

FINANCIAL STATEMENTS AND NOTES TO ACCOUNTS

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Auditors' Report

To the shareholders of Charlie's Group Limited

We have audited the financial statements on pages 31 to 69. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 36 to 43.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2008 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and tax advisors and the provision of other assurance related services.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 31 to 69:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Company and Group as at 30 June 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 27 August 2008 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

INCOME STATEMENT

For the year ended 30 June 2008

	Notes	Group		Parent	
		Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
Sales revenue	4	\$000 30,046	\$000 24,059	\$000 -	\$000 -
Cost of goods sold	5/6	(15,969)	(13,548)	-	-
Gross profit		14,077	10,511	-	-
Selling and distribution expenses	5/6	(9,258)	(6,940)	-	-
Marketing expenses	5/6	(2,699)	(1,124)	-	-
Administration and other expenses	5/6	(2,484)	(2,278)	(443)	(425)
Operating (loss)/ profit		(364)	169	(443)	(425)
Finance income		4	11	-	7
Finance expenses		(219)	(67)	(38)	(1)
Net (loss)/ profit before income tax		(579)	113	(481)	(419)
Income tax credit/(expense)	7	154	(3)	-	-
Net (loss)/ profit after tax for the year attributable to shareholders		(425)	110	(481)	(419)
Earnings per share for profit attributable to shareholders					
- Basic Earnings per share (cents)	8	(0.14)	0.04	(0.17)	(0.15)
- Diluted earnings per share (cents)	8	(0.14)	0.04	(0.16)	(0.14)
EBITDA		283	536	(443)	(425)

The above income statements should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2008

Group	Notes	Share capital	Cash flow hedge reserve	Share options reserve	Retained earnings	Total equity
		\$000	\$000	\$000	\$000	\$000
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	22	-	-	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	22	-	47	-	-	47
Total recognised income and expenses for the year		-	47	-	(425)	(378)
Movement in share options reserve	22	-	-	211	-	211
Shares issued		300	-	-	-	300
Balance at 30 June 2008		15,580	47	596	(903)	15,320

Parent	Notes	Share capital	Cash flow hedge reserve	Share options reserve	Retained earnings	Total equity
		\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2006		36,942	-	-	(11,429)	25,513
Net loss attributable to shareholders		-	-	-	(419)	(419)
Total recognised income and expenses for the year		-	-	-	(419)	(419)
Movement in share options reserve	22	-	-	385	-	385
Balance at 30 June 2007		36,942	-	385	(11,848)	25,479
Net loss attributable to shareholders		-	-	-	(481)	(481)
Total recognised income and expenses for the year		-	-	-	(481)	(481)
Movement in share options reserve	22	-	-	211	-	211
Shares issued		300	-	-	-	300
Balance at 30 June 2008		37,242	-	596	(12,329)	25,509

The above statements of changes in equity should be read in conjunction with the accompanying notes.

BALANCE SHEETS

As at 30 June 2008

	Notes	Group		Parent	
		30 June 2008	30 June 2007	30 June 2008	30 June 2007
		\$000	\$000	\$000	\$000
EQUITY					
Share capital	21	15,580	15,280	37,242	36,942
Share options reserve	22	596	385	596	385
Cash flow hedge reserve	22	47	-	-	-
Retained earnings	22	(903)	(478)	(12,329)	(11,848)
TOTAL EQUITY		15,320	15,187	25,509	25,479
LIABILITIES					
Non-current liabilities					
Borrowings	18	3,320	-	662	-
Total non-current liabilities		3,320	-	662	-
Current liabilities					
Trade and other payables	17	3,799	2,215	13	16
Borrowings	18	1,643	-	-	-
Taxation payable	15	-	40	-	-
Total current liabilities		5,442	2,255	13	16
TOTAL LIABILITIES		8,762	2,255	675	16
TOTAL EQUITY AND LIABILITIES		24,082	17,442	26,184	25,495
ASSETS					
Non-current assets					
Investments in subsidiaries	12	-	-	12,246	11,660
Property, plant and equipment	13	5,929	3,209	-	-
Deferred tax	15	306	108	-	-
Intangible assets	14	9,161	9,012	-	-
Other non current assets		26	17	-	-
Total non current assets		15,422	12,346	12,246	11,660
Current assets					
Cash and cash equivalents	9	328	271	133	116
Trade and other receivables	10	2,540	2,056	-	-
Inventories	11	5,325	2,610	-	-
Prepayments and other assets	10	323	159	8	11
Taxation receivable	15	97	-	40	40
Derivative financial instruments	20	47	-	-	-
Balances due from subsidiaries	24	-	-	13,757	13,668
Total current assets		8,660	5,096	13,938	13,835
TOTAL ASSETS		24,082	17,442	26,184	25,495

The above balance sheets should be read in conjunction with the accompanying notes.

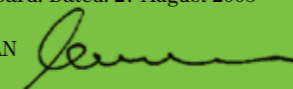
Net tangible asset per security (cents)

2.17

2.19

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

CHAIRMAN



CHIEF EXECUTIVE OFFICER



STATEMENTS OF CASH FLOWS

For the year ended 30 June 2008

Notes	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
OPERATING ACTIVITIES				
Cash was provided from				
Receipts from customers	29,562	24,060	-	422
Interest received	4	11	-	6
Income taxes received	-	-	-	-
Cash was applied to				
Payments to suppliers and employees	(30,900)	(23,762)	(321)	(482)
Interest paid	(219)	(67)	(38)	-
Income tax paid	(137)	-	-	-
Net cash inflows/(outflows) from operating activities	(1,690)	242	(359)	(54)
INVESTING ACTIVITIES				
Cash was provided from				
Loans repaid by other entities	-	83	-	83
Cash was applied to				
Purchase of property, plant and equipment	(3,516)	(723)	-	-
Investment in subsidiary	-	-	(586)	-
Net cash (outflows)/inflows from investing activities	(3,516)	(640)	(586)	83
FINANCING ACTIVITIES				
Cash was provided from				
Proceeds of borrowings	4,963	-	662	-
Proceeds from issue of shares	300	-	300	-
Cash was applied to				
Repayment of borrowings	-	(8)	-	-
Net cash inflows/(outflows) from financing activities	5,263	(8)	962	-
Net increase/(decrease) in cash and cash equivalents	57	(406)	17	29
Cash and cash equivalents at beginning of year	271	677	116	87
Cash and cash equivalents at end of year	328	271	133	116

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2008

Notes	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
COMPOSITION OF CASH				
Cash and cash equivalents	328	271	133	116
RECONCILIATION WITH NET REPORTED (LOSS)/PROFIT				
Reported /(net) profit after tax	(425)	110	(481)	(419)
Items not involving cash flows				
Depreciation expense	581	333	-	-
Amortisation expense	66	34	-	-
Bad debts written off and movement in doubtful debts	20	16	-	-
Share option expense	211	385	211	-
Loss on disposal of assets	-	(7)	-	-
Foreign exchange loss	-	28	-	-
Movement in deferred tax	(198)	(66)	-	-
Impact of changes in working capital items				
(Increase)/decrease in trade receivables	(468)	(343)	(86)	421
(Increase)/decrease in inventories	(2,715)	(407)	-	-
(Increase)/decrease in prepayments and other assets	(164)	-	-	-
(Increase)/decrease in taxation receivable	(137)	(3)	-	-
(Increase)/decrease in trade payables	1,586	162	(3)	(56)
(Increase)/decrease in derivatives	(47)	-	-	-
Net cash inflows (outflows) from operating activities	(1,690)	242	(359)	(54)

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

GENERAL INFORMATION

Charlie's Group Limited ("Company" or "Parent") and its subsidiaries ("Group") is a leading manufacturer, marketer and distributor of quality beverages.

