brewing:** Foster's Lager is produced in eight countries – Australia, China, India, Vietnam, UK, Ireland, Germany and Canada. Brewing facilities also in Fiji and Samoa. Distillery in Fiji. **Distribution:** more than 150 countries.
wine	trade – Australia	Make and market more than 35 premium wine brands using Australian and New Zealand grapes. Customers are wine importers, wholesalers and retailers, including 'on-premise' outlets such as restaurants.	Approximately 3,310 hectares (owned or leased) under vine in prime wine growing areas of Australia, including the Barossa Valley, Clare Valley, Limestone Coast, McLaren Vale (SA), Yarra Valley (Vic) and Hunter Valley (NSW), Matua Valley Wines (51% owned) have 131 hectares in New Zealand.
	trade – US	Make and market eight premium wine brands using Californian, Italian and Chilean grapes. Customers are wine importers, wholesalers and retailers, including 'on-premise' outlets such as restaurants.	Approximately 4,121 hectares (owned or leased) under vine in prime wine growing areas of California's Napa Valley, Sonoma County and Central Coast region, as well as 38 hectares in Italy's Tuscany region.
	clubs	Sell wine directly to 1.2 million customers worldwide. Cellarmasters' Australian operation is the only fully integrated wine company in the world.	Australia, New Zealand, Japan, UK, Europe and the US.
	services	Provide bottling, packaging, storage and distribution services, mainly for premium wine producers.	Australia, New Zealand, France.
spirits	domestic	Import, manufacture, distribute and market popular and premium spirits and liqueurs.	Australia, New Zealand. **Export:** Asia.
leisure & hospitality	domestic	Own and operate pubs. Develop leisure concepts.	Australia.
property	domestic	Residential property development.	Australia.

value creation

Key brands	Growth drivers	ROCE	Financial indicators
Victoria Bitter, Carlton Draught, Foster's LightIce, Crown Lager, Carlton Cold, Carlton Midstrength, Carlton LJ, Foster's Lager, Melbourne Bitter, Cascade Premium, Cascade Premium Light, Matilda Bay.	Building brand equity and preference. Product innovation.	28.5%	Employees: 2,059 Capital employed: $1,414m Total revenue: $1,578.7m Profit before interest & tax: $408.3m
Foster's Lager, Foster's Ice, Shanghai Beer, Guang Ming, Biere Larue, BGI, Fiji Bitter, Vailima, Bounty Rum, Regal family of spirits brands.	Building brand equity. Brand awareness and distribution.	12.5%	Employees: 2,699 Capital employed: $215m Total revenue: $190.4m Profit before interest & tax: $24.3m
Wolf Blass, Black Opal, Greg Norman Estates, Yellowglen, Jamiesons Run, Annie's Lane, Ingoldby.	Key export markets of US, Canada, Europe and New Zealand. Core brand development.	12.7%	Employees: 694 Capital employed: $925m Total revenue: $386.5m Profit before interest & tax: $107.7m
Beringer, Meridian, Chateau St. Jean, Chateau Souverain, Stags' Leap, St Clement, Castello di Gabbiano.	Exceeding category growth in 750ml US-produced premium wines sold in food stores.	7.6%	Employees: 1,024 Capital employed: $3,384m Total revenue: $715.3m Profit before interest & tax: $165.9m
Operates wine clubs including: Cellarmasters, the Wine Cellar (Australia), Cardmember Wines (New Zealand), Bourse du Vin International (the Netherlands, Belgium, France), The Australian Wine Centre (UK), Pallhuber (Germany), Windsor Vineyards (US), Wine Buzz (Japan).	New and developing 'hosted' wine clubs. Expansion of wine clubs throughout Europe.	14.0%	Employees: 1,648 Capital employed: $410m Total revenue: $353.4m Profit before interest & tax: $50m
Vinpac International, Sobemab, Classic Packaging, Carter and Associates, Nexday.	Increasing variety and sophistication in premium wine presentation.	20.0%	Employees: 442 Capital employed: $111m Total revenue: $180.3m Profit before interest & tax: $18.5m
Continental: The Black Douglas, Cougar Bourbon, Karloff Vodka, Coyote Tequila. **Seagrams:** Chivas Regal, Martell, The Glenlivet, Captain Morgan, Seagram Gin.	Brand equity – awareness, relevance, differentiation. Portfolio segmentation and distribution.	14.8%	Employees: 118 Capital employed: $107m Total revenue: $105.8m Profit before interest & tax: $15.2m
Young & Jackson's, Village Green (Vic), The Breakfast Creek, Albany Creek, Stone's Corner, Royal Exchange (Qld), The Ramsgate Hotel (SA), Sail and Anchor (WA), Action Liquor, Liquor Xpress, The Fridge, Joker's Wild.	Refurbishment of venues suiting local markets. Ongoing growth of leisure market.	15.3%	Employees: 4,500 Capital employed: $708m Total revenue: $884m Profit before interest & tax: $104.8m
Kawana Waters, Bellvista, North Lakes, Lake Doonella (Qld), Glenmore Park, Wallarah Peninsula (NSW), Craigburn (SA).	Brand awareness and community awareness.	29.9%	Employees: 68 Capital employed: $78m Total revenue: $168.3m Profit before interest & tax: $25m

Notes:
- Capital employed and employee numbers are period end.
- ROCE is calculated as EBITA on capital employed.

The changing face of FOSTER'S

Introducing our

It served us well

For many years the word 'brewing' in our name was the perfect descriptor – our strength was as a strong brewing company, an Australian brewing company that proudly took its products to the world. Through careful management we achieved a great brand and built solid strength into the company. But the company has grown, matured and 'brewing' as part of our name, is no longer the full story.

FOSTER'S
BREWING GROUP
LIMITED

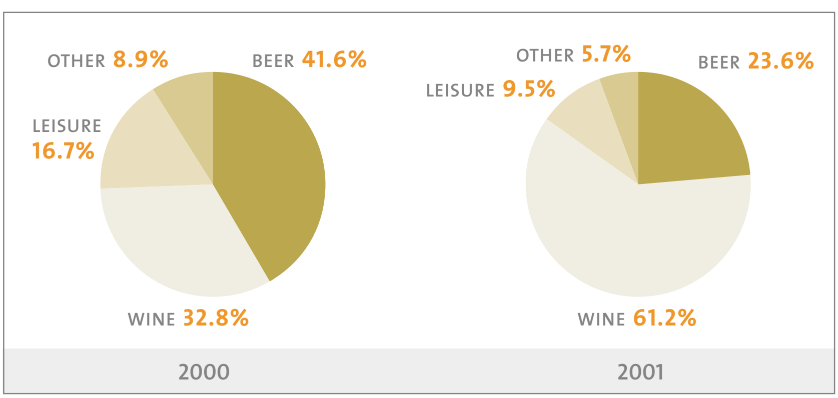
FOST
G R O

Inspiring Global

Why we have changed

It is what Foster's has aspired to for many years – the building of a truly premium branded beverage company. Recognised for our wine, spirits and leisure businesses as much as for our beer. Our new name, Foster's Group, is a reflection of this goal, symbolised in our new identity. An identity that pays tribute to our product mix and its diversity. One that communicates what Foster's is: inspiring global enjoyment, each and every day. Worldwide.

TOTAL ASSETS



Excludes cash and deferred tax assets

new branding

ER'S

U P

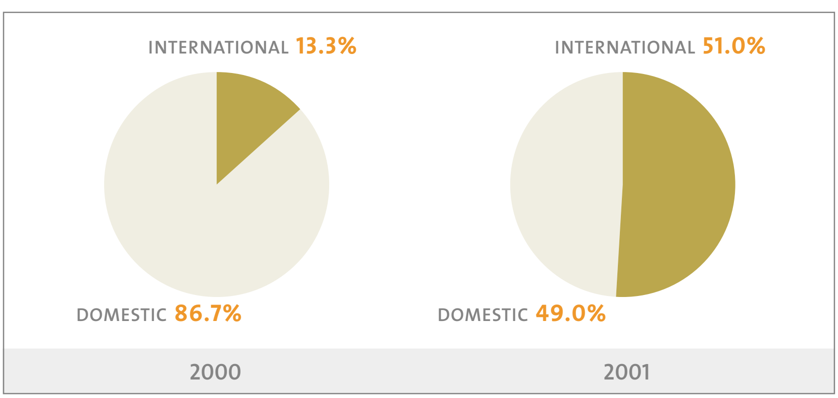
Enjoyment

Inspiring Global Enjoyment

Our new positioning line describes Foster's core values, and serves to differentiate us from our competitors, worldwide.

Whether through beer, wine, spirits, leisure and hospitality or property, Foster's premium products inspire enjoyment around the world.

GEOGRAPHIC SPREAD – ASSETS



FOSTER'S

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brand new opportunities

TO OUR SHAREHOLDERS To maintain strength, to remain relevant a brand must continually evolve. And Foster's Group is no different. Our corporate brand has changed to take better advantage of our position in the global marketplace. The pages ahead give you some insight into the reasons why we changed. The three words – brand, new, opportunities – sum up the exciting future of this company.

more information about 'brand new opportunities' from the President and CEO.

Beer

Achieving high margins worldwide

What do we provide our customers, consumers and ultimately Foster's shareholders?

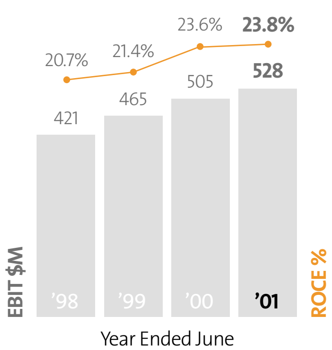
We provide great brands – and relentless strength in our commitment to them. Strength that has enabled us to achieve some of the highest beer margins in the world. And ongoing performance that gives the entire Foster's Group the foundation to achieve even more.

CUB. Revenue that fuels the future.
Outstanding performance – again

The importance of Carlton & United Breweries (CUB) to the entire group and its shareholders cannot be overstated. Its success is not only a major contributor to overall profit, but the major reason we can fund acquisitions that see Foster's poised for a new era of growth.

Despite a difficult economic environment, CUB delivered yet again. In a market that sold less beer, CUB profits were up 4.5% – an outstanding achievement.

This profit growth was driven by relentlessly focussing on our premium brands. Crown Lager, for example, maintained its position in the premium segment. Likewise, Cascade Premium built on its existing strength, with new packaging and advertising initiatives.



CARLTON & UNITED BREWERIES continues to deliver outstanding profits and returns

These initiatives helped to boost volume for the brand, which is now the third largest in its segment and set to continue growing in 2002.

Carlton Draught aggressively expanded into new territories, resulting in market share gains. In the light beer category, the dual strategy of 'surrounding the market' with Foster's LightIce and Cascade Premium Light continued to produce winning results. Carlton Midstrength continued its strong growth in Queensland and in Western Australia. Even the phenomenally popular VB gained new energy, thanks to an award-winning TV advertising campaign around the Olympic period.

New achievements – new energies

Re-energising this environment is a younger, more dynamic management team. Already their efforts have achieved improved efficiencies, more cooperation and productivity in the workforce and a new emphasis on workplace safety. Importantly, the make-up of this new team reflects the company's aggressive push for growth.

...Profit

CUB PROFITS UP 4.5% IN A MARKET THAT SOLD 1.5% LESS BEER – A SIGNIFICANT ACHIEVEMENT.

Beer = returns

Beer

Foster's Brewing International. Excellent growth, consolidation, control – and a huge leap in profit

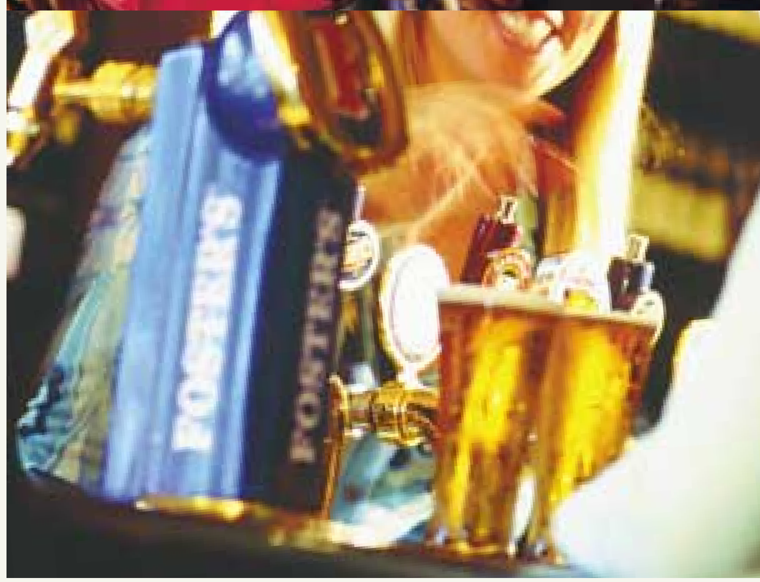
The year started with an organisation that had only recently been restructured. Twelve months later, Foster's Brewing International is a fully integrated operation already achieving major gains.

