

Charlie's Group Limited Interim Report

*For the six months ended
31 December 2009*



Charlie'sTM
GROUP LIMITED

Organic Carbonates



Organic Ginger Beer is where Phoenix started. So we have a strong emotional attachment to this little beauty. We bought the “ginger beer bug” 23 years ago for \$50.

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Honest Quenchers



We remade a classic!
Honest Quenchers
are inspired by the old-
fashioned lemonades our
grannies used to make.
A simple blend of NOT FROM
CONCENTRATE fruit juices,
natural cane sugar and water.
That's all, honest!
No artificial flavours, colours
or preservatives - ever.

Chairman and CEO Report

HIGHER GROSS margin, EBITDA and NPAT and positive operating cash flows as Australian sales surge.

The group's unaudited results for the six months to 31 December 2009 report a record operating EBITDA of \$1.75 million (excluding the gain on sale of the Henderson property), 60 per cent of it generated in Australia. This is compared with a loss of \$0.1 million for the corresponding period last year.

NPAT of \$1.9 million (including a \$1.2 million one-off capital gain) compared with a loss of \$0.7m for the corresponding period last year.

The gross margin was up 2.4 per cent to 49 per cent representing an additional \$0.7 million to the operating results.

The company achieved positive operating cash flow for the period. This, along with the proceeds from the property sale, has allowed the group to reduce debt by \$2.4 million to \$4.3 million over the reporting period.

The group's debt-to-equity ratio has been reduced from 53 per cent a year ago to 27 per cent as at 31 December 2009. This will be further reduced with the early repayment of \$0.5 million at the

Higher gross margin, EBITDA and NPAT and positive operating cash flows as Australian sales surge

end of February 2010 as laid out in our announcement released on 19 February 2010.

This announcement also stated that the group has successfully negotiated the release of the \$5.3 million guarantee that had been given to the bank by Collins Asset Management. This release illustrates the confidence ANZ National Bank has in the group.

Chairman and CEO Report cont...

Chairman Ted van Arkel said the results reflected a concerted effort by the group to restore performance, drive efficiencies and contain costs during difficult and uncertain economic conditions. It also underscored the board's decision to expand further in Australia.

"This is a heartening performance, due in no small part to the combined efforts of the board and management to put Charlie's on a profitable path," he said.

"We remain focused on monitoring costs and production efficiencies to ensure resources are deployed in the most cost-effective manner, while still driving sales and brands to increase market penetration.

"While we cannot ignore the volatility of the economic climate, the directors remain confident that strong demand for the company's brands will continue and as the economy recovers further we will be well placed to take advantage of that recovery."

Chief executive officer Stefan Lepionka said the results were a huge boost for the Charlie's team.

"We have worked hard to establish ourselves as an Australasian manufacturer and marketer of premium beverages. Although it has not been a

This is a heartening performance, due in no small part to the combined efforts of the board and management to put Charlie's on a profitable path

smooth ride at times, we are pleased that our strategy is beginning to show the benefits that we set out to achieve," he said.

Mr. Lepionka said the New Zealand market continued to remain uncertain but results would be balanced by the stronger growth from Australia.

"As a group we will continue to execute the same strategy that has enabled us to bring about this turnaround in results."

Organic Juices

Established in 1986, Phoenix has a proud tradition of making natural and organic beverages. Our organic juice is independently certified to international standards and is produced in accordance with environmentally sustainable practices.



Financial Results

The Company achieved the following unaudited financial results for the six months to 31 December 2009:

	Half year ended 31 Dec 2009 \$000	Half year ended 31 Dec 2008 \$000
Gross Sales	16,946	17,287
Operating Revenue	15,474	15,463
EBITDA	1,751	(83)
EBIT	1,237	(600)
NPAT/(NLAT)	1,905	(661)

THE EBITDA result of \$1.75 million reflects actual trading through the period and excludes the gain on sale of property producing the first positive EBITDA for the corresponding period since December 2006.

