

16 August 2010



Company Announcements Platform
Australian Securities Exchange

SALE OF GUNNS' TAMAR RIDGE WINE BUSINESS

UNAUDITED NET PROFIT AFTER TAX \$28.0 MILLION FOLLOWING IMPAIRMENT REVIEW

Please find attached a release to the market.

Yours sincerely

A handwritten signature in black ink, appearing to read "Wayne Chapman", is written over a light grey rectangular background.

Wayne Chapman
Company Secretary

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SALE OF GUNNS' TAMAR RIDGE WINE BUSINESS

UNAUDITED NET PROFIT AFTER TAX \$28.0 MILLION FOLLOWING IMPAIRMENT REVIEW

Gunns Limited has today entered into an agreement to sell its Tamar Ridge wine business to Brown Brothers Milawa Vineyards Pty Ltd for \$32.5 million, subject to completion adjustments.

The transaction involves the sale of all of Gunns' wine interests including vineyard management of winegrape MIS projects and is expected to complete on 31 August 2010.

Gunns Limited CEO Greg L'Estrange said: "The sale to Brown Brothers continues the process of focusing Gunns on its core plantation and processing-based operations, while at the same time providing a growth path for the wine business.

"We are confident the development of the Tamar Ridge wine business will continue under Brown Brothers' ownership, providing further opportunities for its employees."

MARKET UPDATE

On June 11, Gunns advised the market that it expected to report full-year earnings before interest and tax (EBIT) between \$50 to \$60 million and that a review of the carrying value of certain assets was being carried out. That review has now been completed.

Gunns' final results for the year ended 30 June 2010 will be released to the market on Wednesday 18 August 2010. With the impairment review now completed we are in a position to update the market as follows:

Underlying EBIT	\$52.2m
Interest	\$(18.2)m
Tax on underlying earnings	\$(1.2)m
Adjustments to underlying EBIT relating to restructuring, redundancies and other non-trading items (net of tax)	\$2.4m
Impairment charges (net of tax)	\$(98.1)m
Income tax consolidation benefit	\$90.8m
Profit after tax	\$28.0m

*Please note that all these figures are preliminary and un-audited

Full details of the impairment charges that will be booked in the final accounts will be provided on 18 August 2010. They principally relate to the write down of non-core assets and businesses that have been or are being prepared for sale or closure and the adoption of policy decisions in relation to the carrying value of deferred lease and management receivables in relation to various MIS schemes.

Although the results reported above are preliminary and un-audited, Gunns can confirm that it was in compliance with all banking covenants at 30 June 2010.

Contact

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