2005 ANNUAL REPORT ACN 054 355 618

golden circle

we belong

GOLDEN CIRCLE BELONGS ON YOUR TABLE, IN YOUR PANTRY, AT YOUR BBQ, IN YOUR LIFE, AND IT'S **GOOD TO KNOW** WE'LL ALWAYS BELONG.

2005 ANNUAL REPORT CONTENTS

we belong

CHAIRMAN'S OVERVIEW

In my first year as Chairman of Golden Circle Limited, I am pleased to report on a number of positive improvements in the Company, while at the same time noting that the Company continues to face many on-going challenges.

RESULTS 2005

Earnings before interest and tax (EBIT) were $10.43 million compared to $5.52 million the previous year.

The Golden Circle division performed very well, posting a $15.28 million EBIT compared to $3.49 million the previous year. Unfortunately the overall EBIT result was heavily eroded by a disappointing $4.85 million EBIT loss for the Original Juice Company division compared to an EBIT profit of $2.03 million the previous year.

The net operating after tax result was impacted by an amount of $5.45 million which represents the amortised "top up" cost of providing the subscriber of the convertible notes with an internal rate of return (IRR) of 21%. It should be noted that if the notes are ultimately converted to shares, these amortised amounts will be also converted to shares at that time to "top up" the return to an IRR of 21% for the subscriber (subject to the cap and floor on the percentage of issued capital in the Company).

The end result for 2005 was a net operating loss after tax of $4.69 million which compares favourably with the net operating loss after tax of $19.37 million in 2004.

This loss regrettably results in no dividend being able to be paid to shareholders.

Sales revenue totalling $390.1million was 5.9% down on the previous year. Sales were impacted by planned product rationalisation and increased competitor activity, including notably the increase of retailers' own private label products.

There are, in fact, a number of private label products that compete directly with Golden Circle in several of our core categories. This represents a major challenge to the strength and integrity of our brand and now, as perhaps never before, it is paramount that we continue to build and support this most important asset – the Golden Circle brand.

Original Juice Company division sales were $10 million down on last year and were significantly impacted by competitor activity and loss of export sales. Margins were negatively impacted by the high price paid for Valencia oranges. Furthermore, management instability contributed to this unacceptable performance.

The issues relating to the Original Juice Company division continue to drag on the performance of the Company as a whole. The Board of Directors is working closely with Group management on the best means to solve this unsatisfactory situation.

With regard to the Operations activity at Northgate, you have been previously advised that approximately half of the $50 million raised through the convertible notes was to be used to fund capital projects designed to improve the efficiency of the Northgate factory.

To date $16.3 million has been utilised, which has included the installation of high speed packaging equipment, new conveyors from the canned foods area to the food hall and size grading equipment for beetroot. These projects will deliver significant savings throughout 2006, and the years ahead, through reductions in the Company's operating cost base.

I must commend the Operations team at Northgate for a very positive contribution to the results in 2005. They have reduced costs significantly in existing operations during a hectic period of installing and commissioning new equipment.

Finally, with regards to 2005 activities, I must advise you that as of 2006 and beyond it is likely that Golden Circle Limited will no longer be considered a Co-operative for tax purposes. This is as a result of raw material supply projections indicating that we would not be able to meet the test for this categorisation.

Further details of the financial performance of Golden Circle Limited in 2005 can be found in the financial statements and the Director's Report.

THE FUTURE DIRECTION

One of the first tasks undertaken by the newly appointed Board was to set a clear strategic direction for the Company with Management who then developed a more detailed strategic plan.

The vision for our Company is to be "Australia's most trusted food and beverage company providing healthier branded solutions".

An important platform for the achievement of this vision is to position the Golden Circle brand to emotionally connect with consumers and ensure our place at the dining tables of all Australian families.

In 2005 we saw the launch of the new Golden Circle logo with the aim to reconnect with consumers with a fresh, contemporary design. This is now being supported with an emotional television campaign to build our connection with consumers, and rational support campaigns to give solid, informative reasons for consumers to choose our brand.

FACT **01** > 2005

good to know

It's Good To Know that Golden Circle has an unwavering commitment to using quality ingredients to provide healthier branded solutions to consumers in Australia and overseas.

CHAIRMAN'S OVERVIEW

Product Innovation and Development is also now actively focussing on delivering healthier branded solutions. This should help provide a more competitive position for our products in the marketplace.

Additionally, as part of the new strategic direction we are reviewing all current products and assets to ensure they will add value to our business in a reasonable timeframe. This may mean ultimately divesting some and/or working more closely with other companies to better utilise our assets, or even acquiring businesses or assets when these clearly fit our vision of where we want to be in the future.

THE YEAR AHEAD

I am convinced that with the plans we have in place for 2006 we will continue to build upon the more solid foundations that have been laid in 2005.

There are certainly many challenges. For instance the rapid cost increases being faced in a number of areas including sugar supplies and packaging materials as well as the on-going impact of higher energy costs. Additionally there is the continued push by the major retailers into Private Label products and the intense competitive marketplace in general. However, despite these challenges, we have many positive actions taking place.

The new equipment that is now largely in place will deliver a lower cost operation out of Northgate. The rejuvenated brand image and packaging design gives us better in-store appeal. The Golden Circle brand is also being supported more strongly to keep it at the forefront of consumers' minds. We have a brand of incredible strength and we now must optimise our use of that strength by providing the product innovations and renovations that consumers now want. The work being done in product development will start to address those consumer needs more actively in 2006.

Many of the recent achievements contributing to improved performance were led by Chief Executive, Steve Morrow who has elected to pursue new endeavours outside Golden Circle. On behalf of the Board, I thank Steve for his valuable contribution over the last two years.

His replacement, Mr John Cook has spent most of his career in the food industry and has extensive experience working in both the grocery and agricultural sectors. The Board is delighted to have found a person of Mr Cook's experience to fulfil the role of Chief Executive.

The commitment to achieve our Vision is steadfast and I can assure you that the Directors and Management Team will be tireless in their efforts to deliver improved and sustained performance for Golden Circle Limited shareholders.

Ern Pope

FACT **02** > 2005

good to know

It's Good To Know that Golden Circle is one of Australia's most loved and iconic brands. In recent research, the Golden Circle name attained a remarkable 'unprompted awareness' figure of 88 per cent among Australian shoppers*. *Millward Brown Golden Circle Brand Research Report, June 2000 Job No: 50955.

CHIEF EXECUTIVE'S REPORT

2005 saw an improvement in the financial performance of Golden Circle compared with the previous two years, however the Company still fell well short of the targets we had set ourselves.

Northgate, the original manufacturing site which commenced operations in 1946 performed very well with a dramatic turnaround, reporting earnings before interest and tax (EBIT) of $15.28 million in 2005 compared to $3.49 million in 2004.

The results were achieved with tighter controls over operating expenses, bill of materials and working capital, which delivered a much improved gross margin, despite a reduction in volume due to lower sales revenue.

The Original Juice Company (OJC) in Melbourne and packing operations in Griffith reported disappointingly poor results. Those divisions have not performed to expectations since their acquisition in 2002 and proved to be Golden Circle's biggest challenge during the year with declining sales contributing to the overall poor performance.

OJC and Griffith combined reported an EBIT loss of $4.85 million on sales of $78.9 million. OJC sales declined by $10.6 million or 11.8% year on year. The sales were impacted by strong competition in both retail and route channels. Margins were impacted by the high price paid for Valencia oranges which were expected to be in short supply but in fact were 20% above original estimates. Warehouse and distribution costs were higher due to the need to store the unanticipated orange surplus into bulk juice containers. Management changes also contributed to the result at OJC with quality problems also impacting on sales and expenses.

Despite the poor results for OJC and Griffith there were many major achievements in 2005 including:

> the completion of a $50 million capital raising through the issue of $50 million convertible notes to investment bank, Babcock & Brown;

> the implementation of a restructure plan aimed at reducing conversion costs and improving efficiency at the Northgate plant. Capital totalling $16.3 million has already been allocated to the plan and progress has been very pleasing;

> continuation of the 'lean' manufacturing program implementation which has involved project teams on the factory floor taking ownership for reducing waste and improving efficiency;

> the launch of a new branding program involving a new logo and new labels across the entire Golden Circle product range; and

> the launch of a number of new beverage and baby food products.

THE WAY FORWARD

In 2004 the Management and the Board constructed a three-year business plan; which included the $50 million capital raising. The Company envisaged an internally focused plan aimed at driving organic growth and value ahead of a public listing in 2008. This is still the Company's plan but it has required further work and refinement as the market and business environment has changed quickly and significantly.

The most influential of these changes was the implementation of Golden Circle's major customers' private label strategy, which aims at having 30% of all products on shelf in their own private label. Low cost imports added to already strong competition and further consolidation within the food industry, notably Coca Cola's acquisition of SPC Ardmona.

Together with the new Board of Directors appointed in May 2005, Management refined and added to the original strategy.

The Chairman's overview sets Golden Circle's new vision. The single biggest addition to the strategy is a new dual approach, recognising that organic growth alone is going to be difficult and that we need to look at strategic transactions to support our plans to improve value for shareholders.

The Sales and Marketing Division has strong plans along with an increased budget to invest behind the new look Golden Circle brand in 2006. As part of the marketing plan a new corporate television advertising campaign commenced on February 12th, the first such campaign since 1999.

Other initiatives include better customer engagement and an active product development program. In summary 2005 saw an improvement over previous years.

After just under two years as your CEO, I am stepping down to be replaced by John Cook in early March.

It has been a very tough and challenging time but also a rewarding one. I feel proud of our achievements at Northgate and want to thank my executive team and all at Golden Circle for their efforts and support during my term.

To everyone at Golden Circle, all the best for the future, you really are a great corporate family.

Steve Morrow

CORPORATE GOVERNANCE

ROLE OF BOARD

The Board's primary role is the protection and enhancement of long-term shareholder value, particularly the Company's brand name and reputation. The Board of Directors is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management, and monitoring the achievement of these goals on behalf of the shareholders who elect them and to whom they are accountable.

Management of the Company is formally delegated by the Board through the Company's Delegation of Authority Policy. The Chief Executive is responsible for managing the Company within a corporate governance framework established by the Board. It is the responsibility of the Chief Executive and his management team to manage the business subject to oversight and supervision by the Board.

RESPONSIBILITIES OF BOARD

The responsibilities of the Board include:
- overseeing the development of and approving the corporate strategic plan
- reviewing and approving the annual budget including major capital expenditure initiatives consistent with the strategic plan
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives
- overseeing and monitoring progress of major capital expenditure and other significant corporate initiatives including any acquisitions, divestments, restructuring and funding and the identifying and achievement of key performance indicators associated with those initiatives
- appointment, performance assessment and, if necessary, removal of the Chief Executive and Senior Executives
- enhancing and protecting the reputation of the Company
- ensuring the significant risks facing the Company, including those associated with its legal compliance obligations (including trade practices, workplace health and safety, taxation and the environment) have been identified and appropriate and adequate control, monitoring, accountability and reporting mechanisms are in place
- overseeing the functioning of the Licensed Stock Market operated by the Company Secretary in accordance with company law requirements.

COMPOSITION OF BOARD

The Constitution provides that the Board shall consist of not less than four nor more than eight persons of whom two directors shall be growers of pineapples (or directors of corporate growers), elected by all members; one director shall be a grower of fruit and vegetables other than pineapple (or a director of a corporate grower), elected by all members; four directors shall be independent directors (not growers) elected by all members of the Company.

As part of the equity raising through the issue of convertible notes, which shareholders approved on 1 April 2005, the Subscribers are entitled to appoint a Director to the Board. This appointment is currently filled by Mr Tyndale.

When a vacancy exists, the Directors may appoint a qualified person as a Director either to fill a casual vacancy or as an additional director, but so that the total number of directors shall not at any time exceed the maximum number fixed under the Constitution.

The Company's Constitution requires one third of the directors to retire from office at the annual general meeting each year. Retiring directors are eligible for re-election. When the Board fills a vacancy during a year, the new director may stand for election at the next annual general meeting.

CHAIRMAN

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be an independent Director.

The Chairman is responsible for leading the Board, facilitating board discussions and managing the Board's relationship with the Executive.

CONFLICT OF INTEREST

Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with that of the Company. Where a conflict exists, the Director concerned is not present at the meeting while the item is considered, nor votes, unless the Board first agrees otherwise.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each director has the right of access to all relevant company information, and subject to prior consultation with the Chairman, may seek independent professional advice in discharge of their duties as Directors. The Company will pay the cost of this independent advice.

COMMITTEES OF BOARD

To assist in the execution of its duties and responsibilities and to allow detailed consideration of complex issues, the Board during the reporting period used a number of Board Committees:
- Audit Committee
- Human Resources Committee
- Horticultural Committee
- Share Transfer Committee
- Contracts Transfer Committee.

