

BRN

FINANCIAL RESULTS

Financial Results for Year Ended 30 June 2008

The audited results for the year showed Gross Sales of \$33.3 million, a year on year increase of 24%, positive Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$0.3 million and a small net loss after tax of (\$0.4 million).

The result included one-off costs of approximately \$0.6 million in relation to the rapid set up of the Australian plant and \$0.2 million incurred in relation to employee benefits which were expensed under the new NZ IFRS reporting standards.

The capital expenditure on the Australian project included the initial asset purchase of \$0.8 million and subsequent purchases of \$1.7 million, funded through bank debt. The Group's total capital expenditure for the year was \$3.4 million and total assets rose from \$17 million to \$24 million over the year.

The working capital requirements of Charlie's Group also increased during the 2008 year due to a substantial investment in raw material inventory for the Charlie's brand. As part of the transition to the new Australian facility, we purchased ingredients for production of the entire Charlie's product range, while still purchasing finished products from our third party contract packers. This impacted in the second half and resulted in negative cash flow from operating activities for the year ended 30 June 2008. The Group's total inventory holding increased from \$2.6 million at 30 June 2007 to \$5.3 million at 30 June 2008.

We now have an appropriate raw material base for all Charlie's beverages and as we run down the stock holding of products produced by our contract packer, we expect our operating cash flow to normalise.

Industrial action at Charlie's third party contract packers and product issues resulting from the transition to the new Charlie's Australian production facility in April 2008, resulted in a loss of potential revenue of approximately \$0.9 million and potential profit of \$0.3 million.

After allowing for these one-off costs and loss in revenue, Charlie's Group reported a small net loss after tax of (\$0.4 million).

Although we are disappointed not to have achieved a positive Net Profit After Tax, we are pleased with what we have accomplished this year including strong sales and revenue growth.

Andrew Lockett, Sales Distributor



BASIS OF PREPARATION

These summary financial statements, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows are those of Charlie's Group Limited and its subsidiaries (the "Group"). They have been prepared in accordance with FRS 43 "Summary Financial Statements" and have been extracted from the full financial statements that have been prepared in accordance with New Zealand Standards that comply with International Financial Reporting Standards. The full financial statements for the year ended 30 June 2008, authorised for issue by the Board of Directors and signed on 27 August 2008, have been audited by PricewaterhouseCoopers and given an unqualified opinion. The Group is a profit-oriented entity. The summary financial statements are stated in New Zealand dollars. For a complete understanding of the financial affairs of the Group, the full financial statements are available on the Company's website, www.charliesgroup.co.nz.

For and on behalf of the Board.
 Dated: 27 August 2008

Ted van Arkel

Ted van Arkel
 CHAIRMAN

Stefan Lepionka

Stefan Lepionka
 CHIEF EXECUTIVE OFFICER

Charlie's Group Limited INCOME STATEMENT

	Group	
	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000
Sales revenue	30,046	24,059
Cost of goods sold	(15,969)	(13,548)
Gross profit	14,077	10,511
Selling and distribution expenses	(9,258)	(6,940)
Marketing expenses	(2,699)	(1,124)
Administration and other expenses	(2,484)	(2,278)
Operating (loss)/ profit	(364)	169
Finance income	4	11
Finance expenses	(219)	(67)
Net (loss)/ profit before income tax	(579)	113
Income tax credit/(expense)	154	(3)
Net (loss)/ profit after tax for the year attributable to shareholders	(425)	110
EBITDA	283	536

Charlie's Group Limited BALANCE SHEET

	Group	
	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000
Equity		
Share capital	15,580	15,280
Reserves	643	385
Retained earnings	(903)	(478)
Total equity	15,320	15,187
Liabilities		
Non-current liabilities	3,320	-
Current liabilities	5,442	2,255
Total liabilities	8,762	2,255
Total equity and liabilities	24,082	17,442
Assets		
Non-current assets	15,422	12,346
Current assets	8,660	5,096
Total assets	24,082	17,442

Charlie's Group Limited STATEMENT OF CASH FLOWS

	Group	
	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000
Operating activities		
Net cash inflows/(outflows) from operating activities	(1,690)	242
Investing activities		
Net cash (outflows)/inflows from investing activities	(3,516)	(640)
Financing activities		
Net cash inflows/(outflows) from financing activities	5,263	(8)
Net increase/(decrease) in cash and cash equivalents	57	(406)
Cash and cash equivalents at beginning of year	271	677
Cash and cash equivalents at end of year	328	271

