Evans & Tate
WINE GROUP

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4 July 2005

SHAREHOLDER CONFERENCE CALL

Evans & Tate Limited (ASX: ETW) wishes to advise that it will host a teleconference for shareholders at 10am WST (12 noon EST) on Wednesday, 6 July 2005.

The purpose of the call is for Evans & Tate Executive Chairman, Franklin Tate, to explain the Company's announcement of 28 June 2005 (copy attached) and provide shareholders with the opportunity to ask questions about the announcement.

To participate in the conference call, please RSVP to Sue Symmons, Company Secretary, on 08 6462 1799. Dial-in details will be provided to shareholders at this time.

For further information please contact:

Sue Symmons
Company Secretary
Tel: 08 6462 1799

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28 June 2005

SHAREHOLDER UPDATE

Evans & Tate Limited (ASX: ETW) today provided the market with a shareholder update for the year ending 30 June 2005.

Evans & Tate has in recent years grown its business through market penetration, brand development and investment in wineries, vineyards and distribution businesses which has led to a significant inventory build up.

The Company is currently facing a challenging wine market and has been working to overcome these challenges.

The Board of Directors today decided to accelerate the reduction of the Company's unallocated wine inventory (i.e. wine not allocated to customers).

In making this decision, the Board has elected to adopt a conservative approach to the accounting treatment of the carrying value of its wine inventory, and believes the acceleration of the reduction of the Company's wine inventory will result in a once-off write-down in the value of its inventory.

The Board expects the wine inventory write-down will be in the order of $8 million to $10 million, approximately 7% to 9% of total inventory levels.

The exact level of the inventory write-down will depend on the final outcome of an independent wine valuation currently underway.

In addition, the Board today considered the carrying value of Yarra Valley subsidiary Oakridge Vineyards Pty Ltd. Based on the unaudited management accounts for Oakridge for the year to date, the Board believes it is likely that a write-down of the $4.3 million goodwill relating to Oakridge Vineyards Pty Ltd will be required in the current financial year.

Even though the Company's revenues and EBITDA earnings are expected to increase for the year ending 30 June 2005, as a result of the above write-downs and based on the Company's unaudited management accounts for the eleven months ended 31 May 2005, the Company expects to report its first net loss since listing of between $4.8 million and $7.5 million for the year.

This expected loss will not restrict the Company's ability to pay a final dividend. The Board intends to declare a final dividend on the Company's preference shares (ASX: ETWPB) in accordance with their terms and declare a final dividend on the Company's ordinary shares (ASX: ETW) for the current financial year, subject to finalisation of the Company's annual audited accounts.

Evans & Tate Executive Chairman Franklin Tate said that the Company has in place strategies to reduce inventory to more appropriate levels.

"These strategies are expected to reduce inventories with the aim of moving the Company into positive cash flow during the 2006 financial year," he said.

"As part of our planning process and in conjunction with ANZ, 333 Performance Management, a consulting firm associated with Korda Mentha, was appointed to assist us with forecasting, planning and business efficiency issues."

"ANZ Bank is currently awaiting a 333 Performance Management review of the Company's 2006 financial year budgets, with a view to providing short-term working capital of approximately $8.5 million in July 2005 and, in the meantime, has agreed to defer an upcoming interest payment of $2.5 million on the Company's existing facilities."

"The Company is confident that this short-term working capital will be made available."

"The Board is confident that the Company's inventory reduction strategies will be successful and will secure the Company's long-term prospects."

Detailed Financial Guidance

Following the Board meeting today, the Company is forecasting operating revenue of $95 million for the year ending 30 June 2005. This represents an increase on last year's operating revenue of approximately 12%.

For comparison purposes, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) before inventory write-downs is anticipated to be in the range of $21 million to $23 million for the year ending 30 June 2005, an increase of approximately 7% to 17%.

The Company recognises that it needs to reduce its inventory. In the past, the Company has blended slow moving inventory with other wines for distribution over time. However, given the current difficult market environment and the Company's need to reduce debt, the Board has today decided to begin to reduce some inventory immediately.

Sales of unallocated inventory are expected to be in the order of $8 million. The Board expects these sales to result in a once-off write-down of $8 million to $10 million in the current financial year.

As previously announced, the Company intends to reduce inventory further by reducing the 2006 vintage intake, which is anticipated to be less than the 2005 vintage. The 2005 vintage intake was 7,000 tonnes less than the 2004 vintage intake. Given the anticipated sales program for the 2005/06 fiscal year, the Company's inventories are expected to fall to $83 million to $88 million by 30 June 2006 from current levels of approximately $100 million following the inventory write-down.

As part of its ongoing business planning, Evans & Tate has also been undergoing a review of its costs and part of its planned initiatives include the intention to reduce its packaged stock by $4 million over the next 12 months and the consideration of a sale and leaseback of the Griffith winery which the Company expects would realise a further $10 million to $12 million for debt reduction.

The Company will provide further updates on these initiatives as they progress.

Financial Forecasts

Net Revenue (excluding SGARA and assets sales)	$95 million	$85 million	12%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	$21 - $23 million	$19.7 million	~7-17%
Write-downs	$12.3 – $14.3 million	-	N/a
Net Profit/(Loss) after Tax before write downs	$6.8 – $7.5 million	-	N/a
Net Profit/(Loss) after Tax after write downs	($4.8 - $7.5 million)	$7.8 million	N/a
Inventory	$98-$102 million*	$82.5 million	~18.7-23.6%
Interest Bearing Debt (excluding Convertible Notes (ASX: ETWG))	$94 million	$85 million	11%
Convertible Notes (ASX: ETWG)	$20 million	$20 million	-

** post one-off write-downs and including $5m of Wine Source inventory acquired during the year.*

For further information please contact:

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