Profits have jumped from $6.6 million to more than $24 million – an increase of 268%.

Foster's Group's flagship beer, Foster's Lager, is one of the fastest growing international beer brands in the world, distributed in more than 150 markets. Importantly, the Foster's brand is not only recognised by consumers, but also by major capital markets throughout the world.

Americas

In the US, we restructured our operation to forge a partnership of equals with the Miller Brewing Company, giving us a stronger foothold in the biggest beer market in the world. The new licensing arrangement doubles our share of profits from the US operations. Foster's also signed a new licensing agreement with Molson Inc which secured a substantially increased commitment to the marketing and distribution of the Foster's brand in Canada. As part of the licensing agreement, the marketing spend on Foster's in Canada has increased five-fold.

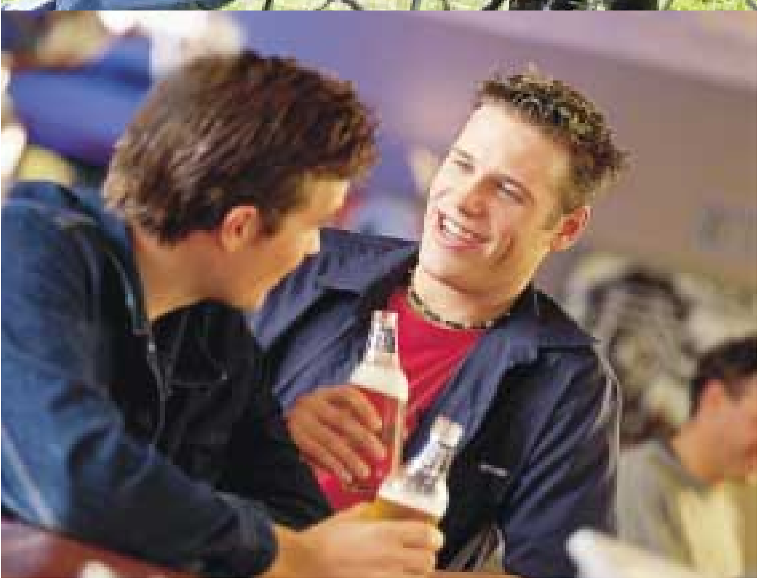


Beer 2001 Financial Highlights

	Revenue A$m	Change %	Volume hectolitres*	Change %	EBIT A$m	Change %	ROCE %
Domestic	1,468.1	6.1	9,496,000	(1.6)	408.3	4.9	28.5
International	190.4	10.2	8,402,300	3.7	24.3	268.2	12.5

*1 hectolitre = 100 litres; excluding non beer volumes.

Achieving a fully integrated international operation – and major gains in the world's biggest beer markets.



Europe

In Europe, Foster's once again outperformed the market. We've grown even stronger in our largest market, the UK. And in France, Italy, Spain and across eastern Europe the brand continues to gain strength. Royalties from the European licensing arrangements more than doubled during the year.

Asia

We have experienced strong volume growth across Asia and true to our promise to shareholders, we have achieved a cash break-even position. The Vietnamese businesses produced a standout result, achieving profitability two years ahead of schedule.

Pacific

Throughout the Pacific, the business continued to grow. During the year, infrastructure was put in place for the integration of all the group's businesses in New Zealand. The restructure saw three separate beverage companies consolidated into one efficient unit.

FOSTER'S BREWING INTERNATIONAL **PROFITS UP** 268%

more than 100 million cases

THAT'S THE LATEST **MILESTONE ACHIEVED** BY THE **FOSTER'S BRAND.**

Wine

Achieving a premium position worldwide

We are realising our global vision: to create a global wine company with a leading presence in every premium wine market worldwide.

A unique strategy

No other wine company in the world has three profitable channels to market – (1) the traditional wine trade business (2) wine clubs and (3) wine services. This strategy, supported by a strong balance sheet, has without doubt enabled us to acquire scale and a leading position in global wine. With it, we have achieved accelerated growth and delivered superior returns.

Beringer – a company-transforming acquisition

With the acquisition of Beringer Wine Estates (October 2000), Foster's gained a major premium wine business that is primed for continued growth in the fastest growing segment of the world's fastest growing major wine market.

With Beringer, we now have a core business that both produces and markets in America – and effectively increases our penetration of that market by nearly 800%. Now 55% of our wine business is generated through premium wine sales in the US. Moreover, we now have the means to increase the penetration of our Australian wines in the US market. In addition, the way is now open for increased sales in Europe and the unlocking of huge opportunities in Asia.

Importantly, the Beringer purchase has heightened awareness and knowledge of Foster's in world investment markets. Those markets are now more actively following our progress and gaining a new appreciation of our global strategy.

Wolf Blass. The 'rebirth' of a great name

Our new corporate name for the wine business, 'Beringer Blass Wine Estates' not only marks our new global wine strategy, but also signals the re-energising of Wolf Blass as a leading Australian and international premium brand.

The opening of the new $30 million Wolf Blass winery in the Barossa Valley gives us the world's most advanced premium winery. This new "winemakers' winery" enables us to reduce operating costs and improve workplace safety and environmental performance, while improving the quality and distinctiveness of the wines we make. The new facility represents the first stage of a 10-year development plan for Wolf Blass wines.

55% OF OUR PREMIUM WINE SALES ARE IN THE US

PROFITS FROM THE WINE BUSINESS UP **122%**

Wine = growth

Vinexpo, Bordeaux, France 2001

Wine

Other premium purchases

In December 2000, Foster's acquired the premium Italian winery, Castello di Gabbiano. Gabbiano is the number two selling brand of Chianti in the US and gives the group yet another wholly owned presence in that key growth market.

Closer to home, we have also purchased a 51% stake in the New Zealand boutique wine producer, Matua Valley Wines. Regarded as one of New Zealand's top six wine producers, Matua sold 135,000 cases of premium varietal wine in fiscal 2000. Exports, representing about 35% of sales, have been focused on Europe and Australia, with more penetration planned in the US market.

Wolf Blass Winery, South Australia

Judged the best

At Vinexpo on June 18, the International Wine and Spirit Competition (IWSC) 2001 awarded Beringer Blass the prestigious Schenker Trophy for the best Australian Wine Producer. In another prestigious competition, the 'Olympiades du Vin', Beringer Blass was awarded the Trophée d'Or for Best New World Wine for Mamre Brook Cabernet Sauvignon 1998.

In Australia, Wolf Blass was honoured with the coveted Maurice O'Shea Award and was appointed a Member of the Order of Australia for services to the Australian wine industry.

Castello Di Gabbiano, Italy

Wine 2001 Financial Highlights

	Revenue A$m	Change %	Volume cases*	Change %	EBIT A$m	Change %	ROCE %
BBWE	1,607.5	125.7	13,485	110.4	342.1	121.7	9.9

*thousand 9 litre cases

Premium means being the best – being first choice in every category we compete in.

Beringer Rhine House, California

A profile on Beringer Wine Estates

Beringer Wine Estates is one of the leading producers of premium wine in the US. Its portfolio includes six award-winning Californian Wineries. The foundation winery, Beringer Vineyards, was established in 1876 and is the oldest continuous operating winery and the second most visited tourist destination in the Napa Valley. Today, Beringer products sell throughout the US and in 36 countries internationally.

As a leading premium winemaker that (a) operates in the world's strongest economy and (b) earns profits in the strongest currency in the world, Beringer is ideal as the new driver of Foster's growth engine.

Think of the potential in markets where wine consumption is still growing. **Think brand new opportunity.**

p.c. = per capita per annum

...Growing

BERINGER BLASS PRODUCES MORE THAN **15 MILLION CASES** (ANNUALISED) OF PREMIUM WINE PER ANNUM WORTH OVER **$1.6 BILLION**

Spirits

Achieving strong growth. Adding to the balance with volume + value.

Driven by Ready-To-Drink products and the continued strong performance of core brands, Continental Spirits achieved a major surge in volume and profit – and a superior return on funds employed.

Led by our bourbon and scotch brands, Continental Spirits recorded a 54% volume increase in RTD (Ready-To-Drink) beverages, the fastest growing segment in the Australian beverage market. While RTDs were driving new volume, our bottled spirit products continued to provide a solid base for the spirits business, accounting for 70% of contribution. Our core brands, Cougar Bourbon and The Black Douglas, are largely responsible for this success. Overall, the Continental Spirits range covers the entire spectrum of the spirits market, from RTDs to top-shelf blended whiskies such as Chivas Regal and single malts including The Glenlivet. This growing strength and the wide scope of Continental's product offering are further examples of how we are achieving our goal of becoming a broader-based premium beverage business.

While volume jumped, profits improved beyond expectation, rising from $6 million to $15 million.

First Pour

In addition to our strength in retail liquor, Continental brands have also improved our position at the bar, achieving 'first pour' status at several major hotel chains. These include, of course, our Australian Leisure and Hospitality Group's pubs and clubs – another example of leveraging strengths within the group for better overall results.

Bottling at Botany

Our fully-owned manufacturing and bottling plant at Botany Bay fills 700,000 cases of spirits a year, starting with bulk, high-proof imported product which is then reduced in proof for bottling. We also produce our own range of Continental liqueurs at the site.

READY TO DRINK (RTD) SALES UP **54%**

PROFITS UP FROM $6 MILLION TO **$15m**

Spirits = great brands

Spirits 2001 Financial Highlights

	Revenue A$m	Change %	Volume cases*	Change %	EBIT A$m	Change %	ROCE %
CONTINENTAL	105.8	62.5	2,127	83.2	15.2	153.3	14.8

*thousand 9 litre cases

Leisure

Achieving a sharper focus on quality in a testing year.

A vital element of our mission is to be welcomed in the communities in which we operate.

Despite adverse trading conditions impacting on our leisure business, Australian Leisure and Hospitality (ALH) continued to generate excellent returns.

We continue to improve our offering to Australian consumers. For example, there have been successful renovations in famous 'icon' hotels like Young and Jackson's in Melbourne, Stone's Corner in Queensland and The Brass Monkey in Perth, and new developments such as The Amber Lounge in Sydney. Meanwhile branding and theming of our suburban and regional venues is progressing on schedule.

ALH now owns and operates 150 pubs and 109 detached bottle shops. Importantly, these sites are strategically located throughout mainland Australia – Victoria, Queensland, New South Wales, Western Australia and South Australia – and serve a wide range of communities and demographics. The 'spread' of this portfolio allows the business to ride out challenging years (like the one just past) while taking full advantage of better times and the opportunities they present.

With those coming opportunities in mind, we continue to improve the quality of our people and their knowledge base by bringing new skills into the business, especially in retail (bottle shop) management and capital management.

We also continue our leadership in the upgrading of responsible gaming service practices and continue our support of harm minimisation advances. Likewise, we're at the forefront of industry in the responsible service of alcohol and we ensure that all staff are thoroughly trained.

A community emphasis is an integral part of ALH's operations with all venues working to build and maintain strong relationships with their local communities. Being welcome members of local communities will ensure the long-term sustainability of our business.

Looking forward, a combination of a better trained labour force delivering improved customer service and a complementary, diverse property portfolio will drive the continued success of our leisure and hospitality business.

...Quality

AUSTRALIAN LEISURE & HOSPITALITY OWNS AND OPERATES 150 PUBS AND 109 DETACHED BOTTLE SHOPS

SINCE 1995 EBIT HAS INCREASED BY NEARLY **$100m**

Leisure = enjoyment

Leisure 2001 Financial Highlights

	Revenue A$m	Change %	EBIT A$m	Change %	ROCE %
ALH	884.0	1.2	104.8	(4.9)	15.3

Property

Achieving the balance between human needs, environmental needs and profitability.

Lensworth, the group's property business, has become one of Australia's pre-eminent residential developers, owning broadacres in some of the fastest growing regions in Australia.