The NPAT result of \$1.9 million includes the one-off \$1.2 million gain for the sale of its property at Henderson, Auckland, which was completed in October 2009. Excluding this gain, NPAT is a positive \$0.7 million compared with a loss of \$0.7 million for the corresponding period last year.

The gross margin improved from 47 per cent to 49 per cent for the period as the company carried out its revenue and margin management strategy. This improvement represents an additional \$0.7 million to the operating results.

Of particular note is the increase in the cash flow generated from operations of \$1.6 million, up \$3.7 million from the negative \$2 million reported for the corresponding period last year.

This is the first time that the company has achieved positive operating cash flows for this trading period and demonstrates the successful implementation of the strategic goals as well as the company's ability to continue to chase profitable sales growth in key markets.

The EBITDA result of \$1.75 million reflects actual trading through the period and excludes the gain on sale of property

Total reported gross sales for the period under review were \$16.8 million, a decline of 2 per cent on the corresponding period last year. However like-for-like sales, excluding the income from the Redbull distribution agreement in 2008, were consistent with the previous year.

Honest Smoothies



Packed with goodness the body just loves, we think spirulina's a super food.

We just add it to the juice and puree of apples, bananas, oranges and juicy kiwifruits.

We figure that's plenty of natural sweetness and there's no need to add anything else! We think it's a super smoothie. After all, it's made with a super food.

New Zealand

THE DECLINE in New Zealand sales reflects the discontinuation of the Redbull distribution agreement, Charlie's own product rationalisation programme and the economic climate.

As part of the margin management strategy, the company has reviewed its total product offering and deleted non-performing lines to focus on profitable products, albeit with a marginal loss in volume. The new product development process continues and is on track to add to the company's profitable portfolio which will replace the sales it lost to put New Zealand back in growth.



Australia

AUSTRALIAN SALES equated to a record \$3.3 million for the six month period with reported growth up 37 per cent on the corresponding period last year.

The successful launch of the Charlie's brand 14 months ago continues to be well received by HORECA (hotels, restaurants and cafes) retailers and consumers including a trial in selected Cole's stores in Victoria and New South Wales. Early signs from the trial are positive and we expect that the trial will be further expanded.

The Phoenix Organic brand also continues to grow strongly as the company continues to expand its distribution network, particularly its HORECA and the ongoing introduction of new product offerings.



Outlook

Initiatives put in place at the beginning of the year continue and trading results remain strong at the beginning of the second half of the year, tracking well to internal targets.

Honest Orange Juice



At Charlie's we've become fairly well-known for our original NOT FROM CONCENTRATE orange juice, which is surprising because we don't really do much to it.

Maybe it's because we find the best plump oranges and squeeze 'em, pasteurise, bottle and deliver to your local.

Directors' report

The Board of Directors have pleasure in presenting the Interim Financial Statements of Charlie's Group Limited, for the half year ended 31 December 2009.

The Interim Financial Statements presented are signed for and on behalf of the Board, and were authorised for issue on 23 February 2010.

Ted van Arkel, *Chairman*

Stefan Lepionka, *CEO*

Unaudited Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2009

	Half year ended 31 Dec 09	Half year ended 31 Dec 08
Notes	\$000	\$000
Revenue		
Sales revenue	15,474	15,463
Cost of goods sold	(7,882)	(8,260)
Gross Profit	7,592	7,203
Selling and distribution expenses	(4,879)	(4,970)
Marketing expenses	(272)	(1,060)
Administrative and other expenses	(1,204)	(1,773)
Operating profit/(loss)	1,237	(600)
Finance income	-	-
Finance expense	(182)	(359)
Gain on sale of property	1,202	-
Profit/(loss) before income tax	2,257	(959)
Income tax (expense)/credit	(352)	298
Net profit/(loss) after tax for the period attributable to: Shareholders of the parent company	1,905	(661)
Other comprehensive income		
Movement in cash flow hedge reserve net of tax	117	184
Total comprehensive income	2,022	(477)
Earnings per share for profit/(loss) attributable to shareholders:		
- Basic earnings per share (cents)	0.649	(0.228)
- Diluted earnings per share (cents)	0.614	(0.228)
EBITDA	1,751	(83)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Financial Position