The Board has also established and continues to enhance a framework for the management of the Company including a system of internal control, a business risk management process and the establishment of appropriate ethical standards based on the Australian Institute of Company Directors Code of Conduct.

AUDIT COMMITTEE

The responsibilities of the Audit Committee include:
- reviewing the annual and half-year reports and other financial information distributed externally, including accounting policies to ensure compliance with Australian Equivalents to International Financial Reporting Standards and generally accepted accounting principles
- monitoring the corporate risk management and internal audit program and processes, including insurance arrangements
- monitoring compliance with statutory responsibilities
- considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence
- reviewing the nomination and performance of the external auditor
- monitoring the establishment of an appropriate internal control framework, and appropriate ethical standards
- addressing any matters outstanding with auditors, financial institutions and other regulatory bodies.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year as follows:
- to discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements, and to review the fees proposed for the audit work to be performed
- prior to the announcement of results, to review the half-year and preliminary final report and any significant adjustments required as a result of the auditor's findings and to recommend Board approval of these documents
- to finalise half-year and annual reporting, review the results and findings of the auditor, the adequacy of accounting and financial controls, monitor the implementation of any recommendations made, and review the draft financial report and recommend Board approval
- as required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.

The external and internal auditors, Chief Executive, and the General Manager Finance and Administration are invited to Audit Committee meetings at the discretion of the Committee.

The members of the Audit Committee at 31 December 2005 were:
JP Schmoll Chairman
CJ Riordan
PR Voight

HUMAN RESOURCES COMMITTEE

The Directors place emphasis on Golden Circle's people and its human resource practices. As a result the Remuneration Committee during the year changed its name to the Human Resources Committee and expanded its role described within the Committee's charter.

Golden Circle has a performance management system in place for all managers and staff. The system includes processes for the setting of objectives, the annual assessment of performance against objectives, and workplace style and effectiveness.

The Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Chief Executive, Senior Executives and Directors. It evaluates the performance of the Chief Executive and monitors management succession planning.

The Chief Executive and Human Resources Manager are invited to Committee meetings at the discretion of the Committee.

The members of the Human Resources Committee at 31 December 2005 were:
EJJ Pope *Chairman*
AMS Tyndale
L Fullerton

HORTICULTURAL COMMITTEE

The function of the committee is to develop and oversee the implementation of strategic programs to ensure the sustainable and competitive supply of key grower-based inputs.

The Chief Executive and members from the Company's Grower Integration department are invited to Committee meetings at the discretion of the Committee.

The members of the Horticultural Committee at 31 December 2005 were:
EN Di Pasquale *Chairman*
CJ Riordan
L Fullerton
PR Voight

CORPORATE GOVERNANCE

SHARE TRANSFER COMMITTEE

This Committee considers all applications for transfer of shares and determines whether there is any ground for refusing to register the transfer.

The procedures are based on the rules for operation of the Licensed Stock Market and in accordance with Australian Market Licence (Golden Circle Limited) 2004 granted on 17 August 2004.

The members of the Share Transfer Committee at 31 December 2005 were:
EN Di Pasquale
PR Voight

CONTRACT TRANSFER COMMITTEE

This committee operates under a set of rules approved by the Board. It considers whether purchasers of contracts are eligible to hold them.

The members of the Contract Transfer Committee at 31 December 2005 were:
EN Di Pasquale
PR Voight

DIRECTORS DEALING IN COMPANY SHARES BY ELIGIBLE DIRECTORS

Grower Directors are only permitted to buy and sell shares in the Company if they have no knowledge of price sensitive information that has not been made public.

As a standing item at each scheduled Board meeting, the Board considers whether the directors have knowledge of any material matter which is not in the public domain and therefore prohibits share trading by Directors.

AUDITOR INDEPENDENCE

The Audit Committee considered the issue of auditor independence during the year and considers the position of the company does not conflict with auditor independence and the Board supports the views formed by the committee.

In regard to the provision by the external auditor of non-audit services, the committee is of the view that some non-audit services are appropriate, and monitors the provision of those services on a regular basis.

LICENSED STOCK MARKET

Golden Circle Limited operates a financial market through which participants can trade shares in Golden Circle Limited. The market is governed by the Australian Securities and Investments Commission and is operated in accordance with its Operating Rules, Market Procedures and License.

The Audit Committee reviews the operation of the Licensed Stock Market at least twice per year.

CONTINUOUS DISCLOSURE AND COMMUNICATION WITH SHAREHOLDERS

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that may have a material effect on price of the Company's shares. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders.

Shareholders receive updates and direct communications from time to time. Communication is also maintained through the website.

COMPLIANCE

The Company has adopted policies requiring compliance with occupational health and safety, environmental and trade practices laws.

Golden Circle also has staff to monitor and advise on workplace health and safety and environmental issues and in addition, education programs and periodic updates provide training and information on regulatory issues.

A statement regarding the compliance with statutory regulations and other compliance matters signed by the Chief Executive is received by the Board on a monthly basis.

RISK MANAGEMENT AND INTERNAL AUDIT

The Board is responsible for ensuring there are adequate policies and procedures in relation to risk management and internal control systems. These policies and procedures are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Company's business objectives. The Board delegates part of this role to the Audit Committee.

The Corporate Risk Management Policy is monitored by the Senior Executive Team, chaired by the Chief Executive.

ENVIRONMENTAL REGULATION

The Company holds environmental licences in respect of its manufacturing sites. Licences require discharges, including stormwater, to air, land, or water to be below specified levels of contaminants; that noise likely to cause annoyance be prevented; and that solid wastes are to be removed under controlled conditions to appropriate disposal facilities. The Company has developed and implemented an environmental management plan to control, monitor and record all relevant matters covered by the licences. These requirements are provided for under the Environmental Protection laws and relevant local council regulations.

ETHICAL STANDARDS

The Board is committed to a policy of upholding the highest standards of ethical behaviour throughout the organisation. The Board has adopted the Code of Conduct issued by the Australian Institute of Company Directors.

DIRECTORS' REPORT

In respect of the year ended 31 December 2005, the directors of Golden Circle Limited (the Company) submit the following report made out in accordance with a resolution of the Directors:

DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report:

Director		Comment
EJJ Pope	*Chairman*	Mr Pope was appointed as a director and Chairman on 20 May 2005.
CJ Riordan	*Deputy Chairman*	Mr Riordan was appointed as a director and Chairman on 1 April 2005. Mr Riordan continued as the Chairman until 20 May 2005 when Mr Pope took over this role on his appointment to the Board.
JP Schmoll		Mr Schmoll was appointed as a director on 1 April 2005.
L Fullerton		Mr Fullerton ceased acting as a director on 1 April 2005 but was re-appointed on 20 May 2005.
EN Di Pasquale		Mr Di Pasquale was appointed as a director on 14 May 2004 and re-appointed as a director on 20 May 2005.
PR Voight		Mr Voight was appointed as a director on 17 May 2002 and re-appointed on 12 May 2004.
AMS Tyndale		Mr Tyndale was appointed as a director on 1 April 2005.
HNR Nicholson	*Alternate Director*	Mr Nicholson was appointed as Mr Tyndale's alternate on 30 September 2005.
MJ Cruice		Mr Cruice was the Chairman of the Company from the beginning of the financial year until 1 April 2005, when the constitution was amended requiring the Chairman to be an independent director. Mr Cruice ceased acting as a director on 20 May 2005.
DJ Grace		Mr Grace ceased acting as director on 1 April 2005.
GR Pike		Mr Pike ceased acting as director on 1 April 2005.

COMPANY SECRETARY

Mr SJ Ingham was the Company Secretary from the beginning of the financial year until his resignation on 26 August 2005. Mr Ingham holds the position of General Manager of Corporate Services.

Mr DL Hammond was appointed as Company Secretary on 26 August 2005. Mr Hammond is a solicitor, and holds the position of General Counsel. He holds a Bachelor of Science with honours, a law degree and is undertaking a Graduate Diploma in Corporate Governance. Mr Hammond is also the Committee Secretary for the Audit Committee and Horticultural Committee.

PRINCIPAL ACTIVITIES

The principal activities during the financial year were the processing and packaging of fruit and vegetables, and the production and marketing of fruit juices, cordials, carbonated drinks and conserves. There were no significant changes to these activities during the year.

DIVIDENDS

No dividends have been declared in the year ended 31 December, 2005.

REVIEW OF OPERATIONS

Under ASIC Class Order 98/2395, the Company has elected to include the review of operations in the Chairman's Overview, comprising pages 2 to 4 of this annual report.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

> On 1 April 2005 the shareholders approved an increase of $50 million in the Company's contributed equity through the issue of convertible notes. $25 million of the money received from the convertible notes was used to reduce the level of debt of the Company, $23.5 million is being used to invest in capital projects to improve the efficiency in the existing processing facilities and to reduce the Company's operating cost base. The balance of $1.5m was used in the cost of the issue of the convertible notes and as a contingency fund.

> In the year ended 31 December 2005 the Company incurred a net operating loss after tax of $4.69 million. This compares to a net operating loss after tax in 2004 of $19.37 million. The net operating after tax result was impacted by an amount of $5.45 million which represents the amortised "top up" cost of providing the subscriber of the convertible notes with an internal rate of return (IRR) of 21%. It should be pointed out that if the notes are ultimately converted to shares, these amortised amounts will also be converted to shares at that time to "top up" the return to an IRR of 21% for the subscriber (subject to the cap and floor on the percentage of issued capital in the Company).

> In December 2005 the loan provided by the Queensland Treasury Corporation was repaid from the existing bank facilities.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matters or circumstances have arisen since 31 December, 2005 that have significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The Company's operations are subject to environmental regulations under the laws of Queensland, New South Wales and Victoria.

During the year there was one inadvertent incident involving a molasses spillage into Plenty Creek in Victoria. The Board believes the Company has adequate systems in place for the management of its environmental requirements as they apply to the Company and is committed to continuing to improve its current workplace safety and environmental practices.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

An operations restructure plan for the Northgate site was developed in 2005 with $23.5 million from the issue of convertible notes being used to invest in capital projects to improve the efficiency of the existing processing facilities and to reduce the Company's operating cost base. To date $16.3 million has been allocated, which has included the installation of new high speed packing equipment, size grading equipment for beetroot and conveyers from the canned foods area to the food hall. Further capital expenditure will occur from these funds in 2006 to further reduce processing costs and improve operations in the Northgate factory.

SHARES UNDER OPTION

The shareholders approved on 1 April 2005, as part of the $50 million equity raising:

> granting of three options to Babcock & Brown Australia Pty Ltd; and
> granting of two options to Babcock & Brown Direct Investment Fund Ltd.

Each option granted entitles the option holder to a right to require the Company to issue ordinary shares in the Company equal to 1% of the issued capital of the Company at the time the option is exercised. The options are exercisable after the expiry of 3 years for up to 2 years, or until the expiry of any other options granted by the Company before it is listed, whichever is the later. The cash exercise price for the options is the price per share calculated on a per share basis but under the same formula as the price conversion of the convertible notes.

Excluding Babcock & Brown Direct Investment Fund Ltd which will receive shares on the conversion of the convertible notes, no option holder has any right under the options to participate in any other share issue of the Company.

SHARES ISSUED ON THE EXERCISE OF OPTION

There were no shares issued under the exercise of any option during the year.

DIRECTORS' BENEFITS

No director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amounts of emoluments received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company with the director or with a firm of which he is a member, or with an entity in which he has a substantial interest, with the exception of payment for fruit and vegetables supplied by shareholder directors, and payment of legal fees to Hunt & Hunt of which DJ Grace is a partner.

DIRECTORS' INTERESTS IN CONTRACTS

Mr Cruice, Mr Pike, Mr Fullerton and Mr Di Pasquale have material interests in contracts for the supply of pineapples to the Company. Contractual terms and conditions are on the same basis as all other shareholder supply contracts.

Mr Voight has a material interest in a contract for the supply of beetroot. Contractual terms and conditions are on the same basis as other contracted beetroot growers.

During the year the Company engaged the services of Hunt & Hunt Lawyers, a firm of which DJ Grace is a partner. Contractual terms and conditions are on a normal commercial basis.

No other contract in which a director has a material interest has been entered into since the end of the last financial year.

DIRECTORS' AND OFFICERS' INDEMNITIES AND INSURANCE

During the financial year the Company renewed its contract for liability insurance on behalf of its directors and officers.

In accordance with the Company's constitution an officer, auditor or agent of the Company shall be indemnified out of the assets of the Company against any liability incurred by such a person as officer, auditor or agent that does not arise out of a wilful breach of duty in relation to the Company or a breach of Section 184 of the Corporations Law.

