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News Release

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FOR IMMEDIATE RELEASE

RETAIL SUPPLIERS REPORT STABLE BUSINESS CONDITIONS FOR 2006 AND OUTLOOK IS CAUTIOUS FOR YEAR AHEAD

Inflation driving record sales growth in the grocery channel in 2006;
Retail manufacturers expect business conditions to decline over the next two years;
Private Label manufacturers the most pessimistic about the future

February 8, 2007, Sydney: Record sales growth in the grocery channel driven primarily driven by inflationary pressure appears to have alleviated some pessimism among manufacturers in 2006. However, the latest report released today by ACNielsen, a division of The Nielsen Company, has revealed that the outlook for grocery suppliers for 2007 is still cautious and is particularly weak among Private Label suppliers.

The findings extracted from ACNielsen's bi-annual Retail Barometer survey – the latest conducted in November 2006, captured responses from over 130 senior leaders from top Australian fast moving consumer goods (FMCG) companies on business confidence and concerns, retailer relationships and consumer trade spend.

According to the findings, almost two in five (37%) grocery suppliers say business conditions have remained stable over the past 12 months, and 40 percent reported deteriorating conditions – down 8 percentage points from the previous year *(refer to Chart 1).*

However, less than a quarter of manufacturers (23%) say business conditions have improved over the course of 2006, and future business conditions are looking tough with almost half (45%) anticipating further deterioration over the next two years *(refer to Chart 2).* Private Label manufacturers are the most pessimistic with 49 percent expecting declining business conditions in the future.

Private Label manufacturers were also the most conservative in their forecasts for their business' domestic sales growth, with only around a quarter (26%) expecting growth above eight percent, compared with 32 percent of non Private Label suppliers *(refer to Chart 3).*

Not surprisingly, Private Label growth was also first on the agenda when it came to issues of concern among grocery suppliers, followed by pressure on trading terms and the ability to pass on price increases *(refer to Chart 4).*

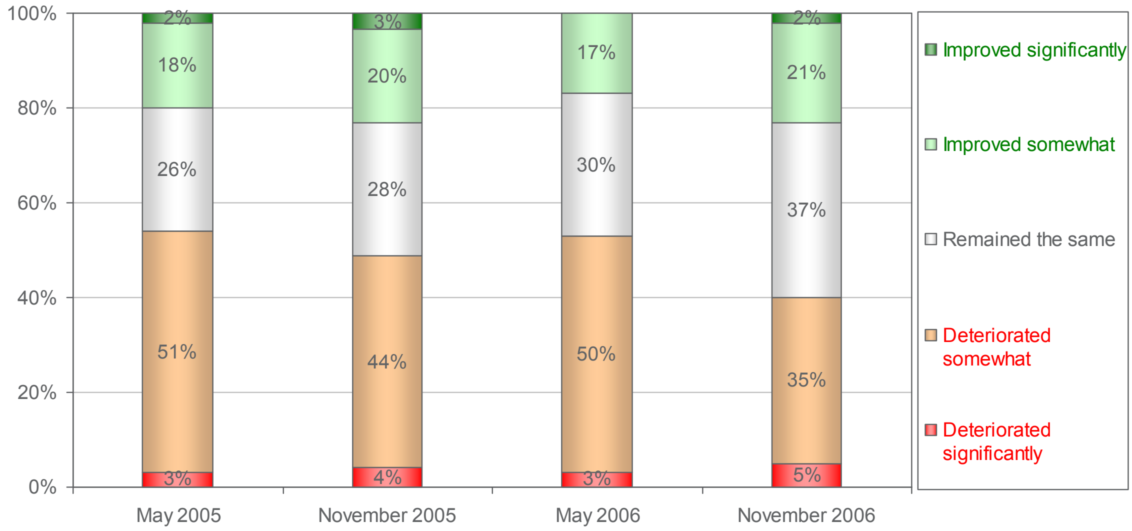
This is consistent with grocery suppliers appearing increasingly less skeptical about the retailers' premium Private Label offerings, with close to two in five (37%) saying the instance of consumers buying premium Private Label products was very likely or will definitely occur – up seven percentage points from May *2006 (refer to Chart 5).*

"After a long period of price compression, it is encouraging to see that manufacturers can finally adjust to the inflationary pressures driving up the sales growth for total packaged grocery," says Ben Dixon, Executive Director, ACNielsen Australia.

"However, it appears that suppliers are still extremely cautious about the year ahead and their confidence will depend on any shifts or volatility in the industry – particularly in the areas of Private Label growth, pressure on trading terms and the ability to pass on price increases."