More than just a developer, Lensworth provides the planning, infrastructure and marketing for some of Australia's most livable new communities, where eco-friendly, people-friendly living has become more practical, more sustainable and more marketable.

Reflecting the adverse effect of the GST on the residential market in the first half, Lensworth recorded profits of $25 million in 2001 – down from $29.4 million the previous year.

Kawana Waters, in the heart of Queensland's Sunshine Coast, encapsulates what Lensworth is all about. Kawana Waters provides land and infrastructure for all community needs including Kawana Island – a unique 'walkable island', Kawana Creekside – an environmentally sensitive up-market development surrounded by bushlands, Kawana Junction – a premium industrial estate, The Quays – our recent canal precinct, and Currimundi Lake Villas – our very successful Over 50s project.

At North Lakes, in Brisbane's north, Lensworth, as land owner and joint developer with Lend Lease, is establishing a new community. When completed it will provide homes for more than 18,000 people and create jobs in its business park and shopping centre.

Kawana Waters and North Lakes give Lensworth a leading presence in Australia's second fastest growing region – the Brisbane to Sunshine Coast corridor.

Likewise, Lensworth's Glenmore Park gives the business a significant presence in Sydney's West, the nation's third fastest growing region. Glenmore Park already provides homes for more than 10,000 residents in a community serviced by schools, sporting facilities, extensive wetlands, walking trails and a shopping centre.

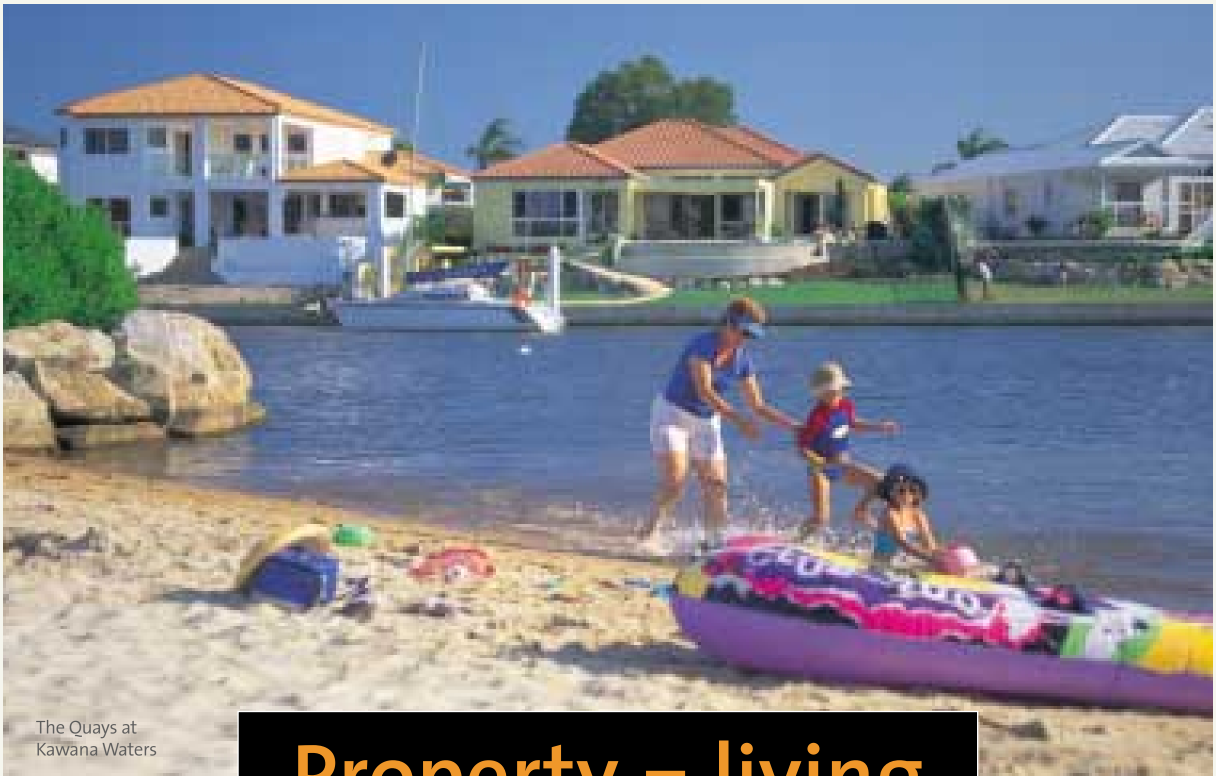
Lensworth developments have continued to outpace the market in value growth, rewarding our buyers with increased returns for their investment, and Lensworth with consistently improving margins. With 21,000 lots currently zoned for development and sale, Lensworth is strongly placed for continued profit now and significant growth in the future.

25%

LENSWORTH HAS A 25% SHARE IN AUSTRALIA'S 2ND FASTEST GROWING REGION

21,000 lots

LENSWORTH HAS 21,000 LOTS AVAILABLE FOR DEVELOPMENT AND SALE



The Quays at Kawana Waters

Property = living

Aqua aerobics at Currimundi Lake Villas, Kawana Waters

Property 2001 Financial Highlights

	Revenue A$m	Change %	EBIT A$m	Change %	ROCE %
LENSWORTH	168.3	(18.0)	25.0	(15.0)	29.9

Adding value to the community

Foster's supports country, regional, state and national community groups across Australia. From almost 100 regional bowls clubs, to local cricket and football clubs, to major Australian sponsorships like the AFL and international sponsorships like Grand Prix.

A program launched midway through 2000 by our Australian Leisure and Hospitality (ALH) group is a good example of mutually beneficial community involvement. The program assists the development of relationships between ALH hotels and their local schools, clubs, business associations and other community groups. ALH is also industry leader in the provision of responsible gaming services and in the responsible service of alcohol.

Throughout Australia, Foster's promotes responsible drinking, having contributed to the Australian Associated Brewers initiative to develop and implement responsible drinking education policies.

In the Barossa, a partnership between Beringer Blass and Greening Australia is seeing local schools and employees working together on revegetation and other environmental projects.

100s of community groups

FOSTER'S SUPPORTS HUNDREDS OF COMMUNITY GROUPS THROUGHOUT AUSTRALIA

Value Added to the Australian community

Contribution to wealth created

	Number	Amount
EMPLOYEES (full-time equivalent) Salaries, wages and other oncosts for Australian employees	13,700	$432 million
GOVERNMENTS Income tax, excise tax, GST, WET fringe benefits tax, rates and land tax, customs duty and other taxes	–	approx. $2 billion
SHAREHOLDERS Dividends	170,000	$284 million

Foster's Group contributes just over 1% of Federal Government revenues and just under 1% of all government revenues.

SOME OF THE GROUPS WE SUPPORT

- AUSTRALIAN FOOTBALL LEAGUE
- AUSTRALIAN CRICKET BOARD
- GRANDS PRIX GLOBALLY
- CUB MALTHOUSE THEATRE
- VICTORIAN ARTS CENTRE
- CHALLENGE: A CANCER SUPPORT NETWORK
- TAMWORTH COUNTRY MUSIC FESTIVAL
- AUSTRALIAN OLYMPIC COMMITTEE
- AUSTRALIAN OLYMPIC TEAM
- ROYAL AGRICULTURAL SOCIETY SHOWS ACROSS AUSTRALIA

Sponsorship

Australian Football League

We have a long-term relationship with the AFL which has been built by Carlton & United Breweries (CUB), reaching back to 1919. This year, we began a new phase in our AFL involvement with a new five-year arrangement as the AFL Premier Partner. The Partnership has expanded our relationship to involve many of our businesses. In addition to CUB's relationship with the AFL, the new agreement includes Australian Leisure and Hospitality, Continental Spirits and Beringer Blass Wine Estates.

Also through Foster's Brewing International, the Foster's brand takes the AFL to the world, supporting the staging of the annual Australian versus Ireland International Series which is telecast to more than 80 countries.

Formula One Grand Prix

Through Foster's Brewing International, we are an Official Sponsor of Grand Prix, with naming rights to the British, Belgian and Australian Grands Prix and a major presence at almost every Grand Prix around the globe. Formula One is considered the pinnacle of motor racing, and it raises the profile and status of all those associated with it. Each race of the Formula One Grand Prix season is watched by 600 million people in 212 countries around the world. There are incredible similarities between the growth of Foster's and the growth of Formula One globally, we share each other's brand characteristics in both being international, aspirational, fun, exciting, youthful and glamorous.

Health Safety

Our commitment

As a responsible corporate member of the community, Foster's is continually looking for ways to improve performance while meeting the quality and service expectations of our customers. Foster's is committed to the principle of sustainable development and recognises its responsibilities to the environment and to the communities in which it operates.


Testing the water quality at the Wolf Blass wetlands.

Draught Operations employees in Victoria and Cascade Brewery employees have proved their commitment to safety, recording 12 months without a lost time injury (LTI)

At Draught Operations in Victoria, the team is still toasting the safety success of the racking department. Tim Ford, Draught Operations Manager Victoria, attributed the record to new safety programs and a heightened awareness of safety factors among employees.

Max Burslem, General Manager Operations Tasmania, said the move to 'safety culture' at Cascade Brewery contributed to the record. The improvement was achieved by adhering to standard operating procedures, reporting all incidents and the use of external presenters on a range of safety issues.

Following its impressive 12 month record, the Cascade team has now set its sights higher, looking to achieve two years with zero LTI.

Beringer Blass Wine Estates' new treatment plant is state-of-the-art in the wine industry

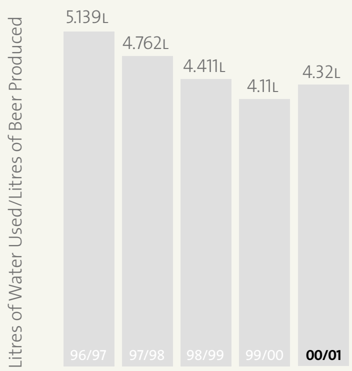
Beringer Blass Wine Estates recently commissioned a state-of-the-art $1.5 million effluent treatment plant. The system was designed by Beca Simons in conjunction winemaker Sam Glaetzer, and constructed by our engineering team at the Wolf Blass Winery.

The new plant automatically directs raw winery waste water through a series of aerated tanks and ponds producing an end product with no detectable odour and very low nutrient levels suitable for long term storage and reuse.

Once processed, the water is sold to a local golf club for fairway irrigation. The excess is used to irrigate the grounds at the Wolf Blass winery which is supporting an increasing amount of bird life, frogs, other wildlife and the 6,500 trees and shrubs recently planted on the site.

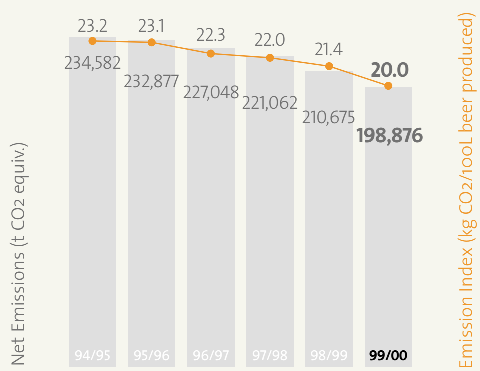
& Environment

WATER MANAGEMENT Water is a precious resource and one that must be used carefully. Recognising this, and the amount used by CUB alone, the business has been working to consistently reduce the amount of waste water generated, achieving excellent results.



Waste water management at CUB

GREENHOUSE GAS EMISSIONS As part of the Federal Government's Greenhouse Challenge program, CUB is implementing an action plan to reduce greenhouse gas emissions. With more than 60 actions identified in the original agreement, the business is well on track.



Reduction in Greenhouse Gas Emissions at CUB

4 OF OUR ENVIRONMENT AGREEMENTS

GREENHOUSE CHALLENGE	An initiative to make energy savings wherever it makes business sense to do so.
NATIONAL PACKAGING COVENANT	Foster's, through its Australian beer business CUB, was an early signatory to this voluntary agreement. Seeks to overcome difficulties with recycling and waste management in Australia.
BEVERAGE INDUSTRY ENVIRONMENT COUNCIL FOUNDER AND MEMBER	Supports recycling and anti-litter activities across Australia.
BUY RECYCLED BUSINESS ALLIANCE FOUNDER AND MEMBER	Directs the purchasing power of major corporations towards goods containing recycled materials.