The Company has entered into an agreement with the Directors, Company Secretary and Executives of the Company to: (a) indemnify them to the extent permitted by law, against all liabilities that may arise from their position in the Company or a related entity. The agreement stipulates that the Company will meet the full amount of such liabilities, including reasonable legal costs in defending an action for liability; (b) maintain a directors and officers insurance policy; and (c) provide access to necessary documents to be able to defend a claim.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors in the financial year are:

	Board Meetings		Audit Committee Meetings		Horticultural Committee Meetings		Human Resources Committee Meetings	
	A	B	A	B	A	B	A	B
EJJ Pope	8	8	*	*	*	*	3	3
CJ Riordan	10	9	3	3	2	2	*	*
JP Schmoll	10	9	3	3	*	*	*	*
EN Di Pasquale	18	18	*	*	2	2	*	*
PR Voight	18	18	5	5	2	2	*	*
L Fullerton	15	12	2	2	2	2	3	3
AMS Tyndale	10	8	2	1	*	*	3	3
HNR Nicholson		2#	*	*	*	*	*	*
(alternate for Mr Tyndale)								
MJ Cruice	11	11	2	2	*	*	*	*
DJ Grace	8	7	2	2	*	*	*	*
GR Pike	8	8	2	2	*	*	*	*

A Number of meetings held during the time the Director held office during the reporting period
B Number of meetings attended
* Not a member of the relevant committee
\# Mr Nicholson attended these meetings as a guest but was subsequently appointed as Mr Tyndale's alternate on 30/9/05. Between Mr Tyndale and Mr Nicholson there was attendance by a representative of Babcock & Brown at all Board meetings.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/0100 relating to the rounding off of amounts in the directors' report and financial statements, and amounts have accordingly been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

DIRECTORS' REPORT

Director	Qualifications and Experience	Special Responsibilities	Directors' Interest in Shares
Ern Pope	Mr Pope retired from Nestle in 2005 after 38 years in the Food Industry, during which time he held various senior local and international roles, including Managing Director of Nestle Australia, President of Nestle Purina-Asia, Oceania, Africa and the Middle East region. His other current Non-Executive Directorships are with Amcor Ltd, Alesco Corporation Ltd and Foodbank NSW Ltd.	Chairman Chairman of Human Resources Committee	Nil
Chris Riordan	Mr Riordan is a practising lawyer. He was Chairman of SPC Ltd until 2002 and is a director of a number of companies, including Radio Rentals Ltd, Future Capital Development Fund Ltd and Wingara Wine Group Pty Ltd.	Member of Audit Committee Member of Horticultural Committee	Nil
John Schmoll	Mr Schmoll is a chartered accountant with over 30 years corporate and professional experience in the retail and financial services sector. Mr Schmoll was formerly the CFO of Coles Myer Ltd. Mr Schmoll is also a director of Chandler MacLeod Ltd, Housewares Ltd, AWB Ltd and Oroton Group Ltd.	Chairman of Audit Committee	Nil
Andrew Tyndale	Mr Tyndale is senior executive within the Corporate Principal Investment and Funds Management Division at Babcock & Brown, with more than 20 years professional experience in merchant banking. He has a Bachelor of Commerce with honours.	Member of Audit Committee Member of Human Resources Committe	Nil
Lindsay Fullerton	Mr Fullerton grows pineapples and macadamias at Glass House Mountains, where his family has farmed since 1914. He has a Diploma in Horticulture and a Bachelor of Agricultural Science and is director of Fullerton Farms Pty Ltd. He has extensive background on grower representative committees at both State and Federal level.	Member of Horticultural Committee Member of Human Resources Committee	5,388,845 ordinary shares
Eldo Di Pasquale	Mr Di Pasquale is a second generation pineapple grower from the Glass House Mountains, where he has approximately 60ha under pineapples. He has legal qualifications gained through the Solicitor's Board and practised in Brisbane for several years before returning to the family farm.	Chairman of Horticultural Committee	1,593,836 ordinary shares
Peter Voight	Mr Voight is a third generation beetroot farmer from the Lockyer Valley, where his family has supplied Golden Circle since it began processing beetroot. He has considerable experience in production and marketing combined with human resource management.	Member of Audit Committee Member of Horticultural Committee	67,600 ordinary shares
Harry Nicholson *(Alternate Director for Mr Tyndale)*	Mr Nicholson is the Chief Investment Officer of Babcock & Brown Direct Investment Fund. He holds a Bachelor of Engineering (Electrical) and a Masters of Business Administration.		Nil

This report is made in accordance with a resolution of the Directors.

EJJ Pope *Chairman*

BRISBANE 1 MARCH 2006

Andrew Tyndale

Pictured above from left to right: Chris Riordan, Peter Voight, Lindsay Fullerton, Ern Pope, Eldo Di Pasquale and John Schmoll.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Golden Circle Limited for the year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Golden Circle Limited during the period.

Brett Delaney *Partner*

BRISBANE 6 MARCH 2006

Liability limited by a scheme approved under Professional Standards Legislation

2005 FINANCIAL REPORT CONTENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Revenue from continuing operations	4	**390,141**	414,798
Cost of sales		**(268,734)**	(302,439)
Gross profit		**121,407**	112,359
Other income	5	**702**	5,536
Other expenses from continuing operations			
Corporate and administration		**(13,822)**	(20,066)
Marketing and selling		**(68,485)**	(64,123)
Warehouse and distribution		**(29,375)**	(28,191)
Profit/(loss) before interest and related income tax		**10,427**	5,515
Finance costs		**(9,462)**	(10,567)
Investment fee on convertible notes		**(5,452)**	0
Profit/(loss) from continuing operations before related income tax		**(4,487)**	(5,052)
Income tax (expense)/benefit relating to continuing operations	8	**(202)**	(14,314)
Net profit/(loss) from continuing operations after related income tax and net profit/(loss) attributable to members of the parent entity		**(4,689)**	(19,366)

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2005

	Notes	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Current Assets			
Cash and cash equivalents	9	**2,129**	7,476
Receivables	10	**68,890**	62,385
Inventories	11	**67,825**	68,798
Derivative financial instruments	12	**134**	0
Other	13	**2,530**	3,318
		141,508	141,977
Assets classified as held for sale	14	**0**	99
Total Current Assets		**141,508**	142,076
Non-Current Assets			
Property, plant and equipment	15	**134,865**	133,755
Investments	16	**28**	28
Deferred tax assets	17	**102**	56
Intangibles	18	**17,443**	17,929
Total Non-Current Assets		**152,438**	151,768
Total Assets		**293,946**	293,844
Current Liabilities			
Payables	19	**29,884**	31,366
Interest bearing liabilities	20	**29,149**	104,120
Derivative financial instruments	12	**139**	0
Current tax liabilities		**92**	284
Provisions	22	**7,897**	12,041
Other current liabilities	23	**531**	0
Total Current Liabilities		**67,692**	147,811
Non-Current Liabilities			
Interest bearing liabilities	20	**49,386**	17,048
Convertible Notes	21	**49,420**	0
Deferred tax liabilities	24	**0**	0
Provisions	22	**4,538**	1,464
Total Non-Current Liabilities		**103,344**	18,512
Total Liabilities		**171,036**	166,323
Net Assets		**122,910**	127,521
Equity			
Parent entity interest			
Contributed equity	26	**3,272**	3,272
Reserves	27(a)	**61,339**	79,655
Retained profits	27(b)	**58,299**	44,594
Total Equity		**122,910**	127,521

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2005

	Notes	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Total equity at the beginning of the year		**127,521**	146,887
Adjustment to gain on revaluation of property plant and equipment 2004	27(a)	**5**	0
Cash flow hedges, net of tax	12	**73**	0
Net income recognised directly into equity		**78**	0
Profit/(loss) for the year		**(4,689)**	(19,366)
Total recognised income and expense for the year		**(4,611)**	(19,366)
Total equity at the end of the year		**122,910**	127,521

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

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2005

	Notes	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**400,874**	435,109
Payments to suppliers & employees (inclusive of goods & services tax)		**(391,410)**	(392,356)
Interest received		**312**	327
Interest paid		**(7,793)**	(10,567)
Income taxes paid		**(440)**	(37)
Net cash inflow/(outflow) from operating activities	35(b)	**1,543**	32,476
Cash flows from investing activities			
Payments for property, plant and equipment		**(17,001)**	(5,771)
Payments for intangibles		**(183)**	0
Proceeds from sale of property, plant and equipment		**4,739**	5,573
Net cash inflow/(outflow) from investing activities		**(12,445)**	(198)
Cash flows from financing activities			
Proceeds from borrowings		**51,758**	640
Repayment of borrowings		**(46,203)**	(28,171)
Share capital increase		**0**	1
Net cash inflow/(outflow) from financing activities		**5,555**	(27,530)
Net increase/(decrease) in cash held		**(5,347)**	4,748
Cash/(deficit) at the beginning of the financial year		**7,476**	2,728
Cash/(deficit) at the end of the financial year	35(a)	**2,129**	7,476

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Golden Circle Limited comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First-time Adoption of Australian Equivalents to the International Financial Reporting Standards

These financial statements are the first Golden Circle Limited annual financial statements to be prepared in accordance with AIFRSs. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the Company until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Company financial report for the year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures were restated to reflect these adjustments. The Company has taken the exemption available under AASB 1 to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 Jan 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Company's equity and its net income are given at note 37.

Historical Cost Convention

These 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 and loss and certain classes of property, plant and equipment.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Golden Circle Limited as at 31 December 2005 and the results of all controlled entities for the year then ended. Golden Circle Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. The financial results of the consolidated entity and the company are the same. The controlled entities are non-operating entities. The results of the associate entities are not material and are therefore not consolidated into the group.

(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.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Golden Circle Limited's functional and presentation currency.

(ii) 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.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue represents revenue earned from the sale of products and services, net of returns, trade allowances and duties and taxes paid. Sales are recorded when goods have been despatched to the customer pursuant to a sales order and the associated risks have passed to the customer.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction 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 for each jurisdiction.

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.

The deferred tax assets and deferred tax liabilities relating to tax in Australia is not recognised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The deferred tax assets and liabilities have been offset in accordance with AASB 112 Income Tax.

The Company is taxed as a cooperative company under section 117 of the Income Tax Assessment Act 1936.

The consolidated entity has not implemented tax consolidation.

(h) Property, plant and equipment

Property, plant and equipment is measured at deemed cost less depreciation. Subsequent costs are included in the assets carrying amount or recognised as a separate asset. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is generally calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity.

The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	3 to 10 years
Motor vehicles	5 years

Assets of the New Zealand operations are depreciated using the reducing balance method.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

When revalued assets are sold, it is Company policy to transfer the amounts included in the general reserve in respect of those assets to retained earnings.

The balance of the general reserve represents the increment on revalued assets subsequently deemed as cost. This balance in not available for distribution of dividends to shareholders.

(i) Impairment of 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 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).

(j) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market, such as over-the-counter derivatives, is determined using the following valuation techniques. The fair value of interest rate swaps is obtained from the dealers estimation of the instruments market value. This estimation is generally based on the present value of estimated future cash flows. The fair value of forward exchange contracts is obtained from the dealers estimate of the market value determined via forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustment of trade receivables and payables are assumed to approximate their fair values.

(k) Interest bearing liabilities and borrowing costs

Borrowings are initially carried at their fair value, net of transaction costs, and subsequently at amortised cost.

During the year the Company issued $50m redeemable convertible notes with a term of 3 to 5 years.

Redeemable convertible notes are initially measured at fair value less transaction costs. Subsequent to initial recognition at fair value, the redeemable convertible notes are measured at amortised cost. Any difference between the initial carrying amount and the redemption amount (including the investment fee payable on redemption), 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Borrowing costs include:

> interest on bank overdrafts and short and long term borrowings, including amounts paid or received on interest rate swaps
> amortisation of discounts or premiums relating to borrowings
> amortisation of ancillary costs in connection with the arrangement of borrowings including convertible notes
> convertible note coupon paid and payable
> convertible note investment fee fair value accrual
> finance lease charges

(l) Employee benefits

(i) Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other creditors 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.

(ii) Annual leave, sick leave and long service leave

Liabilities for annual leave, accumulating sick leave and long service leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee entitlements 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee entitlements 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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of the Company are entitled to benefits on retirement, disability or death from the Company's superannuation plan. The plan is an accumulated benefits plan only. This plan receives contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Contributions to the accumulated benefits plan are recognised as an expense as they become payable.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions. Bank overdrafts are shown within interest bearing liabilities on the balance sheet.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, which is generally cost, less provision for doubtful debts. Trade receivables are due no more than 30 to 60 days from the end of month of invoice.

Collectibility 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 Company will not be able to collect all amounts due within the terms of the receivable.

(o) Intangible assets

(i) Brand names

Brand names include those acquired during the acquisition of the Original Juice Co. business and are measured at cost.

The lives of these assets are considered indefinite and as such are subject to annual impairment testing – refer note 1(i). The directors are satisfied the carrying value does not exceed the recoverable amount.

(ii) Computer software

Computer software was reclassified from property, plant and equipment to intangibles on transition to AIFRS. According to AASB 138 computer software meets the definition of an intangible asset. Computer software has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of computer software over its estimated useful life being 2-3 years.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is not capitalised.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits. Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at the reporting date are being amortised over periods from 5 to 10 years. Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(r) Website costs

Costs in relation to web sites are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the Company that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits which vary from two to five years.