Chart 1: Current business conditions

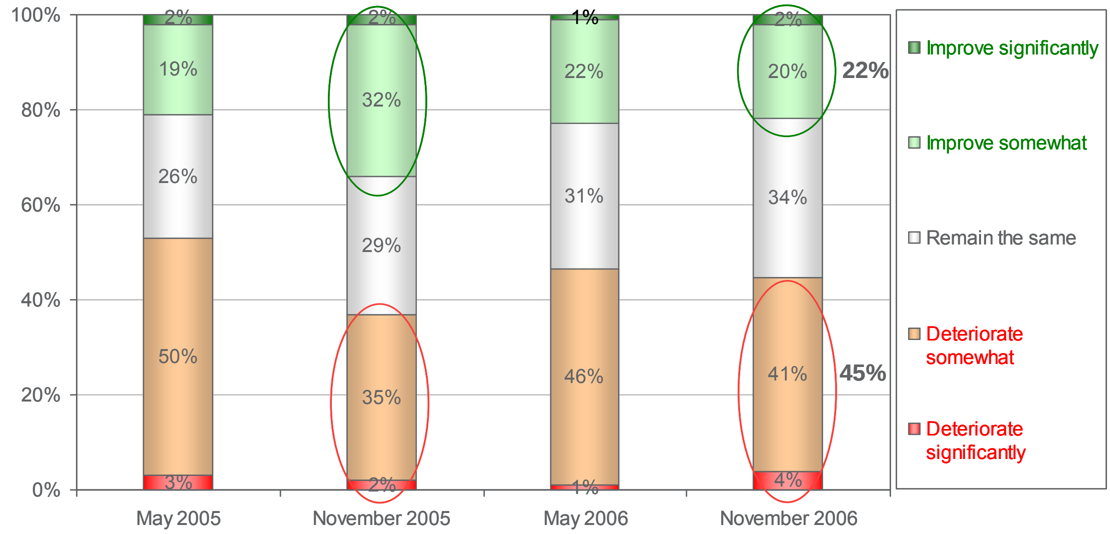
Q. Compared to the same time last year, do you think business conditions in your industry have improved or deteriorated?



Base: All manufacturers: May 2005 (n=104), Nov 2005 (n=117), May 2006 (n=118), Nov 2006 (n = 131). Significance tested against previous period at 95% confidence.

Chart 2: Future business conditions

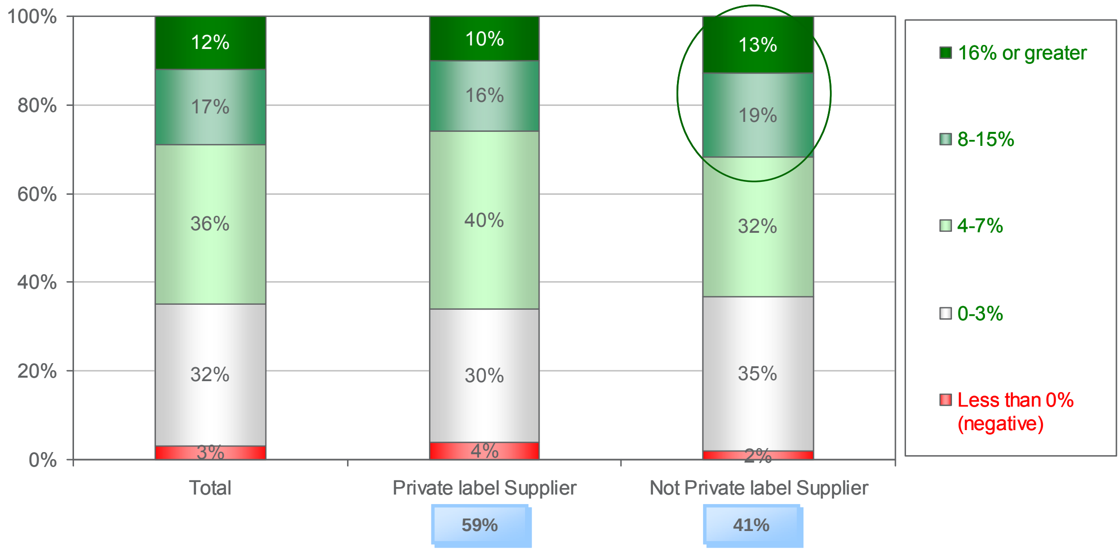
Q. Over the next 1-2 years, do you believe that business conditions in your industry are more likely to improve or deteriorate?



Base: All manufacturers: May 2005 (n=104), Nov 2005 (n=117), May 2006 (n=118), Nov 2006 (n = 131). Significance tested against previous period at 95% confidence.