3 OF OUR ENVIRONMENT AWARDS

PERTH ACTION AWARDS	Matilda Bay for the third year in 2000.
FOOD AND BEVERAGE AWARD	Cascade Beverage Company received top honors at the Tasmanian Awards for Environmental Excellence.
CITY WEST WATER COMMUNITY ENVIRONMENT AWARDS	Abbotsford Brewery – Waste Management Category Award 2000 – centred around a filter room redevelopment project which applied the Balanced Scorecard approach at the planning stage.

Senior Management

Ted Kunkel
President and Chief Executive Officer
Foster's Group Limited

Peter Bobeff
Senior Vice President
Commercial Affairs
Foster's Group Limited

Trevor O'Hoy
Chief Financial Officer and
Senior Vice President Total Service
Foster's Group Limited

Graeme Willersdorf
Senior Vice President
Corporate Affairs
Foster's Group Limited

Richard Scully
Managing Director
Foster's Brewing International

Nuno D'Aquino
Deputy Chief Executive Officer
Foster's Group Limited

Terry Davis
Managing Director
Beringer Blass Wine Estates

John O'Grady
Managing Director
Lensworth Group

James King
Managing Director
Carlton & United Breweries

Ted Kunkel Ted Kunkel's career has been exclusively in the beer and wine industries, culminating in his appointment to the Foster's Group CEO position in 1992. He has overseen the group's push to become a global premium branded beverage company.

Peter Bobeff Following a long and distinguished career with national law firm Corrs Chambers Westgarth, Peter Bobeff brought his skills in commercial and business law to his current position with Foster's in 1992.

Trevor O'Hoy A number of key roles in finance, strategy, hotel management, business planning and change management preceded Trevor O'Hoy's appointment in 1997 as CFO, with overall responsibility for group taxation, group finance, treasury, shared services, human resources, e-business, group logistics, group strategy and investor relations. His background in finance with CUB spans more than 20 years.

Graeme Willersdorf A breadth of knowledge across diverse business areas, including engineering, packaging, logistics and government affairs, has provided the foundation for Graeme Willersdorf's corporate affairs responsibilities, which encompass all aspects of public affairs and corporate communications globally.

Richard Scully The global marketplace, with a focus on beer operations, marketing and general management, has been central to Richard Scully's career for more than 30 years. After a number of senior roles in North America, the UK and Europe, he joined Foster's in 1995 to drive international operations globally, with responsibility for all beer businesses outside Australia.

Nuno D'Aquino In more than 40 years with CUB, Nuno D'Aquino has built technical excellence and consistent profit growth. As Deputy Chief Executive Officer, he has responsibility for ensuring the company becomes an integrated full service provider organisation, including the delivery of e-business projects and introduction of new e-business opportunities.

Terry Davis In 14 years in the wine business, Terry Davis built Cellarmasters into the world's second largest wine club business. He has brought his style and determination to Beringer Blass, helping to drive growth of the global wine business.

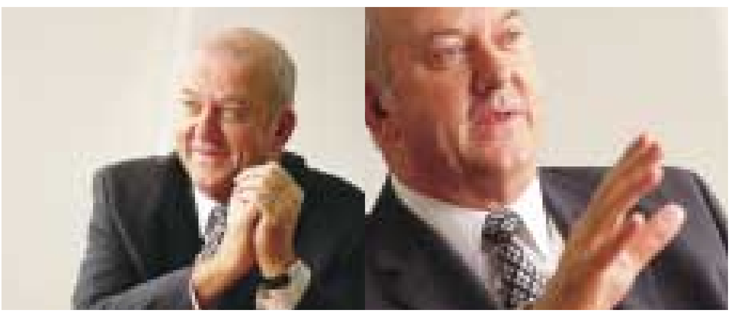
John O'Grady In 20 years with the company, John O'Grady has successfully transformed his area of the Foster's business into an efficient asset disposal operation and one of Australia's leading residential community developers.

James King For 24 years, James King has been successfully managing a wide range of branded consumer product businesses in Australia and Asia. As Managing Director, he has responsibility for the continued growth of the beer, spirits, and leisure and hospitality business – CUB.

The Board of Directors

F J Swan
BSc, FAICD, FID (UK) (60)
Member of the Board since August 1996 and Chairman since October 1999
Mr Swan is a former Chief Executive Officer of Cadbury Schweppes Australia Limited and a former Director of Cadbury Schweppes plc. He is also a Director of the Commonwealth Bank of Australia Limited, National Foods Limited and Catholic Ladies College Limited.
Securities held: 57,525[1]

B Healey
(67)
Member of the Board since December 1993
Mr Healey is Chairman of Centro Properties Limited. He is a Director of Orica Limited, Citipower Pty Ltd, CGNU Australia Holdings Ltd. and The Foster's Sports Foundation.
Securities held: 11,139[1], 20,000[3]



E T Kunkel
BSc (58)
Member of the Board, President and Chief Executive Officer since March 1992
Mr Kunkel is a Director of a number of subsidiaries of Foster's Group Limited and is the only Executive Director on the Board of the Company. He is also a Director of Billabong International Ltd.
Securities held: 244,399[1], 1,250,000[2]

M L Cattermole
BSc (53)
Member of the Board since October 1999
Mrs Cattermole is Managing Director and Founder of Aspect Computing Pty Ltd. She also has a number of significant appointments to government, hospital and research boards and committees.
Securities held: 54,812[1]

G W McGregor
AO, BEc, FCPA, FCA, FAICD (62)
Member of the Board since April 1999
Mr McGregor is a Director of Santos Limited, Were Securities Limited, Community Foundation Network Limited and Nufarm Limited. He is the National Treasurer of the Australian Institute of Company Directors and is a member of the Financial Reporting Council. Mr McGregor was previously on the Foster's Board from 1992-1996.
Securities held: 14,969[1]

Footnotes

1. Fully paid ordinary shares **2.** Beneficially held options over 1,250,000 unissued ordinary shares **3.** J.B. Were Capital Markets Limited Exchangeable Unsecured Notes of $3.00 each (7.75% Foster's Series).

Corporate governance

Board of Directors

The Board of Directors of Foster's Group Limited has responsibility for guiding and monitoring the business and affairs of the Group, including compliance with the Group's corporate governance policies and procedures, on behalf of shareholders. Responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer, who is accountable to the Board.

The Constitution of the Company specifies that:

- The number of Directors may not be less than the number required by the Corporations Act 2001, which is currently three, nor more than 15 (being such a number within this range as the Board may determine from time to time). The Board has determined that for the time being the maximum number of Directors shall be six.
- At each Annual General Meeting:
  - one third of Directors (other than the Chief Executive Officer and Directors who have been appointed to fill casual vacancies since the previous Annual General Meeting) are required to retire and may stand for re-election; and
  - Directors who have filled casual vacancies are required to be elected at the first Annual General Meeting following their appointment by the Board.

In addition, the Board has resolved that the position of Chairman of the Board and the Chief Executive Officer will be held by different persons.

The Board has established, and keeps under constant review, its own processes by which it undertakes its responsibilities, and seeks to achieve best practice in matters of governance and accountability. These processes include:

- A compliance reporting programme whereby executives of the Group are required to bring certain matters to the attention of Directors on at least a quarterly basis. 'Immediate reporting matters' are to be reported immediately and 'priority reporting matters' within seven days. The programme presently covers occupational health and safety, anti-discrimination, employee and industrial relations, superannuation, environmental matters, document retention, Corporations Law, stock exchange reporting, product liability and trade practices.
- Reports by management, both oral and written, to Directors on a monthly basis, in addition to the compliance reporting programme, covering the financial standing, operating results and business risks of the Group.
- The use of formal policies and charters on a wide range of issues that are material to the Group, including:
  - Treasury Activities;
  - Ethics;
  - Dealing in Company Securities;
  - Human Resources;
  - Acceptance of Directorships in Public Companies;
  - Political Donations; and
  - A Compliance Reporting Guide. [This was introduced in early 2001. It is designed to encourage all Group employees and officers to report conduct which such person honestly believes amounts to actual or suspected misconduct or unethical behaviour by that person or another employee.]
- A number of Board Committees, the functions of which are to assist the Board carry out its duties in specific areas.

In addition, the Company's Compliance Working Group, which consists of representatives of management, is responsible for implementing the Board policy for compliance.

On 28 May 2001, the Company adopted a new Constitution in preference to amending the former Memorandum and Articles of Association. This was to update the Constitution in accordance with changes to the Corporations Act and the Australian Stock Exchange Listing Rules and to reflect current good corporate practice.

Board Committees

Audit Committee

The Audit Committee was established in 1982, and its primary objective is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices.

By reference to its charter, the Committee meets at least four times each year.

In addition, the Chairman is required to call a meeting of the Committee, when requested to do so by a Committee member, the Chief Executive Officer, the Chief Financial Officer or the Company's external auditors. The Committee has unlimited access to both internal and external auditors, and to senior management of the Company.

The primary duties and responsibilities of the Audit Committee are to:

- recommend to the Board which external auditors to appoint;
- review the audit plan of the external auditors and reasons for subsequent variations from this plan;
- review the internal audit plan and the organisation of that function which was outsourced during the 1997 financial year;
- ensure that no management restrictions are being placed upon either the internal or external auditors;
- evaluate the adequacy and effectiveness of the Group's administrative, operating and accounting policies and controls through active communication with operating management, internal audit and the external auditors; and
- review public financial and regulatory reports prior to their release.

The Committee consists entirely of non-executive Directors. The members are G W McGregor (Chairman) and B Healey.

Human Resources Committee

The Human Resources Committee was established in 1981 with the principal objective, as set out in its charter, to formally review and, where appropriate, recommend on salaries and bonuses and more generally, on Group issues, plans, policies and current philosophies related to the management of human resources.

The Committee consists entirely of non-executive Directors. The members are F J Swan (Chairman), M L Cattermole and B Healey.

Compliance Committee

The Compliance Committee was established in March 1998. Under its terms of reference, the Compliance Committee meets at least twice a year.

The Committee's function is to monitor the Company's adherence to the Code of Ethics discussed below, and to assist the Company in fulfilling its responsibilities relating to compliance, including to:

- monitor, review and assess the Company's compliance, including the effectiveness of its compliance programme; and
- ensure appropriate compliance information is provided to the Board of Directors.

The Committee consists of three non-executive Directors, a member of the Company's senior management team, and corporate compliance officers from the Company, Carlton & United Breweries and Beringer Blass. The members are B Healey (Chairman), M L Cattermole, G W McGregor, P A Bobeff, R G Peel, R M Graham, S Mullen and P J Turner.

Succession Committee

The Succession Committee was established in 1991 to manage Board succession, including recommendations for the selection, appointment and retirement of Directors.

The Committee consists of F J Swan (Chairman), B Healey and E T Kunkel.

All Directors of the Company receive copies of Committee papers and may attend meetings at the invitation of the Committee Chairman.

Remuneration of Non-Executive Directors

The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. Shareholder approval was last given at the Annual General Meeting held on 23 October 1995 for aggregate remuneration of $900,000 per year.

Since 1 January 2001, a component of the base fees payable to non-executive Directors, currently set at 20%, is used to purchase shares in the Company for such Directors on market in the month following the announcement of the Company's half-yearly or annual results. This accords with current international practice to further encourage directors of companies to hold more equity in those companies and more readily identify with the shareholders of those companies.

Details of the emoluments of non-executive and executive Directors are disclosed elsewhere in this Report.

Remuneration of Senior Executives

The remuneration levels of the Chief Executive Officer and other senior managers are recommended by the Human Resources Committee and approved by the Board, having regard to advice from independent consultants and after taking into consideration those levels that apply to similar positions in comparable companies and the performance of the Chief Executive Officer and senior executives.

The policy for determining remuneration levels, and the relationship to company performance are referred to in the Directors' Report.

The Board of Foster's Group Limited believes that it is important for the senior executives to have an ongoing share ownership in the Company. The existing Long Term Incentive Plan is a reflection of this view. In the normal course, the Directors would expect that over a period of about five years, senior executives should aim to acquire shares to the value of one times, and in the case of the Chief Executive Officer, 1.5 times prevailing remuneration.

Risk Identification and Management

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group has established a number of wide-ranging reporting mechanisms and management procedures to deal with risks, including financial, business, interest rate, foreign exchange and regulatory risks, crisis management and environmental matters. The latter is discussed elsewhere in this Report.

The Group also closely and continually monitors international risks associated with its global activities.