(s) Dividends

Provision is made for the amount of any dividend declared by the directors on or before the end of the financial year but not distributed at balance date.

(t) Derivative financial instruments

From 1 January to 31 December 2004

The Company has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 January 2005. The Company has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Adjustments on transition date: 1 January 2005
The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes in the carrying amounts of derivatives are taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

From 1 January 2005
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. 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 Company designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

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

(i) 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.

(ii) 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 the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) 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.

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 the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement

(u) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up and liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(v) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(b).

(w) Maintenance and repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(h). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(x) Assets (or disposal groups) held for sale

Assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(y) Contributed equity

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

(z) Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Fixed overheads are allocated on the basis of normal operating capacity.

Costs are assigned to inventory quantities on hand at balance date using a standard cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(aa) Provisions

Provisions are recognised when the Company 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 has been reliably estimated. Provisions are not recognised for future operating losses.

(ab) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) Critical accounting estimates and judgements

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

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge risk exposures.

Risk management is carried out by the Company's treasury function, under policies approved by the Board of Directors, and in consultation with the executive team. Treasury, in conjunction with relevant business personnel, identify risk and develop appropriate methods for managing these in accordance with the approved policies.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company imports a variety of commodities and is therefore exposed to foreign exchange risk arising from currency exposures to the US Dollar.

Forward contracts are entered into by the Company to manage foreign exchange risk. The Company's treasury function is responsible for the day-to-day management of these forward contracts.

The commodity risk management committee will have the discretion to forward cover or delay US$ coverage up to an aggregate level of US$1 million or up to 50% of a single commodity's annual spend. The commodity risk management committee also determine forward price contracts for commodities.

Amounts beyond these values require approval from the Board of Directors.

(ii) Fair value interest rate risk
Refer to (d) below.

(b) Credit risk

The Company has policies in place to ensure that sales of product are made to customers with appropriate credit history.

(c) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash and ensuring the availability of funding through an adequate level of committed credit facilities. The Company's treasury function, in conjunction with senior management, is responsible for the ongoing management of the Company's funding requirements.

(d) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from the utilisation of its credit facilities, with funds borrowed at variable rates exposing the Company to cash flow interest rate risk. The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with other parties to exchange, at quarterly intervals, the difference between fixed contract rates and floating interest rate amounts calculated by reference to notional principal amounts.

3. SEGMENT INFORMATION

(a) Description of Segments

Business segments
The company operates in the food industry and is divided into the following product sales:

Beverage
Includes sales of cordial, soft drinks, tetra juices and chilled juices.

Food
Includes sales of canned fruit and vegetables, jam and babyfood.

Geographical segments
The company operates in two main geographical areas:

Australia
The home country of the parent entity. All manufacturing takes place in this region.

New Zealand
A branch of the parent company operates in this region. Product is imported from the parent and sold by the branch to customers in New Zealand.

3. SEGMENT INFORMATION (CONT)

(b) Primary reporting format – business segments

Segment Reporting 2005	Beverage	Food	Eliminations /Unallocated	Consolidated
Sales to external customers	**239,513**	**145,776**	**3,490**	**388,779**
Other revenue/income			**2,064**	**2,064**
Total segment revenue	**239,513**	**145,776**	**5,554**	**390,843**
Segment result	**55,707**	**38,952**	**(99,146)**	**(4,487)**
Profit/(loss) from ordinary activities before income tax expense				**(4,487)**
Income tax (expense)/benefit				**(202)**
Profit/(loss) from ordinary activities after income tax expense				**(4,689)**
Net profit/(loss)				**(4,689)**
Segment assets			**293,946**	**293,946**
Segment liabilities			**171,036**	**171,036**
Acquisition of property, plant and equipment, intangibles and other non-current segment assets			**(17,184)**	**(17,184)**
Depreciation and amortisation expense			**12,430**	**12,430**
Write down of intangibles			**0**	**0**
Write down of property, plant and equipment			**74**	**74**

Segment Reporting 2004	Beverage	Food	Eliminations /Unallocated	Consolidated
Sales to external customers	245,193	153,074	15,813	414,080
Other revenue/income			6,254	6,254
Total segment revenue	245,193	153,074	22,067	420,334
Segment result	7,652	(3,873)	(8,831)	(5,052)
Profit/(loss) from ordinary activities before income tax expense				(5,052)
Income tax (expense)/benefit				(14,314)
Profit/(loss) from ordinary activities after income tax expense				(19,366)
Net profit/(loss)				(19,366)
Segment assets			293,844	293,844
Segment liabilities			166,323	166,323
Acquisition of property, plant and equipment, intangibles and other non-current segment assets			5,771	5,771
Depreciation and amortisation expense			13,052	13,052
Write down of intangibles			7,357	7,357
Write down of property, plant and equipment			3,246	3,246

Comparative information has been restated where appropriate.

(c) Secondary reporting format – geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisition of property, plant and equipment, intangibles and other non-current segment assets	
	2005 $000	2004 $000	2005 $000	2004 $000	2005 $000	2004 $000
Australia	**351,828**	373,408	**287,240**	288,243	**(17,185)**	5,768
New Zealand	**36,951**	40,672	**6,706**	5,601	**1**	3
	388,779	414,080	**293,946**	293,844	**(17,184)**	5,771

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
4. REVENUE		
Sales Revenue		
Sale of goods	**385,141**	409,417
Other revenue	**3,638**	4,663
	388,779	414,080
Other Revenue		
Interest received	**312**	328
Rentals	**152**	39
Royalties	**362**	277
Other	**536**	74
	1,362	718
Revenue from ordinary activities	**390,141**	414,798
5. OTHER INCOME		
Gain from sale of property, plant & equipment	**579**	5,573
Government Grants	**0**	404
Foreign exchange gain/(loss)	**123**	(441)
Other Income	**702**	5,536

6. CORRECTION OF ERROR, REVISION OF ESTIMATES

(a) Correction of errors

There were no material correction of errors relating to prior years.

(b) Revision of useful lives of intangibles – computer software

During the year the remainder of the estimated useful lives of the entire Company's computer software was revised. The useful lives of computer software has been reduced to 2.5 years or 30 months. The net effect of this revision in the current year was an increase to amortisation expense for the Company of $298,000.

The fixed asset registers have been reconstructed post 2004 valuation. It is therefore impracticable to forecast the impact on future periods.

(c) Revision of useful lives of plant and equipment

At the commencement of this financial year management undertook a process of reviewing the condition of the plant at the Original Juice site in Mill Park, Victoria.

This review also supported the complete revaluation undertaken in 2004. The remaining useful lives of the property, plant and equipment were subsequently revised and increased. The impact on the 2005 annual depreciation was a saving of approximately $320,000.

7. EXPENSES

	2005 $000	2004 $000
Depreciation		
Buildings	**893**	902
Plant and equipment	**10,773**	12,028
Motor vehicles	**93**	122
Total depreciation	**11,759**	13,052
Charges against intangibles		
Amortisation of computer software	**669**	351
Write off of patents	**0**	6
Write down of brand names	**0**	7,000
Total charges against intangibles	**669**	7,357
Other charges against assets		
Write (back)/down of inventories to net realisable value	**(2,418)**	261
Write down of property, plant & equipment to recoverable amount	**74**	3,246
Bad and doubtful debts	**(209)**	187
Total other charges against assets	**(2,553)**	3,694
Finance costs expensed	**9,462**	10,567
Investment fee on convertible notes	**5,452**	0
Total borrowing costs	**14,914**	10,567
Employee benefits expense	**66,147**	71,920
Rental expense on operating leases – minimum lease payments	**6,199**	4,946
Research and development	**462**	291

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
8. INCOME TAX EXPENSE		
(a) Income Tax expense		
Current tax	**202**	14,437
Deferred tax	**0**	0
Under (over) provided in prior years	**0**	(123)
Income tax expense attributable to continuing operations	**202**	14,314
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable/(benefit)		
Profit/(loss) from continuing operations before income tax expense	**(4,487)**	(5,052)
Income tax on operating profit/(loss)		
Tax at the Australian tax rate of 30%	**(1,346)**	(1,516)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Loan repayments under Section 120 of the Income Tax Assessment Act 1936	**(6,720)**	(3,360)
Brand names	**(4,650)**	6,793
Entertainment	**16**	10
Sundry items	**206**	(2,269)
	(12,494)	(342)
Under/(over) provision in prior year	**0**	(123)
Deferred tax assets and liabilities de-recognised	**0**	13,900
Income tax expense/(benefit) not recognised due to carry forward tax losses	**12,678**	830
Differences in overseas tax rates, NZ tax @ 33%	**18**	49
Income tax expense/(benefit)	**202**	14,314
(c) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**104,773**	83,497
Potential tax benefit @ 30%	**31,432**	25,049

The benefit for tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or

(ii) the losses are transferred to an eligible entity in the consolidated entity, and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

9. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**2,129**	7,476

Reconciliation to cash at the end of the year

The cash at bank and on hand is identical to the cash at the end of the financial year in the statement of cash flows.

10. CURRENT ASSETS – RECEIVABLES		
Trade receivables	**67,871**	61,816
Less: Provision for doubtful debts	**(234)**	(552)
	67,637	61,264
Sundry receivables	**1,253**	1,121
	68,890	62,385

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
11. CURRENT ASSETS – INVENTORIES		
Raw materials and stores – at cost	**16,112**	15,071
Finished goods		
At cost	**50,188**	52,018
At net realisable value	**3,285**	3,228
	53,473	55,246
Less: Provision for obsolescence	**(1,760)**	(1,519)
	67,825	68,798
12. DERIVATIVE FINANCIAL INSTRUMENTS		
Current assets		
Forward foreign exchange contracts – cash flow hedges	**72**	0
Interest rate swaps – fair value hedges	**62**	0
Total current derivative financial instrument assets	**134**	0
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	**0**	0
Interest rate swaps – fair value hedges	**139**	0
Total current derivative financial instrument liabilities	**139**	0
	(5)	0

(a) Instruments used by the Company

The Company is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

(i) Interest rate swap contracts – fair value hedges

Bank loans of Golden Circle Limited currently bear an average variable interest rate of 6.46%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Company has entered into interest rate swap contracts which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps in place cover approximately 72% (2004 – 54%) of the loan principal outstanding and are timed to expire when loan repayments are expected to fall due. The fixed interest rates range between 4.8% and 6.7% (2004 – 4.8% and 6.7%) and the variable rates are on average 0.1% (2004 – 0.1%) below the 90 day bank bill rate which at balance date was 5.6% (2004 – 5.4%).

At 31 December 2005 the notional principal amounts and periods of expiry of the interest rate swaps contracts are as follows:

	2005 $000	2004 $000
Less than 1 year	**51,200**	0
1-2 years	**0**	62,400
2-3 years	**0**	0
3-4 years	**0**	0
4-5 years	**0**	0

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates do not coincide with the dates on which the interest is payable on the underlying debt.

The gain or loss from remeasuring the hedging instrument at fair value is recognised through profit and loss.

(ii) Forward exchange contracts – cash flow hedges

Forward exchange contracts are entered into for the purpose of covering purchase commitments. At balance date details of outstanding contracts, all of which mature within 12 months, are:

	Australian dollar value of contracts 2005 $000	2004 $000	Average exchange rate 2005 $000	2004 $000
Buy US Dollars	**4,701**	3,045	**0.7452**	0.6996

The portion of the gains or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity.

The gains or losses are subsequently recognised into profit or loss when the cash outflow relating to the purchase occurs.

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
13. CURRENT ASSETS – OTHER		
Security deposits	**5**	5
Convertible notes transaction costs	**0**	306
Prepayments	**2,525**	3,007
Total current other assets	**2,530**	3,318
14. CURRENT ASSETS – NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Land held for sale located at Stanthorpe	**0**	99
15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
Freehold land		
At cost	**19,481**	22,021
Buildings and improvements		
At cost	**33,915**	35,034
Less accumulated depreciation	**(1,092)**	(230)
	32,823	34,804
Total land and buildings	**52,304**	56,825
Plant and equipment		
At cost	**103,108**	86,903
Less accumulated depreciation	**(26,251)**	(16,297)
	76,857	70,606
Plant and equipment under finance lease	**7,066**	6,923
Less accumulated depreciation	**(1,413)**	(741)
	5,653	6,182
Total plant and equipment	**82,510**	76,788
Motor vehicles		
At cost	**468**	656
Less accumulated depreciation	**(417)**	(514)
Total motor vehicles	**51**	142
Total property, plant and equipment	**134,865**	133,755

Valuations

The most recent valuation was completed and recognised in 2004. This valuation was deemed as cost upon transition to AIFRS at 1 January, 2004.

