



AUSTRALIAN VINTAGE LTD

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AUSTRALIAN VINTAGE SECURES LONG TERM FUNDING

Australian Vintage Ltd (AVG) today announced better than expected sales in the 08/09 financial year, combined with the benefits of the strategic review has delivered strong cash flow, cut debt and allowed the company to secure new longer term financing arrangements.

The company is Australia's second largest listed wine company.

AVG's CEO, Dane Hudson said: "In one of the Australian wine industry's toughest years, a focus on export and driving branded wine is delivering 9 per cent higher sales. Our sales are significantly ahead of the industry in both volume and value.

"The strategic review conducted earlier this year has reshaped the company creating a more flexible operating platform that has reduced costs across the business and allowed us to outperform the market in the very difficult industry conditions.

"This combination of higher sales, reduced debt and lower costs generated a \$29 million positive operating cash flow in the second half of the financial year compared to a negative operating cash flow of \$1.1 million for the same time last year. We have delivered on our February commitment to the market and reduced debt from \$169 million at the end of December 2008 to \$145 million as at the end of the financial year. Our 2008/9 operating cash flow is positive \$17M.

"As a result we have reached an in principle agreement with our bank to extend the debt facility for a further two years. The details will be finalised in August."

"We are on track to meet market expectations when we report our full year results on 26 August 2009.

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