Code of Ethics

Policy

It is the Group's policy for Directors and officers to observe high standards of conduct and ethical behaviour in all of the Group's activities, including its dealings with employees, customers, consumers, suppliers, business partners, the general community and the environment in which it operates.

Senior executives are permitted to have one non-executive directorship of an external company, depending on the particular circumstances, but only on the recommendation by the Chief Executive Officer for approval of the Board.

Conflicts of Interest and Related Party Transactions

Apart from legal obligations, Directors and senior executives are required to disclose to the Board details of any contract involving any company in the Group in which they have a material interest. Further, it is the Group's policy to ensure Directors and officers should not be involved in situations or arrangements which could give rise to conflicts of interest, irrespective of whether they involve transactions with so-called related parties.

Where a matter is being considered by the Board in which a Director has a material personal interest, that Director may not be present while the matter is being considered and may not vote on the matter.

Purchase and Sale of Company Securities and Disclosure of Directors' Interests

It is the Group's policy that:

- Directors notify the Chairman of the Board before buying or selling securities in the Company, except where such purchases or sales are made within one month following the:
  - announcement of the Group's half-yearly or annual results; or
  - holding of the Annual General Meeting;
- where prior notification is not required pursuant to the foregoing, Directors still notify the Board of purchases and sales;
- similar approval is required from the Chief Executive Officer by senior managers who purchase or sell Company securities; and
- the Board recognises that it is the individual responsibility of each Director and other officers to ensure that they comply with the spirit and the letter of the insider trading laws. Notification to the Board in no way implies Board approval of any transaction.

Directors' Access to Independent Advice

Any Director who requires legal advice in relation to the performance of his duties as a Director of the Company must inform the Chairman of the issue that raises the concern that requires legal advice, and advice is then to be obtained in consultation with the Chairman. The costs reasonably incurred are reimbursable by the Company. When the advice is to hand, it is to be made available to all Directors.

Directors' report

The Directors present their report on the consolidated entity (the 'Group') consisting of Foster's Group Limited (the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2001.

1. Principal Activities

The principal activities of the Group during the course of the year were the production and marketing of alcoholic and non-alcoholic beverages and a major investment in licensed properties.

2. Financial Results

The consolidated net profit of the Group, after deducting income tax expense and outside equity interest, was $465.2 million. The result compares with a profit of $427.8 million for the previous year. The current year result includes net significant item expenditure after tax of $25.5 million. There were no significant items in 1999/00.

The net interest expense increased from $65.0 million to $172.1 million, mainly attributable to the higher average debt levels throughout the year. Income tax expense increased by $40.4 million to $194.9 million, owing to the increase in the Group's profitability.

3. Review of Operations

Profit before interest, tax and significant items increased 33.2% to $866.6 million, compared with $650.7 million in 1999/00.

The Australian Beer business reported profit before interest, tax and significant items of $408.3 million, compared with $389.3 million in 1999/00, an increase of 4.9%.

The Wine division profit before interest, tax and significant items increased by 121.7% to $342.1 million following the acquisition of the US based Beringer Wine Estates (Beringer) in October 2000. Beringer's maiden profit contribution of $165.9 million was for the nine month period since acquisition. Australian wine export sales continued to demonstrate strong growth.

Continental Spirits achieved a profit before interest and tax of $15.2 million, compared with the contribution in 1999/00 of $6.0 million for the eight month period since acquisition in November 1999.

Foster's Brewing International division reported profit before interest, tax and significant items of $24.3 million, compared with $6.6 million in the prior year.

Leisure and Hospitality profit before interest and tax was $104.8 million, a decrease of $5.4 million from $110.2 million in the prior year.

Lensworth profit before interest and tax was $25.0 million, slightly down, compared with $29.4 million in the prior year.

Further discussion of the results is contained within the Financial Commentary section of the full financial report.

4. State of Affairs

The Group changed its name from Foster's Brewing Group Limited to Foster's Group Limited effective 2 July 2001, to better reflect the Group's standing as a global premium branded beverage company. The name change was approved by shareholders at a general meeting on 28 May 2001.

The Group acquired Beringer Wine Estates, a leading wine producer in California, US, in October 2000 for $2.9 billion (US$1.6 billion), including debt acquired.

There were no other significant changes in the state of affairs of the Group that occurred during the financial year ended 30 June 2001.

5. Shareholding

On 29 August 2000, the Board resolved to reactivate the Company's dividend reinvestment plan under which shareholders were able to participate from the 1999/00 final dividend.

During the current financial year the Company purchased and cancelled 2.1 million shares on-market at a total cost of $9.9 million, which has been deducted from shareholders' equity. The on-market buy back of shares, which commenced 22 February 2000 was concluded on 20 February 2001. During this period of the buy-back 28.8 million shares were acquired at an average price of $4.33 per share, with prices ranging from $4.09 to $4.61 per share. The total cost of the buy-back was $124.9 million.

In August 2000, the Company issued 175 million fully paid ordinary shares at $4.00 per share through a global 24 hour book build, raising equity capital of $700 million, which was used to partly finance the acquisition of Beringer Wine Estates.

At the same time as the $700 million equity raising the Group issued $US400 million guaranteed subordinated exchangeable bonds. The bonds were fully subscribed and placed to a range of institutional investors in Europe and elsewhere outside the United States.

In June 2001, the Company successfully raised $350 million via a placement of 66.7 million fully paid ordinary shares to local and offshore institutions at $5.25 per share. Subsequent to this issue, the Directors announced an offer under a share purchase plan to registered shareholders in Australia and New Zealand for the opportunity to subscribe for up to 571 ordinary shares each ($3,000 worth) at a placement price of $5.25 per share. When the offer closed on 31 July 2001, nearly 40,000 eligible shareholders had accepted the offer, which will result in the issue of approximately 18.1 million new shares. The additional capital raised is approximately $95 million.

Under the terms of the Employee Share and Option Plan (the Plan), a total of 7.2 million fully paid ordinary shares were issued to 3,827 Group employees. The shares were allotted at a price of $4.16, which was the weighted average price of the Company's shares traded on the Australian Stock Exchange (ASX) between 4 December and 8 December 2000 (inclusive), less fifty cents per share, in accordance with the Employee Share Plan rules.

6. Dividends

The 1999/00 final dividend was $150.3 million (8.0 cents per ordinary share) and was paid on 10 November 2000. The amount of the final dividend provided for in the 1999/00 financial statements of $136.4 million and referred to in the Directors' Report dated 29 August 2000 was under-provided by $13.9 million due to the 175 million shares issued on 29 August 2000 net of the shares bought-back during July 2000.

Given the growth in earnings and outlook for the Company the Directors have decided to increase the final dividend for the year to 8.5 cents per share, compared with the final dividend of 8.0 cents per share for 1999/00. The total dividend for the year, which will be fully franked, will amount to 15.5 cents, an increase of 6.9% over the dividend for the prior year.

Details of dividends are as follows:

	2001 $m	2000 $m
Interim dividend of 7.0 cents per ordinary share paid 23 March 2001 (2000: 6.5 cents per ordinary share paid 17 March 2000)	**133.7**	112.2
Final dividend of 8.5 cents per ordinary share proposed by Directors to be paid 28 September 2001 (2000: 8.0 cents per ordinary share paid 10 November 2000)	**171.0**	150.3
Total dividends	**304.7**	262.5

The 2001 final dividend will be fully franked at a tax rate of 30%. The 2001 interim dividend and the previous year's final dividend were fully franked at 34%. The 2000 interim dividend was fully franked at 36%.

7. Events Subsequent to Reporting Date

Since reporting date, the Group has acquired International Wine Accessories (IWA), suppliers of wine cellars, wine racks, cooling units, specialist glassware, corkscrews and other wine related accessories sold predominantly in the US, at a purchase price of $35 million (US$18 million).

Refer to the shareholding section above for movements in share capital subsequent to reporting date.

8. Future Developments

In the opinion of the Directors, it would prejudice the interests of the Company if the Directors' Report were to refer to any further likely developments in the operations of the Company in subsequent financial years or to the expected results of these operations, beyond the coverage given to these matters elsewhere in this Annual Report to Shareholders.

9. Environmental Regulation

Management of environmental issues is a core component of operational management within the Group's businesses.

Since the Group is essentially a beverage producer and retailer, operating in a clean environment producing wholesome, safe products is a key element of its business culture. The Group's operations involve the use of large quantities of natural raw materials, consumption of energy and other processing materials, and releases wastes to sewers, natural waterways, land and air. The discharges are regulated through a range of licences or permits.

Group policy is to ensure that all environmental laws and permit conditions are observed. The Group monitors its operations through a compliance system overseen by the Compliance Committee. Although the Group's various operations involve relatively low inherent environmental risks, matters of non-compliance are occasionally identified and are corrected as part of routine management, as are requirements that may be notified by regulatory authorities.

Under the compliance system, the Committee and the Board of Directors are advised of matters involving non-compliance. Reports detail non-compliances and the corrective actions which have been taken to rectify them. In the past year, the Company has not been involved in any prosecution over environmental breaches. A minor spill of wash water did occur at one of the Company's wineries, the matter was immediately reported to the relevant authority, and a clean-up under the supervision of the authority was undertaken.

Greenhouse emissions and associated concerns about climate change are issues for some of the Company's operations. Carlton & United Breweries continues to participate in the Greenhouse Challenge program and is making significant reductions in its energy consumption. In the past year, it has participated in a successful voluntary audit of its Greenhouse Challenge annual report and in an Energy Efficiency Best Practice program facilitated by the Department of Industry, Science and Resources.

The management of waste packaging materials is also an integral part of the Group's operations and is implemented under the principle of product stewardship. In the past year, the Company has expanded its participation in the Beverage Industry Environment Council and in the National Packaging Covenant, and all manufacturing divisions of the Company are now members and signatories respectively.

10. The Directors

The following changes in the Board of Directors took place during the year:

Mr G.A. Cohen, AM resigned as a Director and Chairman of the Board Audit Committee on 28 May 2001 after holding the position as a Director since November 1991.

The members of the Board of Directors as at the date of this Report are set out in the section headed 'The Board of Directors' of the Concise Annual Report to Shareholders on page 35.

Directors’ report

11. Directors’ Meetings

The number of Directors’ meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are:

			Committees									
Director	Board		Audit		Human Resources		Compliance		Succession		Other*	
	A	B	A	B	A	B	A	B	A	B	A	B
Continuing												
M L Cattermole	17	16			4	4	2	2			5	5
B Healey	17	17	4	3	4	3	2	2	3	3	2	2
E T Kunkel	17	17							3	3	7	7
G W McGregor	17	17	4	4			2	1			5	5
F J Swan	17	17			4	4			3	3	7	7
Former												
G A Cohen	14	14	4	4							7	7

Column A indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.

Column B indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee.

In a number of instances, Directors attended meetings of the Audit Committee and Human Resources Committee by invitation. These attendances are not recorded in the above table. The President and Chief Executive Officer, Mr Kunkel, attended all meetings of the Audit Committee and the Human Resources Committee by invitation, except when matters affecting him were discussed.

*Other meetings of Committees of Directors are convened as required to discuss specific issues or projects.

12. Directors’ and Executives’ Emoluments

Remuneration Policy

Remuneration policy in respect of non-executive Directors and senior executives is referred to in the Corporate Governance section of the annual report.

The Human Resources Committee, consisting of three non-executive Directors, makes recommendations to the Board on salaries and bonuses and more generally on Group issues, plans and policies relating to the management of human resources.

The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. Effective January 2001, the base fee is $75,000. Committee fees are also payable. The Directors have agreed that 20% of the non-executive Directors’ base fee will be set aside to purchase shares in the Company. Board fees are not paid to executive Directors, since the responsibilities of Board membership are considered in determining the remuneration provided as part of their normal employment conditions.

Relationship between remuneration policy and Company performance

Because the focus of the Board is on the long-term strategic direction of the Company, there is no direct link between non-executive Director remuneration and the short-term results of the Company. The long-term performance of the Company, relative to other large corporations, is considered among other factors in setting the fee pool, which is periodically proposed to shareholders at the Annual General Meeting for approval.

The Company’s remuneration policy is to ensure that remuneration packages properly reflect the duties and responsibilities of the senior executives and are suitable to attract and retain the best available executive talent. Remuneration packages are structured in such a way that a significant part of the individual’s reward depends upon the achievement of business objectives and the profitability of the Company. All senior executives have performance objectives which include the achievement of operating result targets.