The basis of valuation of land and buildings was fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The revaluations were based on independent assessments by Taylor Byrne Pty Ltd and Rushton (Qld) Pty Ltd, members of the Australian Property Institute.

Non-current assets pledged as security

Refer to Note 20 for information on non-current assets pledged as security by the consolidated entity.

Recoverable amount

During 2004 some items of plant and equipment were written down to their recoverable amount. These items of plant were either closed permanently from operations or are planned to be discontinued during the 2005 and 2006 restructure. The future economic benefits of these assets ceased to exist at reporting date or at planned intervals in 2005 and 2006. Their carrying amounts were written down to their recoverable amounts accordingly.

15. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONT)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Land $000	Buildings $000	P&E $000	Vehicles $000	Total $000
At 1 January, 2004					
Cost	23,594	36,483	92,001	2,003	154,081
Accumulated depreciation	0	0	(5,010)	(787)	(5,797)
Net book amount	23,594	36,483	86,991	1,216	148,284
Year ended 31 December, 2004					
Additions	27	33	6,372	(726)	5,706
Disposals	(1,600)	(810)	(1,301)	(226)	(3,937)
Write down of property, plant & equipment (note 7)	0	0	(3,246)	0	(3,246)
Depreciation (note 7)	0	(902)	(12,028)	(122)	(13,052)
Closing net book amount	22,021	34,804	76,788	142	133,755
At 31 December, 2004					
Cost	22,021	35,034	93,826	656	151,537
Accumulated depreciation	0	(230)	(17,038)	(514)	(17,782)
Net book amount	22,021	34,804	76,788	142	133,755

	Land $000	**Buildings $000**	**P&E $000**	**Vehicles $000**	**Total $000**
Year ended 31 December, 2005					
Additions	**91**	**0**	**16,873**	**37**	**17,001**
Disposals	**(2,670)**	**(1,048)**	**(309)**	**(35)**	**(4,062)**
Revaluation decrement (note 27(a))	**0**	**0**	**5**	**0**	**5**
Reclassify land improvements out of buildings	**40**	**(40)**	**0**	**0**	**0**
Write down of property, plant & equipment (note 7)	**0**	**0**	**(74)**	**0**	**(74)**
Depreciation (note 7)	**0**	**(893)**	**(10,773)**	**(93)**	**(11,759)**
Closing net book amount	**19,481**	**32,823**	**82,510**	**51**	**134,865**
At 31 December, 2005					
Cost	**19,481**	**33,915**	**110,174**	**468**	**164,037**
Accumulated depreciation	**0**	**(1,092)**	**(27,664)**	**(417)**	**(29,172)**
Net book amount	**19,481**	**32,823**	**82,510**	**51**	**134,865**

16. NON-CURRENT ASSETS – INVESTMENTS MEASURED AT COST

		Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Name of Company	Ownership interest	**Carrying Amount**	Carrying Amount
Riversun Export Pty Ltd	3.7%	**7**	7
Murrumbidgee Irrigation Limited	0.01%	**0**	0
Australian Joint Citrus Exporters Pty Ltd	50%	**8**	8
Machine Cuisine Pty Ltd	40%	**0**	0
Pineapples Australia Pty Ltd	50%	**13**	13
Carrying amount of investments		**28**	28

The above represents investment in associated entities. Due to the minor investment in and trading results of the associates and consistent with prior years they have not been equity accounted.

Pineapples Australia Pty Ltd pay the Company a monthly royalty based on the sales of pineapples. This royalty is disclosed in Note 4.

The investments are measured at cost.

17. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Amounts recognised in profit and loss		
Doubtful debts	**70**	166
Employee benefits	**3,392**	3,484
Provisions for inventory	**533**	456
Provisions for asset write downs	**938**	974
Retirement benefit obligations	**137**	137
Accruals	**93**	106
Fair value hedges	**42**	0
Convertible note investment fee	**1,636**	0
Finance leases	**155**	52
Software development	**137**	103
Patents	**9**	9
Carried forward losses	**0**	16,205
Sundry	**6**	3
	7,148	21,695
Set-off of deferred tax liabilities pursuant to set-off provisions	**(10,856)**	(16,031)
Deferred assets de-recognised	**0**	(13,900)
Deferred assets not recognised due to carry forward losses	**3,810**	8,292
Net deferred tax assets	**102**	56

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	2005	2004
Brand names	**25,350**	25,350
Less: Accumulated amortisation and impairment	**(8,199)**	(8,199)
Total brand names	**17,151**	17,151
Computer software	**3,165**	2,982
Less: Accumulated amortisation	**(2,873)**	(2,204)
Total computer software	**292**	778
Total intangible assets	**17,443**	17,929

	Brand names $000	Patent and Trademarks $000	Computer Software $000	Total $000
At 1 January 2004				
Cost	25,350	6	2,917	28,273
Accumulated depreciation and impairment	(1,199)	0	(1,853)	(3,052)
Net book amount	24,151	6	1,064	25,221
Year ended 31 December 2004				
Additions	0	0	65	65
Amortisation charge	0	0	(351)	(351)
Impairment	(7,000)	0	0	(7,000)
Write down of asset	0	(6)	0	(6)
Closing net book amount	17,151	0	778	17,929
At 31 December 2004				
Cost	25,350	0	2,982	28,332
Accumulated amortisation and impairment	(8,199)	0	(2,204)	(10,403)
Net book amount	17,151	0	778	17,929

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS (CONT)

	Brand names $000	Patent and Trademarks $000	Computer Software $000	Total $000
Year ended 31 December 2005				
Additions	**0**	**0**	**183**	**183**
Amortisation charge	**0**	**0**	**(669)**	**(669)**
Impairment	**0**	**0**	**0**	**0**
Closing net book amount	**17,151**	**0**	**292**	**17,443**
At 31 December 2005				
Cost	**25,350**	**0**	**3,165**	**28,515**
Accumulated amortisation and impairment	**(8,199)**	**0**	**(2,873)**	**(11,072)**
Net book amount	**17,151**	**0**	**292**	**17,443**

(a) Impairment tests for brand names

The Popper brand name and the OJC brand name are recognised as intangible assets with indefinite useful lives.

The recoverable amount of the Popper brand name is determined using the value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering 1 – 3 years. Cash Flows beyond these years are extrapolated using estimated growth rates.

The growth rate generally reflects management's expectation of CPI increases over the same time period.

The recoverable amount of the OJC brand name is determined using fair value less costs to sell. This amount is based on the best information available in the market the company could obtain from the disposal of the brand name in an arm's length transaction between knowledgeable, willing parties.

(b) Key assumptions used for value-in-use calculations

	Growth rate 2005 %	Growth rate 2004 %	Discount rate 2005 %	Discount rate 2004 %
Popper brand name	**2.5**	2.5	**11.1**	12.8

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

19. CURRENT LIABILITIES – PAYABLES

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Trade creditors	**17,275**	23,550
Other creditors	**2,585**	3,072
Accruals	**10,024**	4,744
Total current liabilities – payables	**29,884**	31,366

20. LIABILITIES – INTEREST BEARING LIABILITIES

	2005	2004
Current		
Cash advance	**27,000**	0
Insurance Loan	**1,367**	0
Commercial bills	**0**	92,000
Lease liabilities (note 33)	**782**	600
Other loans	**0**	11,520
	29,149	104,120
Non Current		
Receivables Acquisition Facility	**44,000**	0
Lease liabilities (note 33)	**5,386**	5,848
Other loans	**0**	11,200
	49,386	17,048

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000

20. LIABILITIES – INTEREST BEARING LIABILITIES (CONT)

(a) Assets pledged as security

The bank facility is secured by a fixed and floating charge over the assets and undertakings of the Company.

(b) Cash advance

The cash advance has been drawn as a source of short-term financing on a needs basis.

The cash advance facility totals $27,000,000 of which:
$5,000,000 matures in January 2006 and bears an interest rate of 6.74%
$22,000,000 matures in January 2006 and bears an interest rate of 6.76%

The Receivables Acquisition Facility of $44,000,000 is secured by the current Receivables balance which is reviewed monthly and bears an interest rate of 6.28%.

Refer to Note 29(d) in relation to credit facilities

21. LIABILITIES – CONVERTIBLE NOTES

The Company issued 50,000,000 convertible notes for $50 million on 15 April 2005. These notes are convertible into ordinary shares of the company, at the option of the holder, or repayable after 3 years has lapsed. The notes may be converted into shares based on the agreed financial return of 21% per annum on the issue price of each convertible note, divided by the equity value of the company at the time of the conversion.

The convertible notes are presented in the statement of financial position as follows:

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Face value of notes issued	**50,000**	0
Transaction costs relating to issue	**(1,813)**	0
	48,187	0
Interest expense*	**3,288**	0
Interest paid	**(2,055)**	0
Non-current liability	**49,420**	0

* Interest expense is calculated by applying the effective interest rate of 9.4% to the liability component.

22. LIABILITIES – PROVISIONS

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Current		
Employee entitlements	**6,733**	9,366
Workers compensation liabilities	**1,164**	2,675
Total current provisions	**7,897**	12,041
Non current		
Employee entitlements	**4,538**	1,464
Total non-current provisions	**4,538**	1,464
Aggregate employee entitlement liabilities		
Current	**6,733**	9,366
Non current	**4,538**	1,464
	11,271	10,830
Employee numbers		
Average number of employees during the financial year	**1,305**	1,404

23. LIABILITIES – OTHER CURRENT LIABILITIES

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Deferred Income	**531**	0

The deferred income represents the rebate received in advance from Amcor for the 2006 financial year.

24. LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Amounts recognised in profit and loss		
Consumables	**14**	13
Prepayments	**62**	34
Property, plant and equipment	**3,861**	3,965
Brand names	**495**	5,102
Provision for inventory	**0**	33
Sundry	**11**	6
Deferred tax liabilities	**4,443**	9,153
Amounts recognised directly in equity		
Property, plant and equipment	**6,391**	6,878
Cash flow hedges	**22**	0
	6,413	6,878
	10,856	16,031
Set-off of deferred tax liabilities pursuant to set-off provisions	**(10,856)**	(16,031)
Net deferred tax liabilities	**0**	0

25. RETIREMENT BENEFIT OBLIGATIONS

Superannuation Plan

All employees of the Company are entitled to benefits from the Company's superannuation plan on retirement, disability or death. The Company has an accumulated benefits plan. This plan receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

26. CONTRIBUTED EQUITY

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Share Capital		
Ordinary Shares		
82 376 824 (2004 refer below)	**2,659**	0
A class shares		
(2004: 2,393,874) Ordinary shares issued and fully paid	**0**	2,393
B class shares		
(2004: 266,081) Ordinary shares issued and fully paid	**0**	266
Transferred from share premium reserve	**575**	575
Transferred from capital redemption reserve	**38**	38
	3,272	3,272
Reconciliations:		
Reconciliations of movement in contributed equity is set out below:		
Balance at beginning of year		
A class shares	**2,393,874**	2,393,874
B class shares	**266,081**	265,881
	2,659,955	2,659,755
Shares converted to ordinary shares		
20 January 2005		
A class shares	**(2,393,874)**	0
B class shares	**(266,081)**	0
Converted to ordinary shares	**82,376,824**	
Shares issued (2004: B class)	**0**	200
Shares redeemed	**0**	0
Balance at 31 December 2005	**82,376,824**	2,659,955

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000

26. CONTRIBUTED EQUITY (CONT)

Change in rights
The shareholders approved on 10 December 2004, effective 20 January 2005, a variation of A class rights to mirror those of B class shares and then the subsequent divisions of A and B class shares into a greater number. All shares were renamed ordinary shares and carry the same entitlements and rights. As at 20 January 2005 there were 82,376,824 fully paid ordinary shares on issue.

Dividend entitlement
All shares carry the same dividend entitlement.

Voting rights
All shares carry the same voting rights of 1 vote per share.

Return on capital
All shares receive the same return on capital.

27. RESERVES AND RETAINED PROFITS

(a) Reserves

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
General reserve	**61,266**	79,655
Hedging reserve – cash flow hedges	**73**	0
	61,339	79,655
Movements:		
General Reserve		
Reserve at the beginning of the financial year	**79,655**	79,655
Transfer to retained earnings the revaluation increment on property, plant and equipment subsequently sold	**(18,394)**	0
Increment on revaluation of property, plant and equipment during the financial year	**5**	0
	61,266	79,655
Hedging reserve – cash flow hedges		
Reserve at the beginning of the financial year	**0**	0
Revaluation – gross (note 12)	**73**	0
	73	0

(b) Retained profits

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Retained profits/(losses) at the beginning of the financial year	**44,594**	63,960
Transfer from the general reserve the revaluation increment on property, plant and equipment subsequently sold	**18,394**	0
Net profit/(loss) attributable to members of Golden Circle Limited	**(4,689)**	(19,366)
Retained profits at the end of the financial year	**58,299**	44,594

(c) Nature and purpose of reserves

(i) General reserve

The general reserve represents the increments and decrements on the revaluation of non-current assets in prior years.