As at 31 December 2009

	Notes	As at 31 Dec 09	As at 31 Dec 08	As at 30 Jun 09
		\$000	\$000	\$000
EQUITY				
Share capital	4	15,950	15,580	15,580
Share options reserve		561	596	561
Cash flow hedge reserve		64	231	(53)
Accumulated losses		(778)	(1,564)	(2,683)
Total equity		15,797	14,843	13,405
LIABILITIES				
Current liabilities				
Bank overdraft		-	-	364
Trade and other payables		4,196	3,705	3,213
Employee benefits		201	246	-
Borrowings	5	4,329	6,631	6,734
Derivative financial instruments		-	-	53
Total current liabilities		8,726	10,582	10,364
Total liabilities		8,726	10,582	10,364
TOTAL EQUITY AND LIABILITIES				
		24,523	25,425	23,769
ASSETS				
Non-current assets				
Property, plant and equipment	3	4,257	5,820	5,802
Intangible assets		9,176	9,336	9,235
Deferred tax		759	168	1,119
Other non-current assets		-	-	60
Total non-current assets		14,192	15,324	16,216
Current assets				
Cash and cash equivalents		1,605	1,039	-
Trade receivables		3,795	3,320	2,500
Inventories		4,659	4,921	4,629
Prepayments and other assets		200	61	424
Taxation receivable		-	529	-
Derivative financial instruments		72	231	-
Total current assets		10,331	10,101	7,553
TOTAL ASSETS		24,523	25,425	23,769

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Changes in Equity

For the half year ended 31 December 2009

	Share Capital \$000	Share Option Reserve \$000	Cash flow Hedge Reserve \$000	Accumulated Losses \$000	Total Equity \$000
Balance as at 1 July 2008	15,580	596	47	(903)	15,320
Net loss for the period	-	-	-	(661)	(661)
Other comprehensive income					
Movement in cash flow hedge reserve net of tax	-	-	184	-	184
Total other comprehensive income	-	-	184	-	184
Total comprehensive income	-	-	184	(661)	(477)
Balance as at 31 December 2008	15,580	596	231	(1,564)	14,843
Net loss for the period	-	-	-	(1,154)	(1,154)
Movement in share options reserve	-	(35)	-	35	-
Other comprehensive income					
Movement in cash flow hedge reserve net of tax	-	-	(284)	-	(284)
Total other comprehensive income	-	-	(284)	-	(284)
Total comprehensive income	-	(35)	(284)	(1,119)	(1,438)
Balance as at 30 June 2009	15,580	561	(53)	(2,683)	13,405
Net profit for the period	-	-	-	1,905	1,905
Other comprehensive income					
Movement in cash flow hedge reserve net of tax	-	-	117	-	117
Total other comprehensive income	-	-	117	-	117
Total comprehensive income	-	-	117	1,905	2,022
Shares issued	370	-	-	-	370
Balance as at 31 December 2009	15,950	561	64	(778)	15,797