The composition of senior executive remuneration is made up as follows:

Base, or Fixed Remuneration – determined by the scope of the role, level of knowledge, skill and experience required of the individual, together with individual performance.

Short-Term Incentive (‘STIP’) – typically comprises a target of up to 40% of fixed remuneration, based on the achievement of key performance and operating result objectives.

Long-Term Incentive (‘LTIP’) – in the past, this has been provided via the issue of share options, subject to achievement of performance hurdles to enable exercise. Reward for the achievement of long-term shareholder return is now provided via the Long-Term Incentive Plan, approved by shareholders in 1998. Under the Plan, participants may be entitled to ordinary shares in the Company if certain performance standards are met. The performance standard is measured by total shareholder return compared with a peer group which now contains 45 companies. As at 30 June 2001, the Company’s ranking against this peer group was 16th. This would entitle senior executive participants to shares that equate to the value of 40% of their total remuneration if this performance is maintained at the end of the three year period ending 31 August 2001.

Emolument details

Details of the nature and amount of each element of the emoluments of each Director of Foster's Group Limited and each of the five officers of the Company and the consolidated entity receiving the highest emoluments are set out in the following tables:

Non-Executive Directors of Foster's Group Limited

Name	Base Fee [2]	Committee Fees	Superannuation [3]	Total
	$	$	$	$
Continuing				
F J Swan	202,500	–	96,137	298,637
M L Cattermole	67,500	8,000	17,378	92,878
B Healey	67,500	19,000	30,880	117,380
G W McGregor	67,500	13,200	25,806	106,506
Former				
G A Cohen [1]	60,701	38,640	31,524	130,865

1 GA Cohen resigned from the Board on 28 May 2001.

2 Includes amount for shares purchased in Foster's Group Limited through the mandatory minimum sacrifice of 20% of Directors' base fees.

3 The imputed value for superannuation contributions is based on the terms and conditions as set out in the relevant superannuation trust deed and Directors' retirement benefits agreement. The amount does not form part of the maximum Directors' fees as approved by shareholders, but represents the funding of future retirement benefits approved by shareholders at the Annual General Meeting held on 14 November 1988.

Executives of Foster's Group Limited and the consolidated entity

Name	Base Salary and Benefits [1]	STIP	LTIP [2]	Total
	$	$	$	$
Executive Director & CEO				
E T Kunkel [3]	1,636,083	600,000	676,500	2,912,583
Other Executives				
T J Davis [3]	843,494	280,000	282,900	1,406,394
N A D'Aquino [3]	1,063,143	–	311,600	1,374,743
P A Bobeff [3]	803,049	235,000	274,700	1,312,749
W T Klenz [4]	656,039	529,715	–	1,185,754
J S King [3]	724,617	210,000	246,000	1,180,617
R W Scully [3]	724,016	200,000	200,900	1,124,916

1 Benefits include, where applicable, superannuation, motor vehicle lease payments and running costs, allowances and FBT.
2 Represents the estimated value of Long-Term Incentive Plan ('LTIP') benefits attributed to the above executives for the current financial year.
3 Executive of Foster's Group Limited.
4 Executive of the consolidated entity only.

The executives disclosed exclude any executives who would have been included because of a redundancy payment received. Such payments total $1,869,000 (2000: $407,567).

Long Term Incentive Plan ('LTIP')

By a resolution on 26 October 1998, the members of Foster's Group Limited authorised the Directors to establish the LTIP. Under this plan, the Board may make offers to certain employees to participate in the LTIP. Should certain performance standards be met, then plan participants will be entitled to shares to be issued by the Company (initially held in trust for participants).

The performance standard is the Company's relative performance compared with a peer group of companies.

If the Company's relative performance is below the median of the peer group, no shares shall be issued. If the Company's relative performance is at the median or above, the participants will be entitled to between 50% and 100% of a set percentage of their total remuneration package ('TR') at the date of the offer to participate. The set percentage of their TR is dependent on the category of their employment as set out below:

Directors' report

	Median 50% entitlement (% of TR)	Top rate 100% entitlement (% of TR)
Senior Executive	40	80
Executive	30	60
Senior Management	15	30

It is difficult to assess the economic benefits of the Long-Term Incentive Plan ('LTIP') because the benefit only accrues to the executive if the performance criteria are satisfied and to the extent they are satisfied.

In determining the benefit arising for executives participating in the LTIP, the Directors have taken actuarial advice and a weighted average of share entitlements has been calculated assuming a uniform distribution for Foster's ultimate ranking.

Options

Details of the ordinary shares of the Company under options at the date of this report are listed below.

These options can only be exercised if the last sale price of the Company's shares on the ASX reaches or exceeds the hurdle price on any five consecutive business days during the year preceding the time of exercise.

There were no options issued by the Company during the current year.

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of Shares	Amount paid on each share
4,056,363	$2.12
140,000	$2.36
420,000	$2.48
630,000	$2.73

13. Indemnification of Officers

The Company has entered into insurance contracts which indemnify Directors and officers of the Company and its controlled entities against liabilities. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

No person has been indemnified and no company in the Group has made an agreement for indemnifying any person who is or has been an officer of any company in the Group, except costs, including legal fees, for certain former Directors.

14. Rounding

The Company is a company of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded to the nearest tenth of one million dollars or, where the amount is $50,000 or less, zero, unless specifically stated to be otherwise.

This Report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dated 28 August 2001

Frank J. Swan
Chairman

E.T. (Ted) Kunkel
President and
Chief Executive Officer

Issue Date	Exercise Price $ per share	Hurdle Price $ per share	Expiry Date [1]	No. of Options	No. of Shares
1996	2.12	3.08	Nov 2005	50,000	50,000
1996	2.12	3.40	Nov 2005	1,200,000	1,200,000
1997	2.36	3.08	Nov 2005	160,000	160,000
1997	2.36	3.40	Nov 2005	160,000	160,000
1998	2.48	3.40	Nov 2005	420,000	420,000
1998	2.73	3.08	Nov 2005	250,000	250,000
1998	2.73	3.40	Nov 2005	150,000	150,000
				2,390,000	2,390,000

1 At the 1999 Annual General Meeting, a special resolution was ratified by shareholders to amend the exercise terms of certain options issued as part of the Foster's Employee Share Plan ('Plan'). This resolution extended the existing exercise period of the options until 5 November 2005. A total of 7,600,000 options were subject to extension.
The granting of options to executives of the Company under the Plan is an important mechanism for aligning the interests of executives with those of its shareholders, providing an incentive to meet the objective of increasing shareholder value over time. While the Company executives will benefit from having a longer period in which to exercise their options, the Board believes that this benefit is reasonable when considered in connection with the benefit to shareholders of the longer period of alignment of the interests of executives with those of shareholders. Options are valued when granted, so it is not appropriate to attribute a value to the extension.

Statement of financial performance

For the year ended 30 June	Note	Consolidated 2001 $m	2000 $m
Sales revenue	2	**4,176.7**	3,164.8
Cost of sales		**(1,937.7)**	(1,482.1)
Gross profit		**2,239.0**	1,682.7
Other operating revenue	2	**328.6**	303.3
Selling, marketing and distribution expenses		**(762.9)**	(575.7)
Administration and other expenses		**(915.3)**	(649.1)
Borrowing expenses		**(269.3)**	(183.4)
Share of net profits of associates and joint ventures accounted for using the equity method		**44.1**	7.9
Profit from ordinary activities before income tax		**664.2**	585.7
Income tax expense		**(194.9)**	(154.5)
Net profit		**469.3**	431.2
Net profit attributable to outside equity interest		**(4.1)**	(3.4)
Net profit attributable to members of Foster's Group Limited		**465.2**	427.8
Adjustment resulting from change in accounting policy		**–**	(384.7)
Net decrease in asset revaluation reserve		**–**	(100.4)
Exchange differences on translation of financial report of foreign controlled entities, net of hedging		**35.9**	7.0
Total revenues, expenses and valuation adjustments attributable to members of Foster's Group Limited and recognised directly in equity		**35.9**	(478.1)
Total changes in equity other than those resulting from transactions with owners as owners		**501.1**	(50.3)
Earnings per share (cents)			
Basic		**24.8**	24.5
Diluted		**24.2**	24.4

Operating profit before interest, tax and significant items	**866.6**	650.7
Net interest expense	**(172.1)**	(65.0)
Operating profit before tax and significant items	**694.5**	585.7
Income tax attributable to operating profit before significant items	**(199.7)**	(154.5)
Operating profit after tax and before significant items	**494.8**	431.2
Outside equity interests	**(4.1)**	(3.4)
Operating profit after tax and before significant items attributable to members of Foster's Group Limited	**490.7**	427.8

The above Statement of Financial Performance should be read in conjunction with the accompanying notes and discussion and analysis.

Statement of financial position

At 30 June	Consolidated	
	2001	2000
	$m	$m
Current assets		
Cash assets	**542.7**	508.5
Receivables	**567.3**	336.5
Inventories	**1,077.7**	483.0
Other current assets	**43.1**	39.1
Total current assets	**2,230.8**	1,367.1
Non-current assets		
Receivables	**73.8**	54.4
Inventories	**487.0**	235.2
Investments accounted for using the equity method	**77.7**	37.5
Other financial assets	**4.7**	34.5
Property, plant and equipment	**2,984.0**	1,856.7
Agricultural assets	**366.7**	80.2
Intangible assets	**2,669.4**	1,332.6
Deferred tax assets	**309.3**	63.8
Other non-current assets	**46.1**	39.4
Total non-current assets	**7,018.7**	3,734.3
Total assets	**9,249.5**	5,101.4
Current liabilities		
Payables	**710.4**	473.1
Interest bearing liabilities	**365.3**	223.1
Current tax liabilities	**77.8**	85.7
Provisions	**272.4**	234.6
Total current liabilities	**1,425.9**	1,016.5
Non-current liabilities		
Payables	**24.7**	45.3
Interest bearing liabilities	**3,715.6**	1,535.6
Deferred tax liabilities	**215.4**	146.8
Provisions	**88.9**	49.4
Total non-current liabilities	**4,044.6**	1,777.1
Total liabilities	**5,470.5**	2,793.6
Net assets	**3,779.0**	2,307.8
Equity		
Contributed equity	**3,151.1**	1,871.2
Reserves	**94.4**	206.3
Retained profits	**493.9**	202.0
Total parent entity interest	**3,739.4**	2,279.5
Outside equity interests in controlled entities	**39.6**	28.3
Total equity	**3,779.0**	2,307.8

The above Statement of Financial Position should be read in conjunction with the accompanying notes and discussion and analysis.

Statement of cash flows

For the year ended 30 June	Consolidated	
	2001	2000
	$m	$m
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	**6,156.8**	4,684.4
Payments to suppliers, governments and employees	**(5,388.3)**	(3,976.0)
Dividends received	**0.2**	–
Interest received	**90.1**	118.9
Borrowing costs	**(269.6)**	(183.0)
Income taxes paid	**(306.0)**	(167.5)
Net cash flows from operating activities	**283.2**	476.8
Cash flows from investing activities		
Payments to acquire controlled entities (net of cash balances acquired)	**(2,315.9)**	(205.1)
Payments to acquire outside equity interest in controlled entities	**(4.9)**	(24.1)
Payments for property, plant, equipment and agricultural assets	**(322.9)**	(209.8)
Payments for acquisition of investments	**(2.3)**	(34.9)
Proceeds from repayment of loans	**10.4**	36.9
Proceeds from sale of controlled entities	**–**	2.6
Proceeds from sale of property, plant and equipment	**33.4**	19.2
Proceeds from sale of investments	**3.1**	31.4
Net cash flows from investing activities	**(2,599.1)**	(383.8)
Cash flows from financing activities		
Payments for shares bought back	**(12.6)**	(112.3)
Proceeds from issue of shares	**1,031.7**	–
Proceeds from borrowings	**3,726.8**	2,689.4
Repayment of borrowings	**(2,294.5)**	(2,074.0)
Proceeds from exercise of options and capital called up	**15.1**	7.7
Distributions to outside equity interest	**(0.4)**	–
Dividends paid	**(131.7)**	(240.3)
Net cash flows from financing activities	**2,334.4**	270.5
Total cash flows from activities	**18.5**	363.5
Cash at the beginning of the year	**504.8**	139.4
Effects of exchange rate changes on foreign currency cash flows and cash balances	**11.2**	1.9
Cash at the end of the year	**534.5**	504.8

The above Statement of Cash Flows should be read in conjunction with the accompanying notes and discussion and analysis.