The Group is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 87 Henderson Valley Road, Henderson, Auckland.

These financial statements were approved for issue by the Board of Directors on 27 August 2008.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the year ending 30 June 2008 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to the International Financial Reporting Standards ("NZ IFRS"), and other applicable New Zealand Financial Reporting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

(a) Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The reporting currency used in the preparation of these consolidated financial statements is New Zealand dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The financial statements are the consolidated financial statements of the Group comprising the Company and its subsidiaries. The Company and its subsidiaries are designated as profit oriented entities for financial reporting purposes. The financial statements of the Parent are for the Company as a separate legal entity.

Reporting period

These financial statements are in respect of the year commencing 1 July 2007 to 30 June 2008. The comparative period is in respect of the period 1 June 2006 to 30 June 2007.

Statutory base

Charlie's Group Limited is a company incorporated in New Zealand, registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Stock Exchange ("NZX").

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention

These financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Application of NZ IFRS 1

First time Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

The financial statements of Charlie's Group Limited until 30 June 2007 had been prepared in accordance with previous New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain respects from NZ IFRS. When preparing Charlie's Group Limited financial statements for the year ended 30 June 2008, management has amended certain accounting and valuation methods applied in the NZ FRS financial statements to comply with NZ IFRS. NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Reconciliations and descriptions of the effect of transition from previous NZ FRS to NZ IFRS on the Company's and Group's equity and its net profit/(loss) are given in Note 29.

Charlie's Group Limited's transition date is 1 July 2006. The Group prepared its opening NZ IFRS balance sheet as at that date. The date of adoption of NZ IFRS is 1 July 2007.

In preparing these financial statements in accordance with NZ IFRS 1, the Group has not utilised any of the exemptions allowed under NZ IFRS 1 to assist in the transition to reporting under NZ IFRS.

The reconciliations in Note 29 provide quantification of the effect of the transition to NZ IFRS. The required reconciliations provide details of the impact of the transition on:

- Profit for the year ended 30 June 2007
- Equity at 1 July 2006 – opening position
- Equity at 30 June 2007

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow statement presented under the previous NZ GAAP.

Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those in relation to the estimated impairment of intangibles. The Group tests annually whether intangibles have suffered any impairment, in accordance with the accounting policy stated in Note 1(j) and as disclosed in Note 14.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement. In the case of reverse acquisitions the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investments

Investments in subsidiaries are valued at cost.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Group operates in one business segment, being the manufacture, marketing and distribution of quality beverages. The Group is organised into the following geographical segments: New Zealand and Australia. Financial details of these segments are outlined in Note 3.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges.

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax ("GST"), rebates, discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when a Group entity sells a product to a customer. These are recognised net of returns, trade allowance, rebates, discounts, duties and taxes paid.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(f) Advertising and promotion costs

Advertising and promotion costs are expensed when incurred.

(g) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Goods and Services Tax (GST)

The Income Statement and Statement of Cash Flows have been prepared exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(l) Trade receivables

Trade receivables are recognised initially at cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The movement in the amount of the provision is recognised in the Income Statement.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and inconsistency in timing of payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Income Statement.

(m) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. For manufactured goods costs include direct materials, labour and production overheads (based on normal operating capacity). It excludes borrowing costs.

(n) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Balance Sheet.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the assets. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(o) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge), or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of a transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to Income Statement over the period to maturity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when a hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) or a non-financial liability, the gains and losses previously deferred in equity

are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory or in depreciation in case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when a forecast transaction is ultimately recognised in the Income Statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Derivatives that do not qualify for hedge accounting

Hedge accounting has not been adopted for some hedges including certain derivative instruments that do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the Income Statement.

(p) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Gains or losses arising from changes in the fair value of the financial assets category are presented in the Income Statement in the period in which they arise.

(q) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of an item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold Improvements	2 -15 years
Buildings	33 years
Office Equipment	3 -13 years
Plant and Equipment	3 -13 years
Motor Vehicles	6 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the Income Statement.

(r) Intangible assets

Software costs

Software costs have a finite useful life. Software costs are capitalised and amortised over the estimated useful economic life of 2 to 5 years.

Goodwill

Goodwill represents the excess of the cost of an acquisition over fair value of the net identifiable assets of acquired subsidiaries at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is annually tested for

impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end the financial year, which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(u) Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, and difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(v) Financing expense

Financing expense comprises interest expense on interest bearing liabilities calculated using the effective interest rate method.

(w) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, history of employee departure rates and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Equity settled share based compensation

The Share Option Plan allows Group directors and employees to acquire shares of the Parent Company. The fair value of options granted is recognised as an employee expense in the Income Statement with a corresponding increase in the share options reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised the amount in the share options reserve relating to those options, together with the exercise price paid by the employee, is transferred to share capital.

(x) Share capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

(z) Financial Assets and Liabilities

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations for payment of cash flows have expired or have been transferred and the Group has transferred substantially all of the obligations.

(aa) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (i) Cash comprises cash and bank balances.
- (ii) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments.
- (iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash.
- (iv) Operating activities include all transactions and other events that are not investing or financing activities.

(bb) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods but which the Group has not early adopted:

- NZ IFRS 3 (Revised) 'Business Combinations' and NZ IFRS 27 (Revised) – Consolidated and Separate Financial Statements (effective from 1 January 2009). The amendments include a number of updates including the requirement that all costs relating to a business combination must be expensed and subsequent re-measurement of the business combination must be put through the Income Statement. The impact is dependent on the acquisition activity.
- NZ IFRS 8 'Operating segments' (effective from 1 January 2009). NZ IFRS 8 replaces NZ IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This will have an impact on disclosure only.
- NZ IAS 1 (Revised) 'Presentation of Financial Statements'. The amendment requires a number of changes to the presentation and disclosures in financial statements.
- NZ IAS 23 (Revised) 'Borrowing Costs' (effective from 1 January 2009). All material borrowing costs associated with a qualifying asset must be capitalised. The amendments are not expected to have any impact on the Group as it has no borrowing costs associated with qualifying assets.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and options and interest rate swaps to manage certain risk exposures.

The Board of Directors has approved policies and guidelines for the Group that identify and evaluate risks and authorise various financial instruments to manage financial risks. These policies and guidelines are reviewed regularly.

The parent entity is not exposed to any significant financial risk.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Refer to Notes 10 and 17 for receivables and payables denominated in foreign currencies.