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

Unaudited Consolidated Statement of Cash Flows

For the half year ended 31 December 2009

	Notes	Half year ended 31 Dec 09 \$000	Half year ended 31 Dec 08 \$000
OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		14,179	14,682
Interest received		-	-
Cash was applied to:			
Payments to suppliers and employees		(12,375)	(16,308)
Interest paid		(182)	(359)
Income tax paid		-	(60)
Net cash inflows/(outflows) from operating activities		1,622	(2,045)
INVESTING ACTIVITIES			
Cash was provided from:			
Sale of property	3	2,500	-
Cash was applied to:			
Purchase of property, plant and equipment	3	(118)	(692)
Net cash inflows/(outflows) from investing activities		2,382	(692)
FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from issue of shares	4	370	-
Borrowings		-	3,448
Cash was applied to:			
Repayment of borrowings		(2,405)	-
Net cash (outflows)/inflows from financing activities		(2,035)	3,448
Net increase in cash and cash equivalents		1,969	711
Cash and cash equivalents at the beginning of the period		(364)	328
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,605	1,039
COMPOSITION OF CASH			
Cash and cash equivalents		1,605	1,039

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

Unaudited Consolidated Statement of Cash flows

For the half year ended 31 December 2009

	Half year ended 31 Dec 09 \$000	Half year ended 31 Dec 08 \$000
RECONCILIATION WITH NET PROFIT/(LOSS)		
Reported net profit/(loss) after tax	1,905	(661)
Items not involving cash flows:		
Amortisation expense	138	98
Bad debts written off and movement in doubtful debts	3	38
Depreciation expense	376	419
Foreign exchange gain	(40)	(15)
Gain on sale of property	(1,202)	-
Impact of changes in working capital items		
(Increase) in trade receivables	(1,295)	(780)
(Increase)/decrease in inventories	(30)	404
Decrease in prepayments and other assets	224	262
(Decrease) in taxation payable	-	(432)
Decrease in deferred tax	360	138
Increase (decrease) in trade payables	1,183	(1,490)
(Decrease) in other payables and accruals	-	(26)
Net cash inflows/(outflows) from operating activities	1,622	(2,045)

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

Unaudited Notes to the Financial Statements

For the half year ended 31 December 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim six months reporting period ended 31 December 2009 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and NZ IAS 34 Interim Financial Reporting. They do not include all the notes included in the full annual financial statements and are to be read with reference to the Annual Report for the year ended 30 June 2009.

The interim financial statements are in compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

Basis of preparation

The accounting policies used in preparation of these financial statements are consistent with those used in the previously published interim financial statements to 31 December 2008, and the audited financial statements to 30 June 2009.

The following new standards and amendments are mandatory for the first time for the financial period beginning 1 July 2009:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present one statement of comprehensive income. The consolidated interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in an increase in the number of reportable segments, as the previously reported geographic segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker has been identified as the Board of Directors together with the Senior Management Team who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

There has been no impact on the measurement of the Group's assets and liabilities from adoption of NZ IFRS 8. Comparatives for 31 December 2008 and 30 June 2009 have been restated.

Entity reporting

The financial statements are the Consolidated Financial Statements of the Group comprising Charlie's Group Limited (the 'Company' or 'Parent') and its subsidiaries together referred to in these financial statements as the 'Group'.

The Parent and its subsidiaries are designated as profit oriented entities for financial reporting purposes. No separate Parent results are disclosed in the interim financial statements.

Statutory base

Charlie's Group Limited is a company 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 interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

2. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors together with the Senior Management Team, who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

a. Reportable segments

The Group operates in one business segment, being the manufacture, marketing and distribution of quality beverages. This is then split by geographic location.

b. Other segment information

Performance of operating segments is assessed based on a measure of earnings before interest, taxation, depreciation and amortisation (EBITDA). This information is measured in a manner consistent with that in the consolidated interim financial statements. This excludes costs associated with capital raising and other overheads that are held at Group level and cannot be allocated.