In 2004, under the adoption of IFRS, the board agreed to deem the previously revalued property, plant and equipment as cost on transition to IFRS.

The balance of the asset revaluation reserve was transferred to the general reserve. The increments making up the general reserve may be transferred to retained earnings upon disposal of an asset that was previously revalued. Subject to Australian income tax laws, the revaluation increments on revalued assets are classified as unrealised profits. These amounts are not available for the distribution of franked dividends to shareholders. $18.39 million was transferred from the general reserve to retained earnings in this financial year. This represents the 1991 revaluation increment on property, plant and equipment that has subsequently been sold.

(ii) Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(t). Amounts are recognised in the profit and loss when the associated hedged transaction effects profit and loss.

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000

28. DIVIDENDS

Dividends provided for and/or paid
No dividends were provided for or paid during the financial year (2004 provided and paid: nil).

Franking credits
Balance of franking credits available for use as at 31 December 2005 was $18,580,173 (31 December 2004 $18,580,173).

29. FINANCIAL INSTRUMENTS

Golden Circle Limited and its controlled entities are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates and to trade.

(a) Exposure on items not hedged

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Current amounts receivable in:		
New Zealand dollars	**2,713**	2,314
US dollars	**81**	5
Current amounts payable in:		
New Zealand dollars	**928**	747
US dollars	**0**	0
Japanese yen	**8**	0
Singapore dollars	**5**	0

(b) Forward exchange contracts

Refer note 12.

(c) Interest rate swaps

Refer note 12.

(d) Standby arrangements and credit facilities

National Australia Bank has provided financial accommodation to Golden Circle through the facilities detailed in Note 20.

The Company has access to:

Credit standby arrangements, subject to annual review:

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Secured overdraft facility	**3,000**	3,000
Amount of credit unused	**3,000**	3,000
Secured commercial bill facility	**0**	70,100
Amount of credit unused	**0**	7,300
Receivables securitisation facility	**45,000**	45,000
Amount of credit unused	**1,000**	9,000
Secured documentary credit facility	**0**	2,200
Amount of credit unused	**0**	2,000
Secured loan facilities	**0**	5,600
Amount of facility unused	**0**	80
Bank loan facilities	**0**	22,400
Amount of facility unused	**0**	0
Cash advance facility	**27,000**	0
Amount of facility unused	**0**	0
Multi-Option trade facility	**2,000**	0
Amount of facility unused	**2,000**	0
Corporate on-line facility	**10,000**	0
Amount of facility unused	**10,000**	0
Business purchase card facility	**200**	0
Amount of facility unused	**200**	0

Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount net of any provision for doubtful debts.

29. FINANCIAL INSTRUMENTS (CONT)

(e) Interest rate risk exposure (2005)

	Notes	Floating Interest Rate Maturities 1 year Or less $'000	1 to 5 Years $'000	6 to 10 Years $'000	Fixed Interest Rate Maturities 1 year Or less $'000	1 to 5 Years $'000	Non Interest Bearing $'000	Total $'000
As at 31 December 2005								
Financial assets								
Cash	9	2,129	0	0	0	0	0	2,129
Receivables	10	0	0	0	0	0	68,890	68,890
Derivative financial assets	12	0	0	0	0	0	134	134
Other assets – investments	13	0	0	0	0	0	28	28
Total financial assets		2,129	0	0	0	0	69,052	71,181
Weighted average interest rate		5.00%	0	0	0	0	0	
Financial liabilities								
Accounts payable	19	0	0	0	0	0	29,884	29,884
Insurance Loan	20	0	0	0	1,367	0	0	1,367
Cash Advance Facility	20	27,000	0	0	0	0	0	27,000
Receivables securitisation	20	44,000	0	0	0	0	0	44,000
Convertible Note	21	0	49,420	0	0	0	0	49,420
Derivative Financial Liability	12	0	0	0	139	0	0	139
Finance leases	33	782	2,686	2,700	0	0	0	6,168
Total financial liabilities		71,782	52,106	2,700	1,506	0	29,884	157,978
Weighted average interest rate		6.46%	7.48%	7.20%	5.70%	0	0	
Net financial assets/(liabilities)		(69,653)	(52,106)	(2,700)	(1,506)	0	39,168	(86,797)

	Notes	Floating Interest Rate Maturities 1 year Or less $'000	1 to 5 Years $'000	6 to 10 Years $'000	Fixed Interest Rate Maturities 1 year Or less $'000	1 to 5 Years $'000	Non Interest Bearing $'000	Total $'000
As at 31 December 2004								
Financial assets								
Cash	9	7,476	0	0	0	0	0	7,476
Receivables	10	0	0	0	0	0	62,385	62,385
Other assets – investments	13	0	0	0	0	0	28	28
Total financial assets		7,476	0	0	0	0	62,413	69,889
Weighted average interest rate		4.65%	0	0	0	0	0	
Financial liabilities								
Accounts payable	19	0	0	0	0	0	31,366	31,366
Commercial bills	20	56,000	0	0	0	0	0	56,000
Receivables securitisation	20	36,000	0	0	0	0	0	36,000
Derivative Financial Liability*	12	0	(62,400)	0	0	62,400	0	0
Finance leases	33	600	2,161	3,687	0	0	0	6,448
Other loans	20	11,200	11,200	0	0	0	320	22,720
Total financial liabilities		103,800	(49,039)	3,687	0	62,400	31,686	152,534
Weighted average interest rate		5.53%	5.79%	7.20%	0	5.64%	0	
Net financial assets/(liabilities)		(96,324)	49,039	(3,687)	0	(62,400)	30,727	(82,645)

* Notional principal amounts

29. FINANCIAL INSTRUMENTS (CONT)

(f) Net fair value of financial assets and liabilities

(i) On balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2005 Carrying Amount $'000	Net Fair Value* $'000	2004 Carrying Amount $'000	Net Fair Value $'000
On-balance sheet financial instruments				
Financial assets				
Cash	2,129	2,129	7,476	7,476
Trade debtors	68,890	68,890	62,385	62,385
Derivative financial instruments	134	134	0	949
Other financial assets	28	28	28	28
Total non-traded financial assets	71,181	71,181	69,889	70,838
Total financial assets	71,181	71,181	69,889	70,838
Financial liabilities				
Commercial bills	0	0	56,000	56,000
Insurance Loan	1,367	1,367	0	0
Cash advance facility	27,000	27,000	0	0
Receivables securitisation	44,000	44,000	36,000	36,000
Convertible Notes	49,420	49,420	0	0
Finance leases	6,168	6,168	6,448	6,448
Other loans	0	0	22,720	22,720
Derivative financial instruments	139	139	0	527
Other liabilities	29,884	29,884	31,366	31,366
Total non-traded financial liabilities	157,978	157,978	152,534	153,061
Total financial liabilities	157,978	157,978	152,534	153,061
Off-balance sheet financial instruments				
Financial assets				
Forward exchange contracts	0	0	0	949
Interest rate swaps	0	0	0	0
Total financial assets	0	0	0	949
Financial liabilities				
Forward commodity contracts	0	0	0	0
Forward exchange contracts	0	0	0	321
Interest rate swaps	0	0	0	206
Total financial liabilities	0	0	0	527

* Net Fair Value is based on 30 or 90 day bill rates as at 31 December 2005.

30. DIRECTOR AND EXECUTIVE DISCLOSURES

Directors

The following persons were directors of Golden Circle Limited during the financial year:

Chairman
Michael Cruice (resigned 20 May 2005)
Ernest Pope (appointed 20 May 2005)

Deputy Chairman
Gary Pike (resigned 20 May 2005)
Christopher Riordan (appointed 1 April 2005)

Other Directors
Eldo Di Pasquale
Lindsay Fullerton (resigned 1 April 2005 and reappointed 20 May 2005)
David Grace (resigned 1 April 2005)
Peter Voight
John Schmoll (appointed 1 April 2005)
Andrew Tyndale (appointed 1 April 2005)

Executives with the greatest authority for strategic direction and management

The following persons were the executives with the greatest authority for the strategic direction and management of the Company ("specified executives") during the financial year:

Steve Morrow	Chief Executive
Steve Ingham	General Manager – Corporate Services
Bernard Kelly (resigned 2 September 2005)	General Manager – Supply Chain & Operations
John Zillmann (promoted 1 September 2005)	General Manager – Supply Chain & Operations
Chris Line (resigned 29 April 2005)	General Manager – Original Juice Division
Geoff Sloane (appointed 18 July 2005, resigned 20 December 2005)	General Manager – Original Juice Division
David Marquet	General Manager – Finance & Administration
Stephen Riley (resigned 13 May 2005)	General Manager – Sales & Marketing
Tony Scanlan (appointed 23 May 2005)	General Manager – Sales & Marketing
Peter Swain (promoted 1 July 2005)	Technical Services Manager

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

The remuneration of directors should reflect the complexity and diverse nature of Golden Circle Limited as well as the increasing compliance and corporate governance responsibilities.

Committee fees are included in director remuneration. The human resources committee reviews from time to time directors' fees to ensure that they are competitive with the market.

The human resources committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Chief Executive and senior executives.

Remuneration levels are competitively set to attract and retain the most qualified and experienced professionals. The human resources committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and markets.

The annual review of senior executives' remuneration packages takes account of market comparisons for similar sized roles in other major corporations in the fast moving consumer goods (FMCG) industry.

Other factors include performance of the incumbent, the appropriate mix of skills and experience and the performance of individual business areas.

Appropriate market data is collected from national surveys and other sources where appropriate.

Should the Company achieve a pre determined profit target set by the board of directors then a short-term incentive (STI) pool is available for executives for allocation during the annual review. Cash incentives (bonuses) are payable on 31 March each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executive out-performance.

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisation or business unit performance. For senior executives the maximum target bonus opportunity is 60% of total base salary for the Chief Executive and 40% for all other executives.

Each year, the human resources committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

Contracts for the Chief Executive, General Manager – Sales & Marketing and General Manager – Finance & Administration provide for 6 months notice of termination by the Company and in the case of termination because of a takeover of the Company (excluding fundraising) provides for a payment in lieu of notice of twelve months.

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONT)

Details of remuneration

Details of the remuneration of each director of Golden Circle Limited and specified executives, including their personally-related entities, are set out in the following tables.

Directors

2005			Short-term	Post Employment	
Name			Cash Salary & Fees (1) $	Superannuation (2) $	Total $
MJ Cruice	(From 01/01/05 to 20/05/05)		20,504	1,636	22,140
EJJ Pope	(From 20/05/05 to 31/12/05)	(3)	70,184	6,317	76,501
GR Pike	(From 01/01/05 to 01/04/05)		6,795	2,621	9,416
L Fullerton			40,605	2,588	43,193
PR Voight			49,431	6,982	56,413
DJ Grace	(From 01/01/05 to 01/04/05)	(4)	8,584	0	8,584
EN Di Pasquale			48,372	3,179	51,551
CJ Riordan	(From 01/04/05 to 31/12/05)	(5)	45,000	0	45,000
JP Schmoll	(From 01/04/05 to 31/12/05)		48,045	4,324	52,369
AMS Tyndale	(From 01/04/05 to 31/12/05)		0	0	0
Total			337,520	27,647	365,167

(1) Cash Salary & Fees include allowance for travel
(2) Superannuation contribution includes salary sacrifice amounts
(3) $19,478 of the Cash Salary & Fees disclosed for Mr Pope includes an adjustment to his remuneration for the entire year of 2005 whilst acting as Chairman. Additional superannuation contributions were made amounting to $1,753. This adjustment was subsequently paid in January 2006.
(4) $8,206 of the Cash Salary & Fees disclosed for Mr Grace were paid to Hunt & Hunt Lawyers, a firm of which he is a partner. Accordingly superannuation contributions were not deducted. The fees were also subject to GST.
(5) $45,000 of the Cash Salary & Fees disclosed for Mr Riordan were paid to C J Riordan Pty Ltd. Accordingly superannuation contributions were not deducted. The fees were also subject to GST.

2004			Short-term	Post Employment	
Name			Cash Salary & Fees (1) $	Superannuation (2) $	Total $
MJ Cruice		(3)	61,763	3,240	65,003
GR Pike			21,054	3,401	24,455
L Fullerton			23,105	1,819	24,924
PR Voight			23,618	2,921	26,539
DJ Grace		(4)	24,838	0	24,838
JR Kennedy	(From 01/01/04 to 14/05/04)		10,025	902	10,927
AA Smerdon	(From 01/01/04 to 14/05/04)		10,797	916	11,713
EN Di Pasquale	(From 14/05/04)		15,063	1,253	16,316
Total			190,263	14,452	204,715

(1) Cash Salary & Fees include allowance for travel
(2) Superannuation contribution includes salary sacrifice amounts
(3) This includes a fee of $20,000 for performance of additional services
(4) $24,060 of the Cash Salary & Fees disclosed for Mr Grace were paid to Hunt & Hunt Lawyers, a firm of which he is a partner. Accordingly superannuation contributions were not deducted. The fees were also subject to GST.