The purpose of the Group's foreign currency risk management activities is to protect the Group from exchange rate volatility with respect to New Zealand dollar net cash movements resulting from the sale of products in foreign currencies to foreign customers, and the purchase of raw materials in foreign currencies from foreign and domestic suppliers. The Group enters into forward foreign currency contracts within policy parameters to manage foreign exchange risk on anticipated sales or costs denominated principally in Australian dollars. The terms of the forward foreign currency contracts generally do not exceed five years.

Foreign exchange contracts in relation to sales are designated at the Group level as hedges of foreign exchange risk on specific forecast foreign currency denominated sales. Major capital expenditure in foreign currency is hedged with forward exchange contracts.

Refer to Note 20 for notional principal amounts and valuations of foreign exchange contracts outstanding at balance date. A sensitivity analysis of foreign exchange risk on the Group's financial assets and liabilities is provided in the table at Note 2 (a) (iii).

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities. When deemed appropriate, the Group manages floating interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the Group Treasury policy, the mix between economically fixed and floating debt is reviewed on a regular basis. Interest rate swaps are accounted for as cash flow hedges.

Refer to Note 18 for further details of the Group's borrowings.

(iii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk. A sensitivity of 10% for foreign exchange risk has been selected. These sensitivities are prior to the offsetting impact of hedging instruments. The Group's primary foreign currency exposure is the NZ dollar versus the Australian dollar, with other currencies as discussed above forming the balance of the exposure. While it is unlikely that an equal 10% movement of the NZ dollar would be observed against all currencies, an overall sensitivity of 10% is reasonable given the exchange rate volatility observed on a historical basis for the preceding 5 year period and market expectations for potential future movements.

A sensitivity of 1% has been selected for interest rate risk. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of historical data for the preceding 5 year period.

Amounts are shown net of income tax. All variables other than the applicable interest rates and exchange rates are held constant.

2008	Carrying amount	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
	\$000								
Derivative financial instruments	47	-	-	-	-	-	(22)	-	22
Other financial assets:									
Cash and cash equivalents	328	-	-	-	-	35	-	(29)	-
Trade and other receivables	2,547	-	-	-	-	44	-	(36)	-
Other financial liabilities									
Trade and other payables	3,378	-	-	-	-	(160)	-	131	-
Interest-bearing liabilities	4,963	50	-	(50)	-	-	-	-	-
Total increase/(decrease)		50	-	(50)	-	(81)	(22)	66	22
2007	Carrying amount	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
	\$000								
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other financial assets:									
Cash and cash equivalents	271	-	-	-	-	18	-	(15)	-
Trade and other receivables	2,072	-	-	-	-	18	-	(15)	-
Other financial liabilities									
Trade and other payables	1,646	-	-	-	-	(76)	-	62	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Total increase/(decrease)		-	-	-	-	(40)	-	32	-

The interest rate sensitivity for 2008 is greater than 2007 as 2008 interest bearing liabilities had increased due to funding required for the acquisition and commissioning of the Charlie's bottling facility in Renmark, Australia.

The foreign exchange risk sensitivity for 2008 is greater than 2007 as there were no foreign exchange derivative financial instruments open at 30 June 2007.

The Parent is exposed to interest rate risk on borrowings of \$662,000, change in interest rate of +1% will have a \$7,000 impact on profit and change in interest rate of -1% will have \$6,000 impact on profit. The Parent is not exposed to any other significant financial risk.

(b) Credit risk

Credit risk is managed on a Group basis. Other than only operating in the juice industry, the Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

The Group's maximum exposure to credit risk for net trade receivables as at 30 June by geographic region is as follows:

	2008 \$000	2007 \$000
Australia	400	165
New Zealand	2,147	1,907
Other	-	-
Total	2,547	2,072

(c) Liquidity risk

Management monitors rolling forecasts of the Group's liquidity position reserve on the basis of expected cash flow. See Note 18 for details of available facilities.

The tables below analyse the Group's and the Parent entity's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
As at 30 June 2008				
Bank overdrafts	1,000	-	-	-
Trade payables	3,799	-	-	-
Borrowings	2,065	421	3,742	-

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
As at 30 June 2007				
Bank overdrafts	1,000	-	-	-
Trade payables	2,215	-	-	-
Borrowings	-	-	-	-

Parent

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
As at 30 June 2008				
Borrowings	59	59	722	-

	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
As at 30 June 2007				
Borrowings	-	-	-	-

The Group enters into forward exchange contracts to risk manage foreign currency denominated receivables and also to manage the purchase of foreign currency denominated inventory and capital items.

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. They are expected to occur and affect profit or loss at various dates between balance date and the following 5 years.

At 30 June 2008	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
Forward foreign exchange contracts				
Inflow	222	-	-	-
Outflow	(175)	-	-	-
Net	47	-	-	-

At 30 June 2007	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000
Forward foreign exchange contracts	-	-	-	-
Inflow	-	-	-	-
Outflow	-	-	-	-
Net	-	-	-	-

(d) Fair value estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Refer to Note 1 (p) for further information on fair value estimation.

(e) Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meets debts as they fall due, maintains the best possible capital structure, and reduces the cost of capital. Group capital consists of share capital, other reserves and retained earnings. To maintain or alter the structure the Group has the ability to review return capital or issue new shares, reduce or increase debt or sell assets.

There are a number of external bank covenants in place relating to debt facilities. These covenants are calculated monthly and reported to the bank quarterly. The principal covenants relating to capital management are the interest cover ratio, debt leverage ratio, and debt service coverage ratio.

There have been no breaches or events of review for the current or prior period.

3. SEGMENT INFORMATION

(a) Description of segments

Primary Segments - Business

The Group operates in one business segment, being the manufacture, marketing and distribution of quality beverages.

Geographical segments

A geographical segment is engaged in providing products within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The Group is organised into the following geographical segments:

- New Zealand
- Australia

(b) Secondary reporting format - geographical segments

	Operating revenue		Total assets		Capital expenditure	
	Year ended 30 June 2008	Year ended 30 June 2007	As at 30 June 2008	As at 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000	\$000	\$000
New Zealand*	26,506	21,645	21,589	16,935	833	801
Australia	3,540	2,414	2,493	507	2,566	-
Total	30,046	24,059	24,082	17,442	3,399	801

* Export sales are included within New Zealand as export sales are derived directly from the New Zealand operations.