Discussion and analysis

Discussion and Analysis of Consolidated Statement of Financial Performance

The net profit attributable to members of Foster's Group Limited for the year was $465.2 million, representing an increase of 8.7% from the previous year's result of $427.8 million.

There were net significant items of $30.3 million before tax in the current year. There were no significant items in the previous year (refer to note 3).

Sales revenue for the year is $4,176.7 million, compared with $3,164.8 million for the previous year.

Net interest expense has increased from $65.0 million to $172.1 million, mainly attributable to the higher average debt levels throughout the year.

Basic earnings per share was 24.8 cents.

Refer to the segment note (note 4) for profit from ordinary activities before income tax by industry segments.

Discussion and Analysis of Consolidated Statement of Financial Position

Consolidated net assets increased by $1,471.2 million to $3,779.0 million during the year. Total assets increased by $4,148.1 million to $9,249.5 million.

The increase in total assets mainly arises from the acquisition of Beringer Wine Estates.

The principal movements in the statement of financial position are:

- an increase in cash of $34.2 million
- an increase in current and non-current receivables of $250.2 million
- an increase in current and non-current inventory of $846.5 million
- an increase in investments and other financial assets of $10.4 million
- an increase in current and non-current other assets of $10.7 million
- an increase in deferred tax assets of $245.5 million
- an increase in property, plant and equipment of $1,127.3 million
- an increase in agricultural assets of $286.5 million
- an increase in intangibles of $1,336.8 million

offset by:

- an increase in interest bearing liabilities of $2,322.2 million
- an increase in current and non-current accounts payable of $216.7 million
- an increase in current and non-current provisions of $77.3 million
- an increase in current and deferred tax liabilities of $60.7 million

The movement in contributed equity (share capital) is mainly due to share issues that occurred throughout the year.

Return on net equity attributable to members of Foster's Group Limited after significant items was 12.4%, compared with 18.8% for the previous year.

Discussion and Analysis of Consolidated Statement of Cash Flows

Net cash inflows from operating activities were $283.2 million, a decrease of $193.6 million over the previous year.

The decrease in operating cash flows is largely due to an increase in net interest payments associated with higher average debt levels and higher tax payments.

Payments to acquire controlled entities primarily reflects the purchase cost of Beringer Wine Estates and a number of other acquisitions within the Wine business.

The reduction in dividends paid is attributable to the dividend reinvestment plan, which was re-introduced by the Directors at the announcement of the 2000 final dividend.

The $1.3 billion increase in contributed equity is a result of the successful capital raisings that occurred in August 2000 (175.0 million shares) and June 2001 (66.7 million shares).

Notes to financial statements

Note 1 Accounting policies

GENERAL

The concise financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1039 'Concise Financial Reports' and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The concise financial report has been prepared on the basis of historical cost, except for grape vines which are recognised at net market value. Following a change in accounting policy, non-current assets are now measured at cost compared with the previous accounting policy of recognising certain non-current assets at Directors' valuation. Unless stated otherwise, the accounting policies adopted are consistent with those of the previous years.

RECLASSIFICATION OF FINANCIAL INFORMATION

Some line items and sub-totals reported in the previous financial year have been classified and repositioned in the financial statements as a result of the first time application of the revised standards AASB 1018 'Statement of Financial Performance', AASB 1034 'Financial Report Presentation and Disclosures' and the new AASB 1040 'Statement of Financial Position'.

Revenue and expense items previously disclosed as abnormal items have been reclassified and are now disclosed as individually significant items in note 3.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

- investments accounted for using the equity method, previously presented within other financial assets;
- deferred tax assets, previously presented within other non-current assets;
- current tax liabilities, previously presented within current provisions; and
- deferred tax liabilities, previously presented within non-current provisions.

CHANGES IN ACCOUNTING POLICIES

The following revised accounting standards have been adopted by the Group.

Segment information

The Directors have elected to adopt the revised requirements of Australian accounting standard, AASB 1005 'Segment Reporting'. This standard is mandatory to the Group from 1 July 2001. The business segments identified in the primary reporting disclosures are not materially different to the industry segments identified in previous years. However, the geographical segments have been recognised on a different basis to previous years and as a result, comparatives have been restated.

Previously, for geographic segment disclosure, domestic production exported to an overseas location was reported in the domestic geographic location, i.e. segment revenue was reported by source of production. Under the risk-based approach of the revised segment reporting standard, results are to be disclosed according to the risks (economic, political, currency, etc.) associated with particular sales markets. That is, revenue is reported by geographic location of the sale.

The revised standard requires certain additional disclosures for the industry segment and less extensive disclosures for the geographic segment.

Disclosures for non-current assets

The Directors have elected to adopt the revised requirements of Australian accounting standard AASB 1041 'Revaluation of non-current assets', issued July 2001. The changes to this standard are mandatory to the Group from 30 September 2001 and mainly impact disclosure. In the previous year, the Directors adopted the new requirements made to AASB 1041 regarding the measurement basis of non-current assets.

At that time, the Directors changed the measurement basis for non-current assets from a valuation basis to the cost basis.

This change resulted in a reduction of $436.6 million in property, plant and equipment, with an adjustment of $51.5 million against asset revaluation reserve and $385.1 million against opening retained earnings. The carrying value of brand names, mailing lists, patents and licences was deemed to be their cost, with a recoverable amount write-down of $48.9 million applied against the asset revaluation reserve.

For the current financial year, the revisions to AASB 1041 require the Group to only disclose a reconciliation of property, plant and equipment. Reconciliations of other non-current assets are no longer required to be disclosed.

	2001 $m	2000 $m
Note 2 Operating revenue		
Sales revenue	**4,176.7**	3,164.8
Other operating revenue	**328.6**	303.3
	4,505.3	3,468.1

Net sales includes amounts for freight charged to customers. The application of the new Australian accounting standard AASB 1018 'Statement of Financial Performance' requires the results of equity accounted partnerships to be disclosed as a separate line item in the statement of financial performance and not part of revenue. Comparatives have been adjusted.

	2001 $m	2000 $m
Note 3 Significant items		
(tax effect nil unless stated otherwise)		
Individually significant items included in profit from ordinary activities before income tax		
Share of profit from the sale of Molson brands from the US partnership and subsequent restructure of the partnership, now called the Foster's USA, LLC (tax expense applicable $2.5 million)	**36.7**	–
Wine Planet write-down	**(39.5)**	–
2000 Sydney Olympics expenditure (tax benefit applicable $7.3 million)	**(27.5)**	–
Total significant items	**(30.3)**	–

Notes to financial statements

Note 4 Segment results

	Total assets 2001 $m	Total assets 2000 $m	Total liabilities 2001 $m	Total liabilities 2000 $m	Acquisition of property, plant & equipment, agricultural assets & intangibles 2001 $m	Acquisition of property, plant & equipment, agricultural assets & intangibles 2000 $m	Depreciation and amortisation expense 2001 $m	Depreciation and amortisation expense 2000 $m	Non-cash expenses other than depreciation 2001 $m	Non-cash expenses other than depreciation 2000 $m
Industry segments										
Australian Beer	**1,730.9**	1,694.2	**240.2**	220.1	**96.5**	108.0	**52.4**	38.1	**21.7**	8.0
International Beer	**254.0**	188.2	**42.6**	34.0	**5.9**	20.9	**8.7**	7.4		
Spirits	**129.0**	124.9	**6.9**	17.4	**1.1**	76.0	**2.4**	1.1	**0.8**	0.6
Leisure and hospitality	**798.8**	754.3	**59.9**	60.4	**75.3**	84.5	**28.4**	23.4	**7.6**	8.0
Wine	**5,141.3**	1,487.1	**277.2**	161.9	**2,560.7**	122.9	**80.0**	35.4	**48.3**	–
Property and investments	**180.6**	175.5	**102.4**	101.5	**0.7**	0.6	**0.6**	0.5		
Corporate	**162.9**	104.9	**367.2**	207.1	**5.1**	1.3	**2.3**	3.0	**14.3**	30.6
	8,397.5	4,529.1	**1,096.4**	802.4	**2,745.3**	414.2	**174.8**	108.9	**92.7**	47.2
Unallocated										
Cash/Interest bearing liabilities	**542.7**	508.5	**4,080.9**	1,758.7						
Deferred tax assets/tax provisions	**309.3**	63.8	**293.2**	232.5						
	9,249.5	5,101.4	**5,470.5**	2,793.6						

	Total operating revenue 2001 $m	Total operating revenue 2000 $m	Inter segment sales 2001 $m	Inter segment sales 2000 $m	Net external operating revenue 2001 $m	Net external operating revenue 2000 $m	Operating profit before income tax and significant items 2001 $m	Operating profit before income tax and significant items 2000 $m	Significant items 2001 $m	Significant items 2000 $m	Profit from ordinary activities before income tax 2001 $m	Profit from ordinary activities before income tax 2000 $m
Industry segments												
Australian Beer	**1,578.7**	1,479.3	**(110.6)**	(95.7)	**1,468.1**	1,383.6	**408.3**	389.3	**(8.5)**	–	**399.8**	389.3
International Beer	**190.4**	172.8			**190.4**	172.8	**24.3**	6.6	**36.7**	–	**61.0**	6.6
Spirits	**105.8**	65.1			**105.8**	65.1	**15.2**	6.0			**15.2**	6.0
Leisure and hospitality	**884.0**	873.8			**884.0**	873.8	**104.8**	110.2			**104.8**	110.2
Wine	**1,610.3**	718.1	**(2.8)**	(5.9)	**1,607.5**	712.2	**342.1**	154.3	**(39.5)**	–	**302.6**	154.3
Property and investments	**168.3**	142.6			**168.3**	142.6	**25.0**	29.4			**25.0**	29.4
Corporate	**81.2**	118.0			**81.2**	118.0	**(53.1)**	(45.1)	**(19.0)**	–	**(72.1)**	(45.1)
	4,618.7	3,569.7	**(113.4)**	(101.6)	**4,505.3**	3,468.1	**866.6**	650.7	**(30.3)**	–	**836.3**	650.7
Unallocated												
Net interest expense											**(172.1)**	(65.0)
											664.2	585.7

The Group operates predominantly in the beverage industry which includes the production and marketing of alcoholic and non-alcoholic beverages and a major investment in licensed properties.

The net interest expense has not been allocated across segments as the financing function of the Group is centralised through the Group's Treasury division. Intersegment pricing is on an arm's length basis. The Group has certain investments in joint venture partnerships which are equity accounted, but are not material.

Note 4 Segment results (continued)

The International Beer segment includes an investment in Foster's USA, LLC of $75.7 million (2000 $37.5 million), an equity accounted joint venture partnership. The Group's share of the operating profit before tax from Foster's USA, LLC was $44.1 million (2000 $7.9 million).

Previously for geographic segment disclosure, domestic production exported to an overseas location was reported in the domestic geographic location, i.e. segment revenue was reported by source of production. Under the risk based approach of the revised segment reporting standard, results are to be disclosed according to the risks (economic, political, currency, etc.) associated with particular sales markets. That is, revenue is reported by geographic location of the sale.

Comparatives have been restated to reflect this changed approach.

	Total assets		Acquisition of property, plant & equipment, agricultural assets & intangibles		Net external operating revenue	
	2001 $m	2000 $m	**2001 $m**	2000 $m	**2001 $m**	2000 $m
Geographical segment						
Australia	**4,118.7**	3,926.0	**236.3**	317.8	**3,013.4**	2,951.5
Asia and Pacific	**214.4**	96.8	**22.5**	22.0	**239.6**	195.0
Europe	**328.9**	283.8	**71.0**	16.8	**258.9**	206.3
Americas	**3,735.5**	222.5	**2,415.5**	57.6	**993.4**	115.3
	8,397.5	4,529.1	**2,745.3**	414.2	**4,505.3**	3,468.1
Unallocated						
Cash	**542.7**	508.5				
Deferred tax assets	**309.3**	63.8				
	9,249.5	5,101.4				

	2001 $m	2000 $m
Note 5 Dividends		
Interim dividend of 7.0 cents per ordinary share paid 23 March 2001 (2000: 6.5 cents per ordinary share paid 17 March 2000)	**133.7**	112.2
Final dividend of 8.5 cents per ordinary share proposed by Directors to be paid 28 September 2001 (2000: 8.0 cents per ordinary share paid 10 November 2000)	**171.0**	150.3
	304.7	262.5

All the proposed dividends will be 100% franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period subsequent to 30 June 2001.