Charlie's Group Limited STATEMENTS OF CHANGES IN EQUITY

	Share capital \$000	Cash flow hedge reserve \$000	Share options reserve \$000	Retained earnings \$000	Total equity \$000
Group					
Balance at 1 July 2006	15,280	-	-	(588)	14,692
Net profit attributable to shareholders	-	-	-	110	110
Total recognised income and expenses for the year	-	-	-	110	110
Movement in share options reserve	-	-	385	-	385
Balance at 30 June 2007	15,280	-	385	(478)	15,187
Net (loss) attributable to shareholders	-	-	-	(425)	(425)
Movement in cash flow hedge reserve	-	47	-	-	47
Total recognised income and expenses for the year	-	47	-	(425)	(378)
Movement in share options reserve	-	-	211	-	211
Shares issued	300	-	-	-	300
Balance at 30 June 2008	15,580	47	596	(903)	15,320

NZ IFRS ADJUSTMENTS

These summary financial statements are in respect of the Group's first NZ IFRS full financial statements. For more details on these disclosures please refer to Note 29 of the full financial statements in the Charlie's Group Annual Report located at www.charliesgroup.co.nz.

- Intangible assets: Under the requirements of NZ IAS 38: Intangible Assets goodwill is not required to be amortised but is required to be regularly reviewed for impairment. As a result, the goodwill amortisation charge was written back at 31 December 2006 and 30 June 2007. Software assets have been reclassified as intangibles to comply with NZ IAS 38: Intangible Assets (01 July 2006 : \$51,000, 30 June 2007: \$58,000).
- Share options issued: In accordance with the requirements of NZ IAS 19: Employee Benefits and NZ IAS 2: Share-based Payments, the deemed benefit of the shares issued have been appropriately recognised in the income statement.

- Employee benefits: In accordance with the requirements of NZ IAS 19: Employee Benefits, employee benefits like annual leave have been disclosed separately from other current liabilities (01 July 2006 : \$119,000, 30 June 2007: \$175,000).

4. The cumulative effect on retained earnings of the above changes is as follows:

Notes	30 June 2007 \$000	01 July 2006 \$000
Retained earnings under previous NZ GAAP	(555)	(588)
Share option expense	2 (385)	-
Valuation of goodwill	1 462	-
Adjustment to retained earnings	77	-
Retained earnings under previous NZ IFRS	(478)	(588)



Stefan Lepionka, CEO

ANNUAL REVIEW 2008

Dear Shareholder

The 2008 year was one of achievements for Charlie's Group as the benefits of our Reinvestment for Growth strategy started to bear fruit in the second half of the year.

Under the strategy, earnings were reinvested into growing the brand equity of the Group's premium brands, widening our distribution platforms and setting up the new Australian facility to deliver our premium beverages to consumers through our efficient, fully integrated, orchard to consumer supply chain.

The establishment of the Charlie's Australian facility was a highlight for the 2008 year. We purchased the assets of the Gallard and Mirage Group in October 2007 and turned these into a fully operational, state of the art plant within six months.

The benefits of this investment were immediately realised with cost efficiencies and margin improvements leading to a positive swing in profitability in the last quarter of the financial year when commercial production commenced. The full benefits, of what has been a significant investment for Charlie's Group, will be realised in the 2009 financial year and beyond.

Parallel to the set up of the Australian facility, significant investment in new packaging was undertaken and implemented for the Charlie's range. Sixteen new beverages were developed and are now being rolled out.

Increased marketing spend resulted in Group Gross Sales for the year breaking through the \$33 million mark and Charlie's growth outstripping the performance of all other competitors in the New Zealand Chilled Juice market.¹ Data: AC Nielsen MAT to 13 July 08. Chilled Juice category growth % change vs last year

Export markets, particularly Australia with 47% growth on last year, and Asia, continue to be a significant opportunity for Charlie's Group. Moving forward, we will continue to build market share and presence in New Zealand, as well as growing sales and distribution in Australia and other export markets. The launch of the Charlie's brand into Australia in October 2008 through our established Phoenix Organics distribution channels is the next step in this plan.

Also during the year, Charlie's Group invested in a new company wide, integrated IT system for both New Zealand and Australia, providing operational efficiencies for all departments. This system went live on 01 July 2008.

The non-alcoholic premium beverage market is growing strongly in line with consumer trends towards healthier foods and beverages. Charlie's Group is well positioned to take advantage of this demand through our premium brands, Charlie's and Phoenix.

This is an exciting time for Charlie's Group. We have now built a solid platform from which to continue our growth, here in New Zealand, in Australia and in selected export markets. We are focused on improving returns for shareholders and would like to take this opportunity to thank you for your ongoing support for our company and our strategy.

As a reminder, you can view our full annual report and stay up to date with what's going on at Charlie's Group on our investor website www.charliesgroup.co.nz.

Our annual meeting is being held on Tuesday 18 November 2008 at 1pm at The Northern Club in Auckland. We look forward to seeing you there. An invitation and notice of meeting will be sent out closer to the time.