4. OPERATING REVENUE

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Income				
Gross sales	33,336	26,804	-	-
Discounts given	(3,290)	(2,745)	-	-
Total operating revenue	30,046	24,059	-	-

5. OPERATING EXPENSES

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Operating expenses include:				
Auditors' fees				
Audit fees paid to principal auditors	52	41	-	1
Fees paid for other services by principal auditors				
- taxation compliance & service	48	41	48	21
- other assurance services	49	9	49	-
Total Auditors' fees	149	91	97	22
Depreciation				
Leasehold improvements	-	-	-	-
Buildings	36	33	-	-
Office equipment	27	21	-	-
Plant and equipment	463	258	-	-
Motor vehicles	55	21	-	-
Total depreciation	581	333	-	-
Loss/(Gain) on disposal of property, plant & equipment	-	(7)	-	-
Rental and operating lease expense	1,305	835	-	-
Bad debts write-offs	29	11	-	-
Increase in estimated doubtful debts	9	16	-	-
Donations	4	36	-	-
Foreign exchange currency losses	-	28	-	-
Directors' fees	115	120	115	120
Amortisation				
Software costs	66	34	-	-
Total amortisation	66	34	115	120

6. EMPLOYEE BENEFITS

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Wages and salaries	3,540	2,883	-	-
Other employment costs	370	58	-	-
Employee share option plans	211	385	211	385
Total	4,121	3,326	211	385

7. INCOME TAX EXPENSE

(a) Income tax expense

	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Current tax expense:				
Current tax	(167)	-	-	-
Adjustments for prior years	-	57	-	-
Deferred tax expense:				
Decrease in future tax benefit current year	-	(66)	-	-
Reduction in tax rate	13	-	-	-
Benefit of losses not assessable	-	12	-	-
Total income tax expense	(154)	3	-	-

(b) Reconciliation of income tax expense to tax rate applicable to profits

(Loss)/Profit before income tax expense	(579)	113	(481)	(419)
Tax at the rate of 33% (2007 - 33%)	(191)	36	(159)	(172)
Tax effect of amounts which are either deductible or taxable in calculating taxable income:				
Income not subject to tax	-	-	-	-
Expenses not deductible for tax	13	142	-	-
Prior period adjustments	24	57	-	-
Group loss offset	-	-	159	172
Benefit of losses not previously recognised	-	(232)	-	-
Total Income tax expense	(154)	3	-	-

The New Zealand corporate tax rate has changed from 33% to 30% with effect from 1 April 2008 for the Group. This revised rate has not impacted the current tax payable or receivable for the year but will do so in future periods. However the change in tax rate has been taken into account in the measurement of deferred tax at the end of the period, with a consequent impact on income tax expense, as detailed above.

8. EARNINGS PER SHARE

Basic Earnings per share

Basic earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares on issue during the year.

	Group		Parent	
	Year ended 30 June 2008 000	Year ended 30 June 2007 000	Year ended 30 June 2008 000	Year ended 30 June 2007 000
Net (loss)/profit attributable to shareholders (\$000)	(425)	110	(481)	(419)
Weighted average number of ordinary shares on issue (thousands)	288,671	287,165	288,671	287,165
Basic earnings per share (cents)	(0.14)	0.04	(0.17)	(0.15)

Diluted Earnings per share

Diluted earnings per share is calculated by dividing the profit by the weighted average number of ordinary shares on issue during the year adjusted to assume conversion of dilutive potential of ordinary shares as a result of the issue of share options.

	Group		Parent	
	Year ended 30 June 2008 000	Year ended 30 June 2007 000	Year ended 30 June 2008 000	Year ended 30 June 2007 000
Net (loss)/profit attributable to shareholders (\$000)	(425)	110	(481)	(419)
Weighted average number of ordinary shares on issue (thousands)	288,671	287,165	288,671	287,165
Adjustment for share options (thousands)	17,277	8,000	17,277	8,000
Weighted average number of diluted shares on issue (thousands)	305,948	295,165	305,948	295,165
Diluted earnings per share (cents)	(0.14)	0.04	(0.16)	(0.14)

9. CASH AND CASH EQUIVALENTS

	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Cash at bank – NZD balances	14	110	133	116
Cash at bank – Foreign currency balances	314	161	-	-
	328	271	133	116

Carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

New Zealand dollars	14	110	133	116
Australian dollars	314	161	-	-
	328	271	133	116

The carrying amount for cash and cash equivalents equals the fair value.

10. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Trade receivables	2,547	2,072	-	-
Provision for doubtful debts	(7)	(16)	-	-
Net trade receivables	2,540	2,056	-	-
Other receivables	323	159	8	11
Due from subsidiaries	-	-	13,757	13,668
Total current receivables	2,863	2,215	13,765	13,679

The fair value of trade and other receivables approximates their carrying value. No interest is charged on trade receivables.

The carrying amounts of the Group's net trade receivables are denominated in the following currencies:

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Australian dollars	400	165	-	-
New Zealand dollars	2,147	1,891	-	-
Total	2,547	2,056	-	-

As at 30 June 2008, trade receivables of \$1,887,000 (2007: \$1,178,000) were past due but not considered doubtful. These relate to a number of accounts for which there is no recent history of default. The aging analysis of these receivables is shown below:

Receivables past due not doubtful

	Group		Parent	
	Year ended 30 June 2008	Year ended 30 June 2007	Year ended 30 June 2008	Year ended 30 June 2007
	\$000	\$000	\$000	\$000
Days past due:				
30 days	232	350	-	-
60 days	145	60	-	-
90 days +	62	118	-	-
Total	439	528	-	-

As at 30 June 2008, trade receivables of \$10,000 (2007: \$21,000) were considered doubtful. The amount of the provision is \$7,000 (2007: \$16,000). The individually doubtful receivables mainly relate to debtors who are experiencing financial difficulties.

The aging of these doubtful receivables which have been provided for is shown below:

Receivables doubtful

	Group		Parent	
	30 June 2008 \$000	30 June 2007 \$000	30 June 2008 \$000	30 June 2007 \$000
Days past due:				
30 days	-	-	-	-
60 days	-	-	-	-
90 days +	10	21	-	-
Total	10	21	-	-

Movements in the provision for doubtful receivables are shown below:

	Group		Parent	
	30 June 2008 \$000	30 June 2007 \$000	30 June 2008 \$000	30 June 2007 \$000
At 1 July 2007	16	-	-	-
Provision for doubtful receivables	-	16	-	-
Receivables written off during the year	(9)	-	-	-
At 30 June 2008	7	16	-	-

The creation and release of provision on doubtful receivables have been included in 'administration and other expenses' in the Income Statement. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

Customer and receivable concentration

	Group	
	30 June 2008 \$000	30 June 2007 \$000
Five largest customers proportion of the Groups:		
Operating revenue	14,600	9,777
Trade receivables	919	772

There is no history of default in relation to these customers. The Parent, Charlie's Group Limited, has no trade receivables

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above. The Group does not hold any collateral as security.

11. INVENTORIES

	Group	
	30 June 2008	30 June 2007
	\$000	\$000
Raw materials	2,062	914
Finished goods	3,293	1,726
Inventory provisions	(30)	(30)
Net inventories	5,325	2,610

Inventory provisions are for stock obsolescence. The Parent, Charlie's Group Limited, has no inventory holdings.