The Government introduced legislation into Parliament on 28 June 2001 which will require companies to convert their existing Class C franking account balances from a 34% underlying tax rate to 30% on 1 July 2001 (including those franking credits relating to dividends).

The interim dividend was 100% franked at a tax rate of 34%. The final dividend will be 100% franked at a tax rate of 30%.

Independent audit report

to the members of Foster's Group Limited

Scope

We have audited the concise financial report of Foster's Group Limited (the Company) for the financial year ended 30 June 2001 as set out on pages 43 to 49, in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Company for the financial year ended 30 June 2001. Our audit report on the full financial report was signed on 28 August 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information included in it is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of the Company complies with Accounting Standard AASB 1039:

Concise Financial Reports.

PricewaterhouseCoopers

Chartered Accountants

Paul V. Brasher

Partner

Melbourne

28 August 2001

Details of shareholders, shareholdings and top 20 shareholders

Details of Shareholders and Shareholdings

Holding of Securities

Listed Securities 28 August 2001	No of Holders	No of Securities	% held by top 20%
Fully Paid Ordinary Shares	169,768	2,011,823,405	66.80

Unlisted Securities 28 August 2001	Issue Number	No of Holders	No of Shares
Ordinary shares issued under the 1987 Foster's Employee Share plan and paid to 1.67 cents each			
Issue price of $5.83 per share	50	4	209,400
Issue price of $7.38 per share	51	1	4,800
Issue price of $7.97 per share	53	1	27,270
Issue price of $9.40 per share	55	1	600,000
Issue price of $8.30 per share	56	3	62,490
Issue price of $7.70 per share	57	3	32,700
Issue price of $7.63 per share	58	1	25,290
Issue price of $7.33 per share	59	2	31,800
Issue price of $5.00 per share	61	1	1,050
Issue price of $4.92 per share	62	1	300
Issue price of $4.42 per share	64	1	1,710
Issue price of $4.32 per share	65	1	1,800
			998,610

FBG Incentive Pty Ltd holds 209,730 of the above shares as trustee for 247 participants in the 1987 Foster's Employee Share Plan.

Options – 28 August 2001
Options issued under the 1987 Foster's Employee Share Plan

Employee Options Exercisable At:	No of Shares if options Exercisable
$2.12 per share	1,250,000
$2.36 per share	320,000
$2.48 per share	420,000
$2.73 per share	400,000
	2,390,000

The above options are held by FBG Incentive Pty Ltd as trustee for 4 participants in the 1987 Foster's Employee Share Plan.

Distribution of Holdings – 28 August 2001

Size of Holding	Number
1 – 1000	56,290
1001 – 5000	90,243
5001 – 10,000	14,955
10,001 – 100,000	7,896
100,001 and over	384
Total	169,768

Of these 4,143 ordinary shareholders held less than a marketable parcel of $500 worth of shares (95 shares). In accordance with ASX Business Rules, the last sale price of the Company's shares on the ASX on 28th August 2001 was used to determine the number of shares in a marketable parcel.

Twenty Largest Shareholders – 28 August 2001

Shareholder	No. of Fully Paid Ordinary Shares	% of Fully Paid Ordinary Shares
Chase Manhattan Nominees Limited	402,249,584	19.99
Westpac Custodian Nominees Limited	275,435,046	13.69
National Nominees Limited	253,477,383	12.60
Citicorp Nominees Pty Ltd	74,045,030	3.68
ANZ Nominees Limited	50,706,049	2.52
Perpetual Trustees Victoria Limited	40,900,089	2.03
Commonwealth Custodial Services Limited	37,328,791	1.86
AMP Life Limited	34,781,160	1.73
Queensland Investment Corporation	33,288,923	1.65
HSBC Custody Nominees (Australia) Limited	18,436,810	0.92
AMP Nominees Pty Limited	17,706,561	0.88
MLC Limited	16,575,304	0.82
National Mutual Life Association of Australasia Limited	16,018,006	0.80
Perpetual Nominees Limited	12,287,537	0.61
RBC Global Services Australia Nominees Pty Limited	12,181,699	0.61
Westpac Financial Services Limited	11,847,666	0.59
ING Life Limited	10,998,038	0.55
BT Custodial Services Pty Ltd	8,875,051	0.44
CSS Board & PSS Board	8,703,373	0.43
Commonwealth Life Limited	8,044,785	0.40
	1,343,886,885	66.80

Substantial Shareholders – 30 August 2001

The following shareholders have declared a relevant interest in the number of voting shares shown adjacent at the date of giving the notice under Part 6C.1 of the Corporations Law.

The Capital Group Companies Inc	208,074,876
Delaware International Advisers Limited	105,290,802
Morgan Stanley Dean Witter Investment Management Limited	88,237,732

Shareholder information

Annual General Meeting

The Annual General Meeting of Foster's Group Limited will be held on Monday, 22 October 2001 at 11.00 a.m. at Palladium at Crown, Level 1, 8 Whiteman Street, Southbank, Victoria. Full details are contained in the Notice of Meeting sent to all shareholders.

Voting Rights

Shareholders are encouraged to attend the Annual General Meeting, however, when this is not possible, they are encouraged to use the form of proxy by which they can express their views.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands, except where a shareholder appoints two proxies, in which case neither proxy is entitled to vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to

a) one vote for each fully paid share; and

b) voting rights in proportion to the paid up amount of the issue price for partly paid shares.

Stock Exchange Listings

Shares of Foster's are listed under the symbol 'FGL' on the Australian Stock Exchange. The securities of the Company are traded on the Australian Stock Exchange under CHESS (Clearing House Electronic Sub-register System) which allows settlement of on-market transactions without having to rely on paper documentation. Shareholders seeking more information about CHESS should contact their stockbroker or the Australian Stock Exchange.

Ordinary shares in Foster's Group are also listed on the London Stock Exchange. American Depositary Receipts, sponsored by the Bank of New York, can be purchased through brokers in the US.

Share Register and other Enquiries

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

ASX Perpetual Registrars Limited
Level 4
333 Collins Street
Melbourne Victoria 3000
Australia
Telephone: +61 3 9615 9999
Australian callers 24 hour 7 day service: 1800 350 698
Facsimile: +61 3 9615 9900
(+61 3 9615 9848 only for faxing Forms of Proxy)
E-mail: registrars@aprl.com.au
Internet: www.registrars.aprl.com.au

Please include your shareholder reference number (SRN) in all correspondence to the share registry.

In the United Kingdom, questions can be directed to:

Foster's Group Limited
Regal House
70 London Road
Twickenham, Middlesex TW1 3QS
United Kingdom
Telephone: +44 208 843 8400
Facsimile: +44 208 843 8401

For enquiries relating to the operations of the company, please contact the Foster's Group Investor Relations Department on:

Telephone: +61 3 9633 2773
Facsimile: +61 3 9633 2634
E-mail: investor.relations@fostersgroup.com
Internet: www.fostersgroup.com

Written correspondence should be directed to:

Vice President Capital Markets
Foster's Group Limited
GPO Box 753F
Melbourne Victoria 3001

Dividends

A final dividend of 8.5 cents per share will be paid on 28 September 2001 to shareholders registered on 7 September 2001. For Australian tax purposes, the dividend will be 100% franked at the 30% Company tax rate.

Shareholders can elect to have dividends paid directly into a bank account anywhere in Australia or New Zealand. Shareholders can also elect to participate in the Dividend Reinvestment Plan (except in those countries where participation might give rise to breaches of applicable laws). Direct Credit and Dividend Reinvestment Plan forms are available on request from the share registry.

Tax File Numbers

Australian taxpayers who do not provide details of their tax file number will have dividends subjected to the top marginal personal tax rate plus Medicare levy. It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Forms are available from the share registry should you wish to notify the registry of your tax file number or tax exemption details.

Change of Address

It is important for shareholders to notify the share registry in writing promptly of any change of address. As a security measure, the old address should also be quoted as well as your shareholder reference number (SRN).

Key Dates

7 September 2001
Record date (books closing) for 2000/2001 final dividend

21 September 2001
Annual Report sent to shareholders

28 September 2001
Final dividend for 2000/2001 payable

22 October 2001
Annual General Meeting

12 February 2002*
Announcement of profit result for half year ending 31 December 2001

1 March 2002*
Record date (books closing) for 2001/2002 interim dividend

22 March 2002*
Interim dividend for 2001/2002 payable

30 June 2002
End of financial year

27 August 2002*
Announcement of profit result for the year ending 30 June 2002

*Likely dates. Subject to confirmation.

Foster's Group Limited
A.B.N. 49 007 620 886
Company Secretary:
Peter A. Bobeff

Registered Office:
77 Southbank Boulevard
Southbank Victoria 3006
Australia
Telephone: +61 3 9633 2000
Facsimile: +61 3 9633 2002

www.fostersgroup.com Go online for all your shareholder information

Speedy search

Our search engine has been refined to deliver optimum results. Simply type in keywords and you will be given a complete listing of matching articles with a short description of the contents of each.

Easy navigation

We've divided our website into six channels to ensure easy access to information about all of our operations. Use the drop-down menu on the top navigation bar to visit other Foster's sites within each channel.

Roll-over menus

Our grey navigation bar with its roll-over menus means you can move through the site easily. View details of our companies and brands and visit our investor and student centres for the latest information on Foster's Group.

Shareprice updated daily

Follow the Foster's shareprice with the latest information direct from the Australian Stock Exchange.

Get the latest

Keep up with the latest news and events at Foster's. All media releases, speeches and presentations are published on our website and you can sign up to be notified by email whenever there is a company announcement.

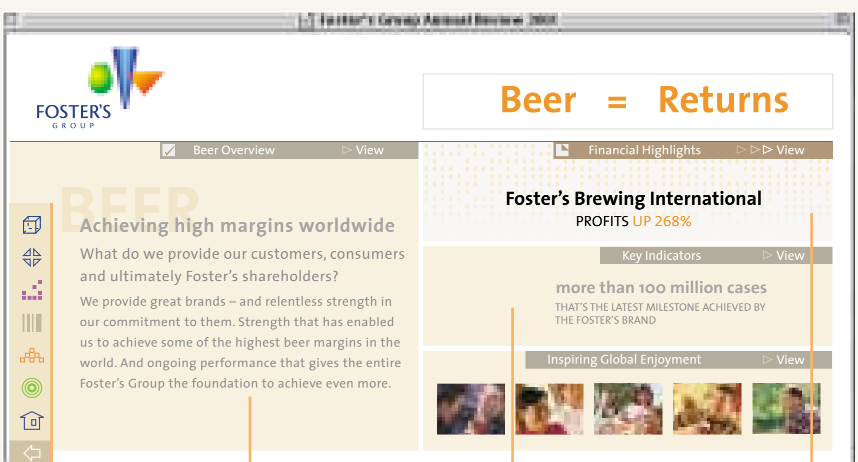
Find out more about us

Our company profile has the latest information about the group and its four main operating divisions. Be sure to look at the interactive timeline of Foster's history as well as the group's achievements in health, safety and the environment.

click to Foster's online Annual Report

Help us cut costs and improve communication

As a valued shareholder, we are committed to improving the way we communicate with you, we view the use of the Internet as a key driver for Foster's Group to provide relevant information, efficiently and economically.



Function Menu

Sector Market Overview

Key Indicators

Financial Highlights

Features include:

1. Easy navigation – a help tool has been developed providing instructions to help you through the report.
2. Financial highlights in interactive graph and table formats.
3. Key indicators – detailed information about Foster's performance
4. Search and book marking capabilities.

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achieving the right business balance

PREMIUM BRANDS

= PREMIUM MARGINS

= PREMIUM RETURNS

= SHAREHOLDER VALUE

Foster's Group directory

Foster's Group Limited
Carlton & United Breweries
– Australian Leisure and Hospitality
– Continental Spirits
Beringer Blass Wine Estates
Foster's Brewing International

77 Southbank Boulevard
Southbank, Victoria 3006
Australia

Telephone: (61) 3 9633 2000
Facsimile: (61) 3 9633 2002
Website: www.fostersgroup.com

Lensworth Group

Level 34, 385 Bourke Street
Melbourne, Victoria 3000
Australia

Telephone: (61) 3 9606 1700
Facsimile: (61) 3 9606 1744