Ted van Arkel

Stefan Lepionka



Tui Fleming, Brand Manager

HIGHLIGHTS

Summary of highlights for the 2008 year

Year on year, gross sales up 24% or \$6 million to \$33 million

Gross profit margin improved from 44% to 47%

Successful commissioning of the Australian production and packaging plant in April 2008

Go-live on new company-wide, integrated IT platform

New Zealand Grocery channel reported 23% year on year growth in Total Juice category and 30% year on year growth in Chilled Juice category

Export growth of 47% in Australian market and 100% in other export markets

First export orders for India and Singapore and ongoing growth in sales to South Korea

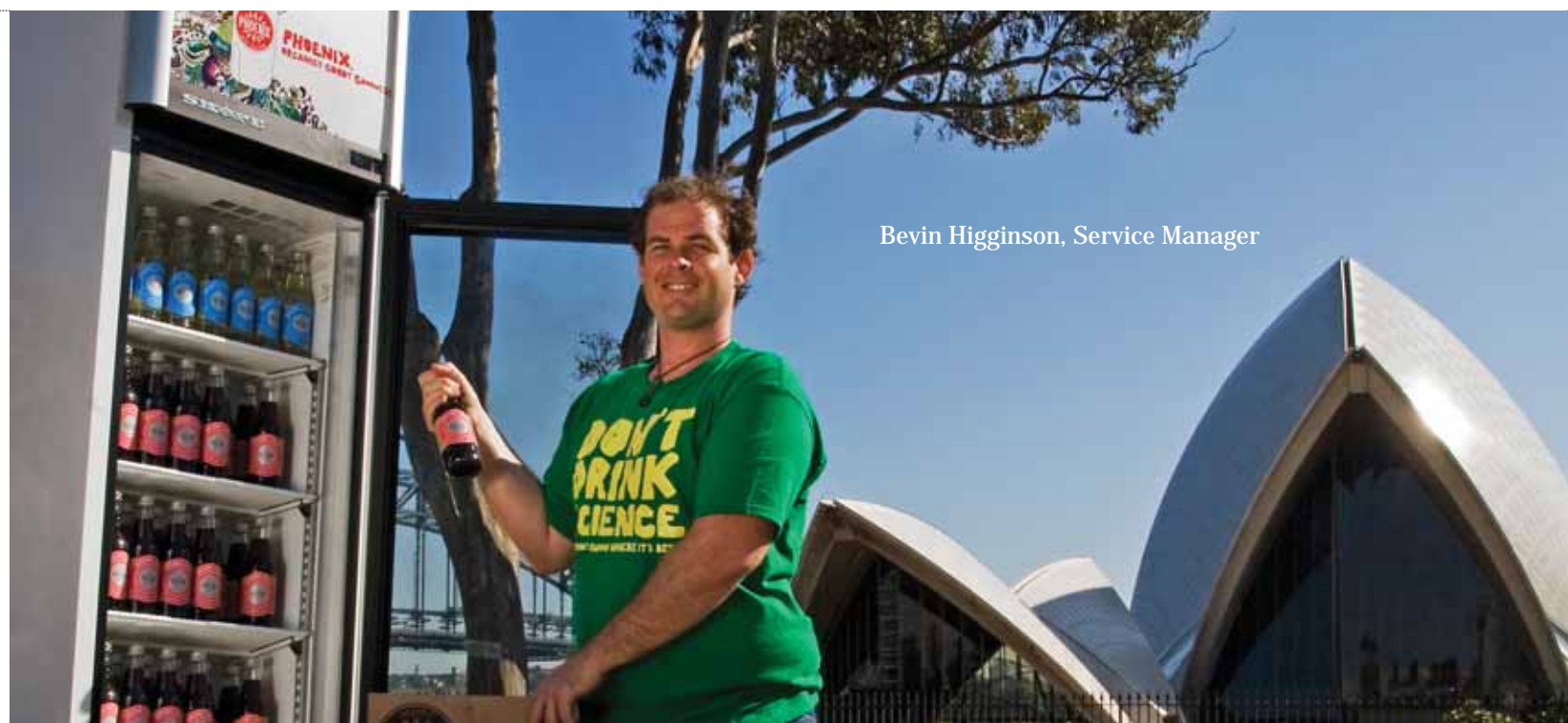
Successful launch of two new product lines - Charlie's Soda Co. and Charlie's Old Fashioned Quenchers

Launch of innovative square bottle packaging for the Charlie's range of beverages

Introduced two new limited edition flavours to the Phoenix range

Increased fridge space and listings in premium outlets throughout New Zealand and Australia

Won 10 out of 13 categories at the NZ Juice & Beverage Awards



Bevin Higginson, Service Manager