12. INVESTMENTS IN SUBSIDIARIES

The Parent's investment in subsidiaries comprises shares at cost. The assets and liabilities attributed to Charlie's Group Limited are owned by the following subsidiaries:

	Parent	
	30 June 2008	30 June 2007
	\$000	\$000
(a) Investments		
Shares in subsidiaries	12,246	11,660
Total investments	12,246	11,660
(b) Principal subsidiaries		
	2008 Interest	2007 Interest
Charlie's Trading Company Limited	Juice manufacture, marketing & distribution	100%
Phoenix Organics Limited	Dormant company	100%
Phoenix Organics (Australia) Limited	Juice distribution	100%
Phoenix Organics Properties Limited	Property holding company	100%
Charlie's Group (Australia) Pty Limited	Juice manufacture	-

All companies above have a balance date consistent with that of the Parent as outlined in the accounting policies.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings	Leasehold Improvements	Office equipment	Plant & equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost							
Balance at 1 July 2006	186	1,263	16	323	2,095	206	4,089
Additions	-	45	-	46	710	-	801
Disposals	-	-	(16)	(80)	(27)	(16)	(139)
Balance at 30 June 2007	186	1,308	-	289	2,778	190	4,751
Balance at 1 July 2007	186	1,308	-	289	2,778	190	4,751
Additions	-	47	-	38	2,988	326	3,399
Disposals	-	-	-	(36)	(112)	(13)	(161)
Balance at 30 June 2008	186	1,355	-	291	5,654	503	7,989
Depreciation and impairment losses							
Balance at 1 July 2006	-	215	6	156	804	90	1,271
Depreciation charge for the year	-	33	-	21	258	21	333
Disposals	-	-	(6)	(13)	(27)	(16)	(62)
Balance at 30 June 2007	-	248	-	164	1,035	95	1,542
Balance at 1 July 2007	-	248	-	164	1,035	95	1,542
Depreciation charge for the year	-	36	-	27	463	55	581
Disposals	-	-	-	(37)	(23)	(3)	(63)
Balance at 30 June 2008	-	284	-	154	1,475	147	2,060
Carrying amounts							
At 1 July 2006	186	1,048	10	167	1,291	116	2,818
At 30 June 2007	186	1,060	-	125	1,743	95	3,209
At 1 July 2007	186	1,060	-	125	1,743	95	3,209
At 30 June 2008	186	1,071	-	137	4,179	356	5,929

The independent valuation of land and buildings, excluding capital projects and leasehold improvements, valued by Colliers International at June 2008 was \$2,540,000. These assets are included in the above table at a cost of \$1,354,708.

On 8 October 2007 Charlie's Australia Pty Limited, a 100% owned subsidiary of Charlie's Group Limited, purchased certain assets of Australian Gallard and Mirage Group for a fair value cash consideration of AUD\$ 681,230 (NZD\$805,332). The Parent Company, Charlie's Group Limited, has no property, plant and equipment.

14. INTANGIBLE ASSETS

Group	Software \$000	Goodwill \$000	Total \$000
Cost			
Balance at 1 July 2006	108	8,954	9,062
Additions	35	-	35
Balance at 30 June 2007	143	8,954	9,097
Balance at 1 July 2007	143	8,954	9,097
Additions	217	-	217
Disposals	(6)	-	(6)
Balance at 30 June 2008	354	8,954	9,308
Amortisation and impairment losses			
Balance at 1 July 2006	51	-	51
Amortisation charge for the year	34	-	34
Balance at 30 June 2007	85	-	85
Balance at 1 July 2007	85	-	85
Amortisation charge for the year	66	-	66
Disposals	(4)	-	(4)
Balance at 30 June 2008	147	-	147
Carrying amounts			
At 1 July 2006	57	8,954	9,011
At 30 June 2007	58	8,954	9,012
At 1 July 2007	58	8,954	9,012
At 30 June 2008	207	8,954	9,161

The Parent Company, Charlie's Group Limited, has no intangible assets.

Impairment tests for indefinite life goodwill

Goodwill is measured at an overall group level rather than being allocated to specific cash generating assets within the Group. On an annual basis, the recoverable amount of goodwill is determined based on value-in-use calculations specific to the cash-generating unit (CGU) associated with that goodwill. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five year period. The terminal value at the end of the five year period has been calculated using an EBITDA multiple approach, and discounted back to 30 June 2008. The Discounted Cash Flow uses a terminal value EBITDA multiple of 5.5x, which is supported by comparable beverage transaction multiples and the multiples of actively traded food and beverage companies.

The key assumptions used for the value-in-use calculations are as follows:

Cumulative annual net revenue growth rate for 5 year period:	20%
Post-tax discount rate (WACC):	14%

The growth rates adopted are consistent with internal forecasts and budgets. The discount rate used reflects the specific risks relating to the cash flow being discounted.

No indication of any goodwill impairment issue has arisen through these impairment tests.

15. TAXATION

(a) Deferred tax benefit

Group	Tax Losses \$000	Provisions \$000	Other \$000	Total \$000
At 1 July 2006	-	42	-	42
Credited/(charged) to the Income Statement	-	40	26	66
At 30 June 2007	-	82	26	108
Credited/(charged) to the Income Statement	138	66	(6)	198
At 30 June 2008	138	148	20	306

Parent

At 1 July 2006	-	-	-	-
Credited/(charged) to the Income Statement	-	-	-	-
Charged to equity	-	-	-	-
At 30 June 2007	-	-	-	-
Credited/(charged) to the Income Statement	-	-	-	-
Charged to equity	-	-	-	-
At 30 June 2008	-	-	-	-

(b) Taxation payable

Movements	Group		Parent	
	30 June 2008 \$000	30 June 2007 \$000	30 June 2008 \$000	30 June 2007 \$000
Balance at beginning of year	40	42	(40)	(40)
Current tax	-	89	-	-
Tax paid	(137)	(91)	-	-
Balance at end of year	(97)	40	(40)	(40)

16. IMPUTATION CREDITS

	Group		Parent	
	30 June 2008 \$000	30 June 2007 \$000	30 June 2008 \$000	30 June 2007 \$000
Balance at the beginning of the year	55	44	41	-
Imputation credits attached to dividends received	-	-	-	32
Transfers	39	-	(13)	-
Imputation credits arising from taxation paid	137	11	-	9
Balance at the end of the year	231	55	28	41

Imputation credits directly and indirectly available to shareholders as at 30 June are:

Parent	28	41	28	41
Subsidiaries	203	14	-	-
	231	55	28	41

17. TRADE AND OTHER PAYABLES

	Group		Parent	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$000	\$000	\$000	\$000
Trade payables	3,378	1,646	13	16
Accrued expenses	196	394	-	-
Employee benefits	225	175	-	-
	3,799	2,215	13	16

Foreign Currency Risk

The carrying amounts of the Group's and Parent's trade and other payables are denominated in the following currencies:

	Group		Parent	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$000	\$000	\$000	\$000
New Zealand dollars	2,236	1,534	13	16
Australian dollars	1,563	681	-	-
	3,799	2,215	13	16

Fair Value

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

18. INTEREST-BEARING LIABILITIES

	Group		Parent	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$000	\$000	\$000	\$000
Current				
Borrowings	1,643	-	-	-
	1,643	-	-	-
Non-current				
Borrowings	3,320	-	662	-
	3,320	-	662	-
BORROWINGS				
Borrowings due for repayment:				
Current	1,643	-	-	-
One to two years	-	-	-	-
Two to three years	-	-	-	-
Three to four years	3,320	-	-	-
Four to five years	-	-	662	-
	4,963	-	662	-

These borrowings have been aged in accordance with the repayment terms of the facilities. At 30 June 2008 the weighted average interest is 13.9% (2007: 12.5%).