Intersegment revenue has not been reported by segment as it is not evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

	New Zealand*	Australia	Unallocated	TOTAL
For the half year ended 31 December 2009	\$000	\$000	\$000	\$000
Total external sales revenue	12,125	3,349	-	15,474
Total EBITDA	985	1,057	(291)	1,751
Total assets	15,963	7,692	868	24,523

	New Zealand*	Australia	Unallocated	TOTAL
For the half year ended 31 December 2008	\$000	\$000	\$000	\$000
Total external sales revenue	13,024	2,439	-	15,463
Total EBITDA	73	46	(202)	(83)
Total assets	18,572	6,086	767	25,425

A reconciliation of EBITDA to profit/(loss) before tax is provided as follows:

	Half year ended 31 Dec 09	Half year ended 31 Dec 08
EBITDA for reportable segments	\$000	\$000
Unallocated EBITDA	2,042	119
Total EBITDA	(291)	(202)
Depreciation	1,751	(83)
Amortisation	(376)	(419)
Finance costs - net	(138)	(98)
Gain on Sale of Property	(182)	(359)
Profit/(loss) before income tax	1,202	-
	2,257	(959)

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

Revenues of approximately \$4,875,834 (2008: \$4,584,825) are derived from two external customers. Revenue from one customer is attributable to the New Zealand segment and one is attributable to the Australian segment.

3. PROPERTY PLANT AND EQUIPMENT**Acquisitions**

During the six months ended 31 December 2009, the Group acquired assets with total costs of \$117,996 (December 2008: \$692,367, June 2009: \$748,000).

Disposals

During the six months ended 31 December 2009 the Group sold its Henderson property. The net book value of this property was \$1,225,527 and resulted in a gain on sale of \$1,201,973 (December 2008: \$nil).

Charlie's Group Limited has leased this property back from the purchaser following settlement for an initial period of eight years on normal commercial terms, by way of an operating lease.

4. SHARE CAPITAL

3,700,000 shares were issued during the period ended 31 December 2009 (2008: nil). These shares were as a result of director and employee share options being exercised at an exercise price of 10 cents per share.

5. CURRENT BORROWINGS

As at 31 December 2009 current borrowings include \$3,202,424 under facilities which expire in 2012. Due to prior year covenant breaches all borrowings have been recognised in the financial statements as current liabilities. Testing of these prior covenants was suspended until 30 September 2010 and new covenants were put in place. It is noted that all new covenants have been met in the current period.

The Company has a \$1,055m temporary facility maturing on 30 August 2010 and is planned to be repaid in full through positive cash flows by 30 June 2010.

a. Events after balance sheet date

On 19 February 2010 as part of the renegotiations on borrowings and the release of the guarantee provided by Cottisloe Holdings Limited the revised banking arrangements impose certain financial covenants on the Group as follows:

- (i) Leverage Ratio
- (ii) Interest Cover
- (iii) Debt Service Cover

For the purposes of the financial covenants:

“Leverage Ratio” means the ratio of total net bank debt to EBITDA

“Interest Cover” means the ratio of EBITDA to net interest costs

“Debt Service Cover” means the ratio of Group Net Cash After Operations to Group Debt Service Costs

“Group Net Cash After Operations” means the aggregate of Group EBITDA, plus/minus movements in working capital balances, less tax paid, less non bank-funded capital expenditure.

“Group Debt Service Costs” means the aggregate of Group Interest Costs and scheduled principal repayments and any other debt repayments. For the purposes of this ratio the debt repayment from the property sale has been excluded.

6. RELATED PARTY TRANSACTIONS

Between the Group and key management personnel of the entity and other related parties

The Company undertook transactions with Directors and their related interests as detailed below. All related party transactions between the Company and its Directors were conducted on an arm's length basis and provided on commercial terms. No guarantees have been given or received in respect of these transactions. These transactions bear no interest. These related party transactions are part of the ordinary on-going business operations of the Company. No related party debts between the Company and its majority shareholder and Directors were written off or forgiven during the period and no doubtful debt expense has been recognised in relation to any related party balances (2008: nil).