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONT)

Specified executives

2005			Short-term		Post Employment		
Name			Cash Salary & Fees (1) $	Non-monetary Benefits (2) $	Superannuation (3) $	Eligible Termination $	Total $
S Morrow			**338,500**	**21,500**	**90,000**	**0**	**450,000**
S Riley	(From 01/01/05 to 13/05/05)		**105,561**	**0**	**7,782**	**0**	**113,343**
T Scanlan	(From 23/05/05 to 31/12/05)		**130,555**	**11,792**	**11,514**	**0**	**153,861**
DL Marquet			**207,469**	**22,446**	**9,943**	**0**	**239,858**
CJ Line	(From 01/01/05 to 29/04/05)		**86,645**	**3,333**	**10,000**	**0**	**99,978**
G Sloane	(From 18/07/05 to 20/12/05)		**133,336**	**12,467**	**7,835**	**0**	**153,638**
SJ Ingham			**165,088**	**50,717**	**24,904**	**0**	**240,709**
BP Kelly	(From 01/01/05 to 02/09/05)		**153,223**	**15,888**	**11,752**	**0**	**180,863**
P Swain			**112,728**	**18,400**	**12,613**	**0**	**143,741**
J Zillmann			**120,010**	**18,400**	**39,090**	**0**	**177,500**
TOTAL			**1,553,115**	**174,943**	**225,433**	**0**	**1,953,491**

(1) Cash Salary and Fees includes all amounts paid to Executives (including accrued leave entitlements for terminating executives).
(2) Non-monetary benefits include costs relating to motor vehicles.
(3) Superannuation contribution includes salary sacrifice amounts.

2004			Short-term		Post Employment		
Name			Cash Salary & Fees (1) $	Non-monetary Benefits (2) $	Superannuation (3) $	Eligible Termination $	Total $
ARH Ferris	(From 01/01/04 – 26/05/04)	(4)	251,913	0	310,000	0	561,913
S Morrow	(From 26/05/04)		177,195	9,542	85,000	0	271,737
AF Mitchell	(From 01/01/04 – 09/07/04)		186,180	13,740	14,860	119,659	334,439
S Riley	(From 19/08/04)		94,461	0	7,857	0	102,318
MP Betts	(From 01/01/04 – 12/01/04)		115,087	1,791	502	134,794	252,174
DL Marquet	(From 02/02/04)		179,234	20,023	16,159	0	215,416
CJ Line	(From 02/02/04)	(5)	250,630	0	48,370	0	299,000
SJ Ingham			189,370	21,197	24,433	0	235,000
BP Kelly			198,621	18,750	17,629	0	235,000
J Zillmann			95,734	18,400	37,116	0	151,250
TOTAL			1,738,425	103,443	561,926	254,453	2,658,247

(1) Cash Salary and Fees includes all amounts paid to Executives (including accrued leave entitlements for terminating executives).
(2) Non-monetary benefits include costs relating to motor vehicles.
(3) Superannuation contribution includes salary sacrifice amounts.
(4) $260 000 of the Superannuation contribution to Mr Ferris represents an eligible termination payment.
(5) $24,000 of the Cash Salary & Fees disclosed for Mr Line were paid as consultant fees in his capacity as interim General Manager – Finance & Administration.

Other transactions with directors

Transactions entered into during the year with directors and their director-related entities within normal supplier, shareholder or professional relationships on terms and conditions no more favourable to those available to other suppliers, shareholders or professionals were:

	2005 $000	2004 $000
Purchase of fruit and vegetables from directors or director-controlled entities		
MJ Cruice (resigned 20 May 2005)	**439,781**	439,345
GR Pike (resigned 1 April 2005)	**432,461**	502,794
AA Smerdon (resigned 14 May 2004)	**0**	228,968
PR Voight	**431,337**	397,369
L Fullerton	**1,558,499**	1,233,891
EN Di Pasquale (appointed 14 May 2004)	**424,904**	479,203
Legal services provided by an entity related to DJ Grace (excluding directors fees included above)	**80,400**	193,681

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000

30. DIRECTOR AND EXECUTIVE DISCLOSURES (CONT)

Share holdings

The numbers of shares in the company held during the financial year by each director, including their personally-related entities, are set out below.

	MJ Cruice	PR Voight	GR Pike	L Fullerton	EN Di Pasquale
Shares as at 1 January, 2005					
A Class	**33,820**	**0**	**59,860**	**159,250**	**44,920**
B Class	**0**	**6,760**	**1,100**	**5,850**	**1,800**
Ordinary shares					
As at 20 January 2005 (refer Note 26)	**1,126,206**	**67,600**	**2,004,338**	**5,361,525**	**1,513,836**
Acquired	**0**	**0**	**27,000**	**27,320**	**80,000**
Disposed	**0**	**0**	**0**	**0**	**0**
Shares as at 31 December, 2005 or date of resignation	**1,126,206**	**67,600**	**2,031,338**	**5,388,845**	**1,593,836**
Date of resignation	*20 May 2005*		*1 April 2005*		

In addition to the transactions referred to above, transactions were entered into during the year with directors of the Company and its controlled entities or with director-related entities that:

> occurred within normal employee or customer relationships on terms and conditions no more favourable than those that it is reasonable to expect would have been adopted if dealing with the director or director-related entity at arm's length in the same circumstances;

> do not have the potential to adversely affect decisions about the allocation of scarce resources or the discharge of accountability of the directors and are trivial or domestic in nature;

> include minor retail purchase of goods at discount rates that are also available to employees and growers.

	2005	2004
Aggregate amounts payable to directors or director-controlled entities at balance date	**21,231**	0

Indemnity

During the financial year the Company renewed its contract for liability insurance on behalf of its directors and officers.

An officer, auditor or agent of the Company shall be indemnified out of the assets of the Company against any liability incurred by such a person as officer, auditor or agent to the extent permitted by law.

Such indemnity may extend to a liability for costs or expenses incurred by a person in defending proceedings, whether civil or criminal, in which judgement is given in favour of the person or in which the person is acquitted.

Golden Circle Limited has entered into a Deed of Access & Indemnity with directors and officers.

No director or officer of Golden Circle Limited has received the benefit of an indemnity from the Company during or since the end of the year.

Golden Circle Limited maintains a Directors' and Officers' insurance policy, however, due to confidentiality obligations further details cannot be disclosed.

31. REMUNERATION OF AUDITORS

Remuneration for audit or review of the financial reports of the consolidated entity:

		2005 $000	2004 $000
Auditing the accounts	– 2005	**194,000**	0
	– 2004	**0**	169,000
	– 2003	**0**	120,000
Other assurance services		**194,300**	48,240
Total audit and other assurance services		**388,300**	337,240
Taxation		**179,060**	240,650
Advisory services		**19,785**	145,500
Total remuneration		**587,145**	723,390

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
32. CONTINGENT LIABILITIES		
Details and estimate of maximum amounts of contingent liabilities are as follows:		
Bank Guarantee Facility in favour of:		
Qld Sugar Corporation	**500**	500
Workcover	**5,000**	5,000
Retail Investor Pty Ltd (Juice Bar)	**20**	20
Queensland Treasury (QTC Loan)*	**23,600**	5,600
Claims:		
Potential contract dispute relating to supply of fruit, which may be subject to litigation.**	**1,014**	0
	30,134	11,120

* On the 23rd December the loan provided by QTC was repaid. A bank guarantee in favour of QTC is in place for 6 months and 21 days after which time the guarantee will be surrendered.

** At 31 December, 2005 a dispute exists for payments to 6 growers. The dispute is regarding the quantity and price for the supply of fruit in the 2005/2006 season.

Claims for damages are made against the Company from time to time in the ordinary course of business. The directors are not aware of any other claims that is expected to result in significant costs or damages.

33. COMMITMENTS FOR EXPENDITURES

	2005 $000	2004 $000
Capital commitments		
Total capital expenditure contracted for at the reporting date, but not recognised as liabilities are payable as follows:		
Property, plant and equipment payable no later than one year	**367**	1,352
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**3,358**	4,680
Later than one year but no later than 5 years	**4,571**	6,947
Later than 5 years	**243**	488
	8,172	12,115
Representing:		
Non-cancellable operating leases	**6,471**	9,984
Future finance charges on finance leases	**1,701**	2,131
	8,172	12,115

(i) Operating leases

The Company leases various offices, warehouses, vehicles and plant and machinery under operating leases expiring within 1 to 4 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Operating leases

	2005 $000	2004 $000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,064**	4,310
Later than one year but no later than 5 years	**3,407**	5,674
Later than 5 years	**0**	0
	6,471	9,984

33. COMMITMENTS FOR EXPENDITURES (CONT)

(ii) Finance leases

The Company lease various plant and equipment with a carrying amount of $5,563,000 (2004 – $6,182,000) under finance leases expiring within 3 to 7 years.

The Company owns the plant and equipment at the expiry of the lease terms.

Finance leases

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Commitments in relation to finance leases are payable as follows:		
Within one year	**1,075**	970
Later than one year but no later than 5 years	**3,851**	3,434
Later than 5 years	**2,943**	4,175
Minimum lease payments	**7,869**	8,579
Less: Future finance charges	**(1,701)**	(2,131)
Recognised as a liability	**6,168**	6,448
Representing lease liabilities:		
Current	**782**	600
Non-current	**5,386**	5,848
	6,168	6,448

34. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 30.

Wholly-owned group

Name of entity	Paid-up-capital		Country of Incorporation	Class of Shares	Equity Holding 2005	Equity Holding 2004
Golden Circle Superannuation Pty Ltd	$	2	Australia-Qld	**Ordinary**	**100%**	100%
Queensland Tropical Fruit Products Pty Ltd	$	1	Australia-Qld	**Ordinary**	**100%**	100%
Golden Circle New Zealand Ltd	$	1	New Zealand	**Ordinary**	**100%**	100%
BFresh Foods Pty Ltd	$	–	Australia-Qld	**–**	**0%**	100%

Golden Circle Superannuation Pty Ltd was the Superannuation Trustee Company for the Golden Circle Limited Superannuation Fund.

Golden Circle Superannuation Pty Ltd has been subsequently deregistered as at 22 January 2006.

Queensland Tropical Fruit Products Pty Ltd is the trade name for generic branded products manufactured by Golden Circle Limited.

Golden Circle New Zealand Ltd is a NZ registered company which is dormant.

Bfresh Foods Pty Ltd was deregistered during the financial year.

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000

35. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

a) Cash at the end of the financial year as shown in the statement of cashflows is reconciled to the related item in the statement of financial position as follows:

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Cash	**2,129**	7,476

Note: Commercial bills are not included in the reconciliation of cashflows

b) Reconciliation of operating profit after income tax to net cash inflow from operating activities:

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Profit/(loss) from ordinary activities after related income tax	**(4,689)**	(19,366)
Depreciation and amortisation	**12,429**	13,403
Write down on revaluation of property, plant and equipment	**0**	283
Write down of intangibles to recoverable amount	**0**	7,006
Write down of property, plant and equipment to recoverable amount	**74**	3,246
Net loss/(gain) on sale of non current assets	**(579)**	(1,636)
Net cash from operating before changes in asset and liabilities	**7,235**	2,936
Change in operating assets & liabilities:		
(Increase)/decrease in receivables	**(6,505)**	3,453
(Increase)/decrease in inventory	**974**	17,604
(Increase)/decrease in other current assets	**861**	(270)
(Increase)/decrease in net derivative financial instruments	**5**	0
(Increase)/decrease in deferred tax assets	**(46)**	20,700
Increase/(decrease) in creditors	**(250)**	(6,660)
Increase/(decrease) in current tax liability	**(192)**	0
Increase/(decrease) in deferred income tax liability	**0**	(6,521)
Increase/(decrease) in employee entitlements	**441**	564
Increase/(decrease) in deferred income	**531**	0
Increase/(decrease) in workers compensation liability	**(1,511)**	670
Net cash inflow/(outflow) provided by operating activities	**1,543**	32,476

36. NON-CASH FINANCING AND INVESTING ACTIVITIES

	Consolidated & Company 2005 $000	Consolidated & Company 2004 $000
Acquisition of plant and equipment by means of finance leases	**143**	0

37. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Notes	Previous AGAAP 1 Jan 2004 $000	Effect of transition to Australian equivalents to IFRSs $000	Australian equivalents to IFRSs 1 Jan 2004 $000
Current Assets				
Cash and cash equivalents		2,728	0	2,728
Trade receivables		65,838	0	65,838
Inventories		86,402	0	86,402
Other current assets		3,048	0	3,048
		158,016	0	158,016
Non-current assets classified as held for sale	(a)	0	99	99
Total Current Assets		158,016	99	158,115
Non-Current Assets				
Property, plant and equipment	(a), (b), (d)	126,089	22,478	148,567
Investments		28	0	28
Deferred tax assets	(c)	20,731	25	20,756
Intangible assets	(b), (e)	24,157	1,064	25,221
Total Non-Current Assets		171,005	23,567	194,572
Total Assets		329,021	23,666	352,687
Current Liabilities				
Trade and other payables		38,026	0	38,026
Short-term borrowings		120,013	0	120,013
Short-term provisions		10,141	0	10,141
Total Current Liabilities		168,180	0	168,180
Non-Current Liabilities				
Long-term borrowings		28,686	0	28,686
Deferred tax liabilities	(c)	6,827	(22)	6,805
Long-term provisions		2,130	0	2,130
Total Non-Current Liabilities		37,643	(22)	37,621
Total Liabilities		205,823	(22)	205,801
Net Assets		123,198	23,688	146,886
Equity				
Parent entity interest				
Share capital		3,271	0	3,271
Other reserves	(d)	56,014	23,641	79,655
Retained earnings	(g)	63,913	47	63,960
Parent interest		123,198	23,688	146,886
Minority interest		0	0	0
Total Equity		123,198	23,688	146,886

37. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs (CONT)

(b) At the end of the last year reporting period under previous AGAAP: 31 December 2004

	Notes	Previous AGAAP 31 Dec 2004 $000	Effect of transition to Australian equivalents to IFRSs $000	Australian equivalents to IFRSs 31 Dec 2004 $000
Current Assets				
Cash and cash equivalents		7,476	0	7,476
Trade receivables		62,385	0	62,385
Inventories		68,798	0	68,798
Other current assets		3,318	0	3,318
		141,977	0	141,977
Non-current assets classified as held for sale	(a)	0	99	99
Total Current Assets		141,977	99	142,076
Non-Current Assets				
Property, plant and equipment	(a), (b), (d)	134,632	(877)	133,755
Investments		28	0	28
Deferred tax assets	(c)	56	0	56
Intangible assets	(b), (e)	17,008	921	17,929
Total Non-Current Assets		151,724	44	151,768
Total Assets		293,701	143	293,844
Current Liabilities				
Trade and other payables		31,366	0	31,366
Short-term borrowings		104,120	0	104,120
Short-term provisions		12,041	0	12,041
Total Current Liabilities		147,527	0	147,527
Non-Current Liabilities				
Long-term borrowings		17,048	0	17,048
Deferred tax liabilities	(c)	284	0	284
Long-term provisions		1,464	0	1,464
Total Non-Current Liabilities		18,796	0	18,796
Total Liabilities		166,323	0	166,323
Net Assets		127,378	143	127,521
Equity				
Parent entity interest				
Share capital		3,272	0	3,272
Other reserves	(d)	79,655	0	79,655
Retained earnings	(g)	44,451	143	44,594
Parent interest		127,378	143	127,521
Minority interest		0	0	0
Total Equity		127,378	143	127,521

37. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs (CONT)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

Reconciliation of profit for the year ended 31 December 2004

	Notes	Previous AGAAP 31 Dec 2004 $000	Effect of transition to Australian equivalents to IFRSs $000	Australian equivalents to IFRSs 31 Dec 2004 $000
Revenue from sale of goods		414,396	0	414,396
Cost of sales	(b), (f)	(302,655)	216	(302,439)
Gross profit		111,741	216	111,957
Other revenues	(f)	5,534	404	5,938
Other expenses				
Borrowing costs		(10,567)	0	(10,567)
Corporate and administration		(20,066)	0	(20,066)
Marketing and selling		(64,123)	0	(64,123)
Warehouse and distribution	(b), (e), (f)	(27,714)	(477)	(28,191)
Profit/(loss) from continuing operations before related income tax		(5,195)	143	(5,052)
Income tax (expense)/benefit relating to continuing operations(c)		(14,267)	(47)	(14,314)
Net profit/(loss) from continuing operations after related income tax and net profit or (loss) attributable to members of the parent entity		(19,462)	96	(19,366)

(3) Reconciliation of cash flow statement for the year ended 31 December 2004

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Assets and liabilities of a disposal group held for sale

The Company owned land at Stanthorpe which had been available for sale on the real estate market for a number of years. Under AGAAP this land had been classified as property, plant and equipment. AIFRS requires this property to be re-classified as a non-current asset held for sale. Refer to AASB 5 Non-Current Assets Held For Sale and Discontinued Operations.

(i) At 1 January 2004
The land valued at $99,000 has been re-classified as "Non-current assets classified as held for sale".

(ii) At 31 December 2004
The land valued at $99,000 continues to be re-classified as "Non-current assets classified as held for sale".

(iii) For the year ended 31 December 2004
There is no effect on the Company.

(b) Intangible assets – computer software

Under previous AGAAP, computer software was included in the fixed asset register classified as property, plant and equipment. According to AASB 138 Intangible Assets computer software that is not integral to the operation of hardware shall be classified as an intangible asset after having satisified the recognition criteria. The Company has re-classfied its computer software as an intangible asset and has commenced amortisation under AIFRS as opposed to depreciation under AGAAP from transition date.

(i) At 1 January 2004
Computer software with a cost $2,917,000 and accumulated depreciation of $1,853,000 is re-classified from property, plant and equipment to intangible assets and accumulated amortisation.

(ii) At 31 December 2004
Computer software with a cost $2,982,000 and accumulated depreciation of $2,204,000 is re-classified from property, plant and equipment to intangible assets and accumulated amortisation.

(iii) For the year ended 31 December 2004
Depreciation expense of $351,000 is re-classified as amortisation expense.

37. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs (CONT)

(c) Deferred Taxes

The Companys Australian balance sheet was reviewed to determine their equivalent tax base values under the new standard AASB 112 Income Taxes. The impact for the Company was immaterial. Under AGAAP the entire Australian deferred tax balances were not recognised due to insufficient future profits to realise prior period losses. The Company has continued to offset the tax accounts under AASB 112. This new standard permits offsetting the deferred tax liability against the deferred tax asset whereby the taxes are levied by the same taxation authority. The Company has adopted this treatment to the Australian deferred tax balances. There is no tax impact on any AIFRS adjustments on transition or in restating 2004 accounts due to the offsetting of Australian tax deferred balances.

(i) At 1 January 2004
An additional $25,000 is recognised for deferred tax assets, deferred tax liability is reduced by $22,000. Retained earnings is increased by $47,000.

(ii) At 31 December 2004
An additional $25,000 is derecognised for deferred tax assets, deferred tax liability is increased by $22,000. Retained earnings is decreased by $47,000.

(iii) For the year ended 31 December 2004
Income Tax Expense is increased by $47,000.

(d) Prior and current revaluations deemed as cost

The Company revalued its property, plant and equipment at transition. Under the transitional provisions of AASB 1 First Time Adoption of Australian Equivalents to IFRS the Company elected to deem its revaluations as cost. Upon making this election the balance of the asset revaluation reserve is transferred to the general reserve. The balance of this reserve represents the revaluation increment of assets not disposed of.

The balance of the general reserve is not available for the distribution of dividends to shareholders.

(i) At 1 January 2004
The balance of the asset revaluation reserve is transferred in its entirety to the general reserve to the amount of $79,655,000.

(ii) At 31 December 2004
There is no effect on the Company.

(iii) For the year ended 31 December 2004
There is no effect on the Company.

(e) Intangible assets – Popper brand name

Under AGAAP the Popper brand name was amortised over 20 years. The brand, originally purchased for $2,850,000 had a written down value at transition of $1,650,000. Under AASB 138 Intangibles the asset is amortised over its useful life unless that life is considered to be indefinite. If the asset's life is indefinite then it must be tested for impairment annually.

The Company considers OJC and Popper brand names to have indefinite useful lives. The OJC brand name was written down by $7,000,000 to $15,500,000 in the first half of 2004 under AGAAP. This impairment writedown is in accordance with AASB 136 Impairment of Assets. The Popper brand name was amortised in 2004. This amortisation is reversed under AIFRS commencing from transition.

(i) At 1 January 2004
There is no effect on the Company.

(ii) At 31 December 2004
Amortisation is reversed and the Popper brand name and retained earnings are both increased by $143,000.

(iii) For the year ended 31 December 2004
Amortisation expense is reduced by $143,000.

37. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs (CONT)

(f) Government Grants received

The Company previously under AGAAP accumulated income from government grants together with associated expenses into the balance sheet. The net amount was released to the profit and loss account on conclusion. Under AGAAP and also under AIFRS new standard concerning grants, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance the gross amount is to be recognised against income and expenses once the entity complies with conditions attached to the grant. The net amounts expensed in 2004 have been reversed under AIFRS and restated.

(i) At 1 January 2004
There is no effect on the Company.

(ii) At 31 December 2004
There is no effect on the Company.

(iii) For the year ended 31 December 2004
Sundry income increased by $404,000 and expenses increased by the same amount.

(g) Retained Earnings

The effect on retained earnings of the changes set out above are as follows:

	Notes	1 Jan 2004 $000	31 Dec 2004 $000
Deferred tax assets and liabilities	(c)	47	0
Amortisation of Popper brand name	(e)	0	143
Total adjustment		47	143
Attributable to:			
Equity holders of the parent		47	143

38. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no events occurring after balance sheet date for the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 18 to 53 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations Act 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

EJJ Pope *Chairman*

EN Di Pasquale *Director*

1 MARCH 2006

INDEPENDENT AUDIT REPORT

To the members of Golden Circle Limited

Audit opinion

In our opinion the financial report of Golden Circle Limited:

> gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Golden Circle Limited and the Golden Circle Limited Group (defined below) as at 31 December 2005, and of their performance for the year ended on that date, and

> is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Golden Circle Limited (the company) and the Golden Circle Limited Group (the consolidated entity), for the year ended 31 December 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

> examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

> assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Brett Delaney *Partner*

BRISBANE 6 MARCH 2006

FIVE YEAR FINANCIAL SUMMARY ($000)

	2005	2004	2003*	2002*	2001*
Sales					
Sales – Australia	**348,190**	368,743	359,755	356,440	266,250
Sales – Overseas	**36,951**	40,674	39,729	40,999	19,892
Other revenue	**3,638**	4,663	3,989	0	0
Total Sales	**388,779**	414,080	403,473	397,439	286,142
Income Statement					
Operating profit/(loss) before interest, depreciation, abnormal items and individually significant items and income tax	**22,855**	25,918	(6,988)	28,826	21,006
Net interest expense	**(14,914)**	(10,567)	(10,022)	(7,212)	(4,138)
Depreciation and amortisation	**(12,428)**	(13,403)	(19,070)	(11,997)	(11,952)
Individually significant items – industry bonus payment	**0**	0	0	0	(1,572)
Abnormal expense – write down of brand names	**0**	(7,000)	0	0	0
Operating profit/(loss) before income tax	**(4,487)**	(5,052)	(36,080)	9,617	3,344
Income tax benefit/(expense)	**(202)**	(14,314)	5,016	776	2,388
Net profit/(loss)	**(4,689)**	(19,366)	(31,064)	10,393	5,732
Balance Sheet					
Current assets	**141,508**	142,076	158,016	162,456	142,171
Property, plant and equipment					
At cost or valuation	**164,037**	151,537	237,430	214,467	178,458
Provision for depreciation	**(29,172)**	(17,782)	(111,341)	(99,081)	(87,928)
Written down value	**134,865**	133,755	126,089	115,386	90,530
Intangibles	**17,443**	17,929	24,157	32,240	1,936
Other non-current assets	**130**	84	20,759	16,943	13,631
Total assets	**293,946**	293,844	329,021	327,025	248,268
Bank overdraft	**0**	0	0	1,678	0
Current payables	**29,884**	31,366	38,026	31,347	17,519
Current interest bearing liabilities	**29,149**	104,120	120,013	42,200	5,171
Current provisions	**7,897**	12,041	10,141	14,429	8,378
Other current liabilities	**670**	0	0	0	0
Current tax liability	**92**	284	0	0	0
Deferred tax liability	**0**	0	6,827	6,816	0
Non-current interest bearing liabilities	**49,386**	17,048	28,686	73,600	58,000
Convertible Notes	**49,420**	0	0	0	0
Non-current provisions	**4,538**	1,464	2,130	2,901	8,153
Total liabilities	**171,036**	166,323	205,823	172,971	97,221
Net assets	**122,910**	127,521	123,198	154,054	151,047
Contributed equity	**3,272**	3,272	3,271	3,063	3,058
Reserves	**61,339**	79,655	56,014	96,030	96,030
Retained profit	**58,299**	44,594	63,913	54,961	51,959
Total equity	**122,910**	127,521	123,198	154,054	151,047
Dividends	**0**	0	0	7,391	863

Comparative information has been restated where appropriate.

*The financial results in these years were presented in accordance with Australian Generally Accepted Accounting Principles prior to the inception of Australian Equivalents to International Financial Reporting Standards from 2004.

FACT **03** > 2005

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