Collins Asset Management have guaranteed a \$2,300,000 temporary facility for Charlie's Group with ANZ bank of which \$1,643,000 had been used at 30 June 2008 (2007: nil).

Carrying amounts of interest bearing liabilities are equivalent to their fair values.

	Group		Parent	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$000	\$000	\$000	\$000
Bank overdrafts in foreign currencies:				
Australian dollars	173	-	-	-
Borrowings in foreign currencies:				
Australian dollars	2,100	-	-	-
Unused lines of credit				
Bank overdrafts	972	-	-	-
Borrowings	656	-	-	-

19. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Group			Parent		
	Loans and receivables	Derivatives used for hedging	Total	Loans and receivables	Derivatives used for hedging	Total
	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2008						
Assets as per balance sheet						
Cash and cash equivalents	328	-	328	133	-	133
Trade and other receivables	2,540	-	2,540	-	-	-
Investment in subsidiaries	-	-	-	12,246	-	12,246
Derivative financial instruments	-	47	47	-	-	-
Total	2,868	47	2,915	12,379	-	12,379
		Other Financial Liabilities	Total		Other Financial Liabilities	Total
		\$000	\$000		\$000	\$000
Liabilities as per balance sheet						
Borrowings	-	4,963	4,963	-	662	662
Total	-	4,963	4,963	-	662	662
		Other Financial Liabilities	Total		Other Financial Liabilities	Total
		\$000	\$000		\$000	\$000
30 June 2007						
Assets as per balance sheet						
Cash and cash equivalents	271	-	271	116	-	116
Trade and other receivables	2,056	-	2,056	-	-	-
Investment in subsidiaries	-	-	-	11,660	-	11,660
Derivative financial instruments	-	-	-	-	-	-
Total	2,327	-	2,327	11,776	-	11,776
		Other Financial Liabilities	Total		Other Financial Liabilities	Total
		\$000	\$000		\$000	\$000
Liabilities as per balance sheet						
Borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-

20. DERIVATIVE FINANCIAL INSTRUMENTS

Current	Consolidated			
	2008 NZ\$000 Assets	NZ\$000 Liabilities	2007 NZ\$000 Assets	NZ\$000 Liabilities
Foreign currency forward exchange contracts	47	-	-	-

Refer to Note 2 (o) for information on the calculation of fair values.

	2008 NZ\$000	2007 NZ\$000
	Notional principal amounts of forward exchange contracts outstanding were as follows:	
Purchase commitments forward exchange contracts	396	-
	2008 \$000	2007 \$000
Foreign currency principal amounts of purchase commitments forward exchange contracts purchased were as follows:		
Australian Dollars	325	-

The Parent, Charlie's Group Limited, has no derivative financial instruments.

Credit Risk

The Group's exposure to credit risk from derivative financial instruments is limited because it does not expect non-performance of the obligation contained therein due to the credit rating of the financial institutions concerned. The Group does not require collateral or other security to support derivative financial instruments.

21. SHARE CAPITAL

Group	No of shares		Share Capital	
	30 June 2008 000	30 June 2007 000	30 June 2008 \$000	30 June 2007 \$000
Opening ordinary shares	287,165	287,165	15,280	15,280
Shares issued	3,000	-	300	-
Balance at end of year	290,165	287,165	15,580	15,280

Parent	No of shares		Share Capital	
	30 June 2008 000	30 June 2007 000	30 June 2008 \$000	30 June 2007 \$000
Opening ordinary shares	287,165	287,195	36,942	36,942
Shares issued	3,000	-	300	-
Balance at end of year	290,165	287,195	37,242	36,942

Share issue details and rights

Ordinary shares

All ordinary shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights.

Shares issued

3,000,000 shares were issued during the year ended 30 June 2008 (2007: nil).

Reverse acquisition

The acquisition of Charlie's Trading Company Limited by Spectrum Resources Limited on 15 July 2005 was treated as a reverse acquisition for reporting purposes. This has the effect of treating Charlie's Trading Company Limited as the acquirer of Spectrum Resources Limited, as it recognises that the shareholders of Charlie's Trading Group Limited retained the controlling interest. Because Charlie's Trading Company Limited has been treated as the acquirer, the consolidation does not include any goodwill in relation to Charlie's Trading Company Limited, instead included within intangible assets in the balance sheet is goodwill relating to Charlie's Group Limited (formerly Spectrum Resources Limited). Further details of goodwill are detailed in Note 14.

22. RESERVES

	Group		Parent	
	30 June 2008 \$000	30 June 2007 \$000	30 June 2008 \$000	30 June 2007 \$000
Reserves				
Retained earnings	(903)	(478)	(12,239)	(11,848)
Cash flow hedge reserve	47	-	-	-
Share options reserve	596	385	596	385
Retained earnings				
Balance at the beginning of the year	(478)	(588)	(11,848)	(11,429)
(Loss)/Profit after taxation	(425)	110	(481)	(419)
Balance at the end of the year	(903)	(478)	(12,329)	(11,848)
Cash flow hedge reserve				
Balance at the beginning of the year	-	-	-	-
Revaluation	47	-	-	-
Balance at the end of the year	47	-	-	-
Share options reserve				
Balance at the beginning of the year	385	-	385	-
Employee expense for the year	211	385	211	385
Balance at the end of the year	596	385	596	385

23. EXECUTIVE SHARE OPTIONS

On settlement of the reverse-listing the Company granted certain share options to directors and certain senior staff. Under the scheme the Company authorised for issue 12,100,000 options and granted 8,000,000 on settlement of the reserve acquisition under the following terms:

- One option entitles the holder to purchase one fully paid ordinary share.
- An exercise price will apply for option holders wishing to exercise their director and senior staff options. The exercise price is 10 cents (subject to adjustment under the NZX Listing Rules).
- Options can only be exercised within an exercise period commencing on 13 July 2005 and ending on 13 July 2009 ('exercise period').
- The options will lapse if they are not exercised by the end of the exercise period.
- The options are not transferable except to an associated person to hold on behalf of the director or senior staff member, or to accept a takeover offer made under the Takeovers Code.
- Payment must be made in full on the date the options are exercised.

2,400,000 options were granted on 31 October 2007. 1,700,000 options have yet to be granted.

In addition 9,189,290 share options were issued to the CEO in a phantom share scheme in the year ended 30 June 2007 and the expense was recognised in this period. These were approved by shareholders at the annual meeting of shareholders on 20 November 2007. These options have the following terms:

- One option entitles the holder to purchase one fully paid ordinary share.
- The exercise price is 20 cents (subject to adjustment under the NZX Listing Rules).
- Options can only be exercised within an exercise period commencing on approval date and ending on 20 November 2010 ('exercise period').
- The options will lapse if they are not exercised by the end of the exercise period.
- The options are not transferable except to an associated person to hold on behalf of the director or senior staff member, or to accept a takeover offer made under the Takeovers Code.
- Payment must be made in full on the date the options are exercised.