Information on transactions with key management personnel or entities related to them:

- During the period the Company sold beverages to key management personnel on the same terms and conditions as available to staff. There were no balances outstanding at the end of the period.
- A Director, Tim Cook, is a director of Cook Executive Recruitment Limited, a company which provides recruitment services to Charlie's Group Limited. The services were provided on normal terms and conditions. There were no balances outstanding at the end of the period.
- Tim Cook is also a director of Collins Asset Management Limited, a company with a majority shareholding in Charlie's Group Limited, which has provided a guarantee of \$5,300,000 in respect of Charlie's Group Limited facilities with ANZ (2008: \$2,300,000) via a related entity, Cottisloe Holdings Limited. Subsequent to the date of the statement of financial position this guarantee has been released by the ANZ Bank. (refer to notes 5 and 10).
- A Director, Mark Darrow, is a director and shareholder of Juicinator Limited, a company through which this Director charges his Director's Fees in respect of Charlie's Group Limited. These services were provided on normal terms and conditions. (refer table below)
- A Director, Marc Ellis, is a director and shareholder of MCG Marketing Limited, a company that provides marketing services to Charlie's Group Limited and through which this Director charges his Director's Fees in respect of Charlie's Group Limited. These services were provided on normal terms and conditions. (refer table below)
- A Director, Eduard van Arkel, is a director and shareholder of Van Arkel & Co Limited, a company through which this Director charges his Director's Fees in respect of Charlie's Group Limited. These services were provided on normal terms and conditions. (refer table below)

The tables below show the transactions with other related parties during the year and with key management personnel.

Transactions with related parties during the 6 months (excluding director's fees)	Half year ended 31 Dec 09 \$000	Half year ended 31 Dec 08 \$000
Cook Executive Recruitment Limited	7	-
Balance owing at end of period	-	-

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

	Half year ended 31 Dec 2009		Half year ended 31 Dec 2008	
	Directors' fees \$000	Dividends \$000	Directors' fees \$000	Dividends \$000
Executive Directors				
Stefan Lepionka	-	-	-	-
Non-executive Directors				
Tim Cook	-	-	-	-
Mark Darrow	15	-	15	-
Marc Ellis	15	-	15	-
Ted van Arkel	28	-	28	-
Charlie's Group Australia Directors				
Gavin Clifford	8	-	-	-
Bradley Gallard (resigned 16 April 2009)	-	-	-	-
	<u>66</u>	-	<u>58</u>	-

Key management compensation was as follows:

	Half year ended 31 Dec 09 \$000	Half year ended 31 Dec 08 \$000
Salaries and other short term employee benefits	<u>511</u>	<u>648</u>
	<u>511</u>	<u>648</u>

Entities with significant influence

Collins Asset Management, a company with a majority shareholding in Charlie's Group Limited have provided a guarantee of \$5,300,000 in respect of Charlie's Group Limited facilities with ANZ (2008: \$2,300,000) via a related entity, Cottisloe Holdings Limited. \$3,800,000 of this guarantee relates specifically to an additional temporary facility with ANZ. This is a standard guarantee. Subsequent to the date of the statement of financial position this guarantee has been released by the ANZ Bank (refer to notes 5 and 10).

7. CAPITAL EXPENDITURE COMMITMENTS

There were no capital expenditure commitments at the end of the period that were not provided for in the financial statements (31 December 2008: nil; 30 June 2009: nil).

8. OPERATING LEASE COMMITMENTS

	Half year ended 31 Dec 2009 \$000	Half year ended 31 Dec 2008 \$000	Full year ended 30 June 2009 \$000
Gross commitments under non-cancellable operating leases for the Group	5,518	818	4,283

9. CONTINGENT LIABILITIES

As at 31 December 2009 the Group had no contingent liabilities outstanding (31 December 2008: nil, 30 June 2009: nil).

10. SUBSEQUENT EVENTS

On 19 February 2010 following the renegotiation of banking facilities with the Group's bank, the guarantee provided by Cottisloe Holdings Limited was irrevocably released. As a condition of this new covenants, as set out in note 5 have been put in to effect.



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