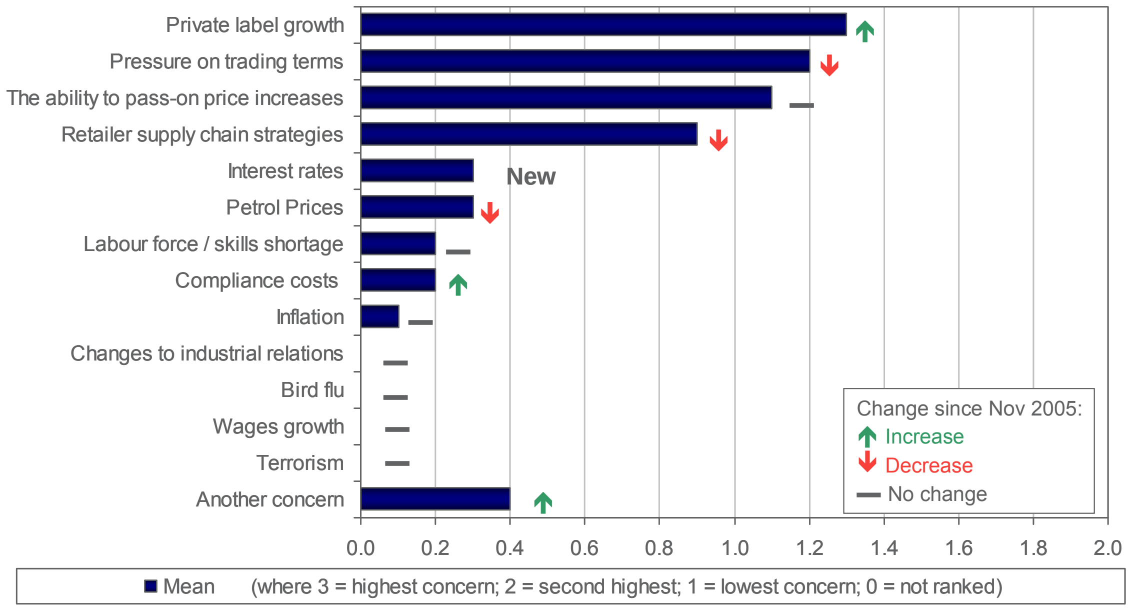
Chart 3: Forecast domestic sales growth

Q. What do you think your total domestic retail sales growth will be for 2006?



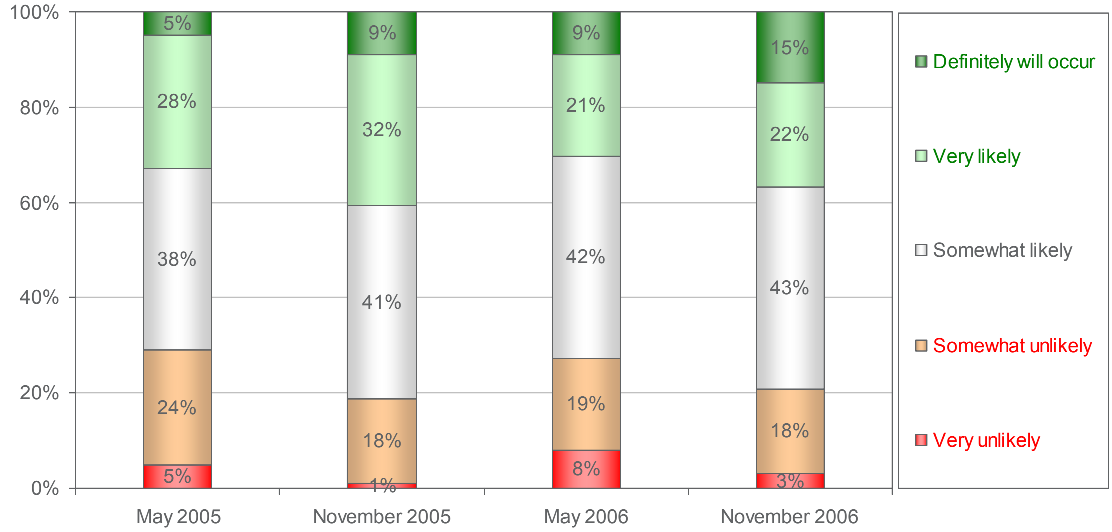
Base: All manufacturers (n131), Private label suppliers (n=77), Not a private label supplier (n=54). Significance tested against Total base at 95% confidence.

Chart 4: Issues of concern
Q. Which of the following issues concern you in terms of the impact they may have on your business? Rank the top three issues that concern you.



Base: All manufacturers (n=131)

Chart 5: Will Australians buy premium Private Label?
Q. Do you think that Australian consumers will buy premium Private Label products?



Base: All manufacturers: May 2005 (n=104), Nov 2005 (n=117), May 2006 (n=118), Nov 2006(n=131). Significance tested against previous period at 95% confidence.

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