The estimated fair value for each tranche of options issued is amortised over the vesting year of three years, from the grant date. The Company has recognised a compensatory expense in the Income Statement of \$211,200 (2007: \$385,950) which represents this amortisation.

3,000,000 options have been exercised during the year (2007: nil).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Notes	Year ended 30 June 2008		Year ended 30 June 2007	
		Average exercise price	Options	Average exercise price	Options
Balance at beginning of year		0.15	17,189	0.15	17,189
Issued		0.10	2,400	-	-
Forfeited		-	-	-	-
Exercised		0.10	(3,000)	-	-
Lapsed		-	-	-	-
Balance at end of year		0.15	16,589	0.15	17,189

Of the 16,589,290 outstanding options, all are currently exercisable (2007: 8,000,000).

Share options outstanding at the end of the year have the following exercise dates and exercise prices:

Expiry Date	Exercise price	30 June 2008	30 June 2007
		000	000
13 July 2007	\$0.10	7,400	8,000
20 November 2010	\$0.20	9,189	9,189
Total share options outstanding		16,589	17,189

Share Options Reserve

	Group		Parent	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
Balance at beginning of year	\$000	\$000	\$000	\$000
Current year charge	385	-	385	-
Options forfeited and lapsed transferred to retained earnings	211	385	211	385
	-	-	-	-
Balance at end of year	596	385	596	385

24. RELATED PARTY TRANSACTIONS

During the year the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. All related party transactions are conducted on an arms length basis and provided on commercial terms. All related party transactions are part of the ordinary on-going business operations of the Group. No related party debts were written off or forgiven during the year (2007: nil).

Material transactions between the Company and its subsidiaries were:

- Management fees charged by Charlie's Group Limited to Charlie's Trading Company Limited \$50,000 (2007: nil).
- Investment of equity of AUD\$500,000 in Charlie's Group (Australia) Pty Limited by Charlie's Group Limited.

Material amounts outstanding between the Company and its subsidiaries at 30 June 2008 were:

- Loan from Charlie's Group Limited to Charlie's Trading Company Limited of \$13,757,272 (2007: \$13,668,273).

In addition the Group and Parent undertook transactions with the majority shareholder and Directors and their related interests as detailed below:

Transactions with related parties during the year	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Purchase of services from:				
Cook Executive Recruitment Limited	5	-	-	-
Emerald Group Limited	-	25	-	25
Gower Management Group Limited	17	8	-	8
Juicinator Limited	30	5	30	5
MCG Marketing Limited	143	45	30	21
Roger Gower & Associates	-	3	-	3
Snowdon Peak Investment Limited	-	3	-	3
Van Arkel & Co Limited	55	55	55	55
Balances outstanding at year end				
Trade payables				
Roger Gower & Associates Limited	-	13	-	9
Owing to Parent Company				
Charlie's Trading Company Limited	-	-	13,757	13,668

Collins Asset Management, of which Tim Cook is a director, have guaranteed a \$2,300,000 temporary facility for Charlie's Group Limited with ANZ bank (2007: nil).

The following Directors received directors' fees and dividends in relation to their personally held shares as detailed below:

	Group and Parent 30 June 2008		Group and Parent 30 June 2007	
	Directors' fees \$000	Dividends \$000	Directors fees \$000	Dividends \$000
Executive Director				
Stefan Lepionka	-	-	-	-
Non Executive Directors				
Ted Van Arkel	55	-	55	-
Tim Cook	-	-	-	-
Mark Darrow	30	-	5	-
Marc Ellis	30	-	21	-
Roger Gower (former director)	-	-	11	-
Brent King (former director)	-	-	3	-
Diane Foreman (former director)	-	-	25	-
Total	115	-	120	-

During the year 2,000,000 share options have been exercised by former directors Brent King (1,000,000) and Roger Gower (1,000,000) resulting in an increase in Share Capital of \$200,000 (2007: nil).

Key management compensation was as follows:

	Group		Parent	
	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Salaries and other employee benefits	1,036	743	-	-
Share options benefit	211	385	211	385
Total benefits	1,247	1,128	211	385

25. CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2008, there were no capital commitments for the Parent or Group at year end (2007:nil).

26. OPERATING LEASE RENTAL COMMITMENTS

	Group	
	30 June 2008 \$000	30 June 2007 \$000
Lease commitments expire as follows:		
Within one year	310	171
One to five years	432	144
Beyond five years	9	-
Total operating lease rental commitments	751	315

The Group leases buildings and equipment under non-cancellable operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

The Parent has no operating leases.

27. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2008 (2007: Nil).

28. EVENTS AFTER BALANCE DATE

There were no material events identified after balance date that required disclosure in the accounts.

29. EXPLANATION OF TRANSITION TO NEW ZEALAND EQUIVALENTS TO IFRS

(a) Reconciliation of profit for the year ended 30 June 2007

Previous NZ GAAP	Parent Effect of transition to NZ IFRS	NZ IFRS	Notes	Previous NZ GAAP	Group Effect of transition to NZ IFRS	NZ IFRS
\$000	\$000	\$000		\$000	\$000	\$000
-	-	-	Revenue			
-	-	-	Sales revenue	24,059	-	24,059
-	-	-	Cost of goods sold	(13,548)	-	(13,548)
-	-	-	Gross profit	10,511	-	10,511
-	-	-	Selling and distribution expenses	(6,940)	-	(6,940)
-	-	-	Marketing expenses	(1,124)	-	(1,124)
(425)	-	(425)	Administration and other expenses	(2,355)	77	(2,278)
			Operating profit	92	77	169
7	-	7	Finance income	11	-	11
(1)	-	(1)	Finance expenses	(67)	-	(67)
(419)	-	(419)	Profit before income tax	36	77	113
-	-	-	Income tax	(3)	-	(3)
(419)	-	(419)	Net profit after tax for the period attributable to:	33	77	110
			Shareholders of the parent company			

(b) Reconciliation of equity at 1 July 2006 – Opening position

Previous NZ GAAP	Parent Effect of transition to NZ IFRS	NZ IFRS	Notes	Previous NZ GAAP	Group Effect of transition to NZ IFRS	NZ IFRS
\$000	\$000	\$000		\$000	\$000	\$000
36,942	-	36,942	EQUITY			
-	-	-	Share capital	15,280	-	15,280
-	-	-	Share options reserves	-	-	-
-	-	-	Cash flow hedge reserve	-	-	-
(11,429)	-	(11,429)	Retained earnings	(588)	-	(588)
25,513	-	25,513	Total equity	14,692	-	14,692
			LIABILITIES			
			Non-current liabilities			
-	-	-	Trade and other payables	7	-	7
-	-	-	Total non-current liabilities	7	-	7
			Current liabilities			
68	-	68	Trade and other payables	3 1,881	(119)	1,762
-	-	-	Employee benefits	3 -	119	119
-	-	-	Taxation payable	43	-	43
68	-	68	Total current liabilities	1,924	-	1,924
68	-	68	Total liabilities	1,931	-	1,931
25,581	-	25,581	TOTAL EQUITY AND LIABILITIES	16,623	-	16,623
			ASSETS			
			Non-current assets			
11,660	-	11,660	Investment in subsidiaries			
-	-	-	Property, plant and equipment	1 2,875	(51)	2,824
-	-	-	Intangible assets	1 8,954	51	9,005
-	-	-	Deferred tax	42	-	42
-	-	-	Other non-current assets	-	-	-
11,660	-	11,660	Total non-current assets	11,871	-	11,871
			Current assets			
87	-	87	Cash and cash equivalents	677	-	677
-	-	-	Trade receivables	1,672	-	1,672
-	-	-	Inventories	2,203	-	2,203
129	-	129	Prepayments and other assets	200	-	200
-	-	-	Taxation receivable	-	-	-
13,705	-	13,705	Due from subsidiaries	-	-	-
13,921	-	13,921	Total current assets	4,752	-	4,752
25,581	-	25,581	TOTAL ASSETS	16,623	-	16,623

STATUTORY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2008

Principal Shareholders

The names and holdings of the twenty largest registered shareholders as at the 10 September 2008 were:

Holder	Ordinary Shares	%
Collins Asset Management Limited	57,145,845	19.69%
Marc Christopher Gwynne Ellis + Christopher Hugh Trelawney Ellis + Stephen Underwood	47,223,000	16.27%
Stefan John Lepionka + Nigel Warren Hughes	47,223,000	16.27%
Simon Paul Angus Neal + Paul Edgar Neal	13,117,500	4.52%
Shelf Company 1966 Limited	8,903,918	3.07%
Ambrosia Trustees Limited	7,315,651	2.52%
Del Corp Limited	5,877,500	2.03%
Custodial Services Limited	5,407,576	1.86%
Matthew Joseph Harte	3,997,454	1.38%
James Ian Urquhart	2,400,000	0.83%
Accident Compensation Corporation - NZCSD	2,335,000	0.80%
Michael John Jacomb + Trena Kathleen Jacomb + Peter Reginald Richardson	1,500,000	0.52%
Emerald Group Holdings Limited	1,000,000	0.34%
David Charles Luke Hazlett	1,000,000	0.34%
Eduard Koert Van Arkel	1,000,000	0.34%
Custodial Services Limited	913,205	0.31%
Paul Stuart McLaren	900,000	0.31%
Philip Martin Bish	887,000	0.31%
Bruce Howden Blake	800,000	0.28%
Peter Miles Hirst	800,000	0.28%

Spread of Security Holders

The spread of shareholdings as at 10 September 2008 was as follows:

Size of Holdings	Number of Holdings	%	Shares Held	%
1,000 - 1,999	2	0.08%	2,667	0%
2,000 - 4,999	475	18.03%	1,422,947	0.49%
5,000 - 9,999	531	20.15%	3,394,672	1.17%
10,000 - 49,999	1237	46.94%	24,649,884	8.50%
50,000 - 99,999	180	6.83%	11,058,365	3.81%
100,000 - 499,999	174	6.60%	30,259,927	10.43%
500,000 - 999,999	21	0.80%	13,735,857	4.73%
1,000,000 and over	15	0.57%	205,641,005	70.87%
	<u>2,635</u>	<u>100.00%</u>	<u>290,165,324</u>	<u>100.00%</u>

The above information was at 10th September 2008

Substantial Security Holders

Pursuant to section 26 of the Securities Markets Act 1988, the substantial security holders as at 10 September 2008 were as follows:

	Ordinary Shares	
Collins Asset Management Limited	57,145,845	19.69%
M C G Ellis & C H T Ellis & S Underwood	47,223,000	16.27%
S J Lepionka & N W Hughes	47,223,000	16.27%

Directors Shareholdings at balance date

The number of Equity Securities in which Directors had a relevant interest as at balance date of 30 June 2008 were as follows:

	Ordinary shares	Unlisted options
Marc Ellis	47,223,000	1,000,000
Stefan Lepionka	47,223,000	10,189,290
Ted Van Arkel	1,000,000	1,000,000
Mark Darrow	410,800	-
Tim Cook	287,000	-

Tim Cook is a Director of Collins Asset Management Limited. Collins Asset Management Limited held 57,145,845 ordinary shares at 10 September 2008 (30 June 2007: 57,145,845).

Share Dealings by Directors

During the year ended 30 June 2008 the following Directors or former Directors acquired a relevant interest in the Company's ordinary shares:

Director	Date	Nature of relevant interest	Number of shares acquired	Consideration paid
Mark Darrow	15 August 07	Beneficial owner	30,000	5,520
Mark Darrow	29 February and 03 March 08	Beneficial owner	50,000	8,100

Directors Remuneration

Remuneration paid or payable and other benefits provided to Directors or former Directors during the year ending 30 June 2008 were as follows:

Parent Company Directors	Directors Fees	Salary	Total
	\$000	\$000	\$000
Stefan Lepionka	-	300	300
Ted Van Arkel	55	-	55
Tim Cook	-	-	-
Mark Darrow	30	-	30
Marc Ellis	30	-	30

Entries Recorded in the Interests Register

Marc Ellis declared himself an interested party in a marketing fee charged by MCG Marketing Ltd (\$112,500 in the year ended 30 June 2008)

Tim Cook declared himself an interested party in fees for recruitment services charged by Cook Executive Recruitment Limited (\$4,681 in the year ended 30 June 2008) and in a guarantee of Charlie's ANZ bank facility by Collins Asset Management Limited (\$2.3million in the year ended 30 June 2008).

Employee Remuneration

During the year the following number of employees received remuneration of at least \$100,000:

\$110,000 - \$119,999	1
\$120,000 - \$129,999	1
\$160,000 - \$169,999	1
\$170,000 - \$179,999	2
\$300,000 - \$319,999	1

Changes to Directors

There have been no changes in the board of Directors during the year ended 30 June 2008.

DIRECTORY

Directors	E K van Arkel (Chairman) S J Lepionka T J Cook M C G Ellis M C Darrow
Company Secretary	N A Ellingham
Registered Office	87 Henderson Valley Rd Waitakere City 0612 New Zealand
Postal Address	PO Box 12 1100 Waitakere City 0650 New Zealand
Telephone	0-9-837 6740
Facsimile	0-9-837 6759
Share Registrar	Computershare Investor Services Limited 159 Hurstmere Road Takapuna Private Bag 92-119 Auckland New Zealand
Telephone	0-9-488 8700
Facsimile	0-9-488 8787
Lawyers	Chapman Tripp Harmas Horton Lusk
Auditor	PricewaterhouseCoopers 188 Quay Street Auckland New Zealand
Websites	www.charliesgroup.co.nz www.charlies.co.nz www.phoenixorganics.co.nz
Stock Exchange	The Company's ordinary shares trade on the New Zealand Exchange (NZX). The minimum marketable parcel on the NZX is 2,000 shares.

This annual report is dated as at 10 September 2008 and is signed on behalf of the board by:



E K van Arkel



S J Lepionka



87 Henderson Valley Rd
Waitakere City 0612
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For year ended 30 June 2008