

GOLDEN CIRCLE  
ANNUAL REPORT 2006



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## CHAIRMAN'S OVERVIEW

The past year has produced a number of challenges and unexpected results, and I am not only covering the 2006 outcomes in this report, but I am also outlining the Board plans to improve the performance of the Company in 2007.

### RESULTS 2006

Earnings before interest and tax (EBIT) for continuing operations were \$1.0 million compared to \$11.7 million from the previous year.

The major problem area was the Northgate operation due to higher raw material costs, lower than expected sales volumes, lower margins due to inadequate price increases and poor productivity issues. Additionally the cost savings expectations from the capital investment program were not realised.

On a positive front, the Original Juice Company division reversed its fortunes in 2006 to make a \$4.1 million EBIT profit from continuing operations compared to an EBIT loss of \$3.6 million (excluding discontinued Griffith operation) in 2005.

The net operating after tax result was impacted by an amount of \$7.7 million which represented amortised "top up" costs of providing the subscriber of the convertible note with an internal rate of return (IRR) of 21 per cent. It should be noted 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 per cent for the subscriber (subject to the cap and floor on the percentage of issued capital in the Company).

The end result for 2006 was a loss from continuing operations before tax of \$15.9 million which compares unfavourably to the 2005 loss of \$3.3 million (excluding Griffith).

During 2006, the Company successfully entered into an arrangement with Nutricia Australia Limited. Under this arrangement Nutricia will market and sell, while Golden Circle will continue to manufacture the baby food range from the Northgate facility for the next four years. The result of this transaction was \$9.4 million recorded as profit for the year.

In November 2006, Golden Circle Limited entered into an agreement with Elders Limited for the sale of its fresh citrus packing operation located in Griffith. The proceeds from the sale were approximately \$3.2 million. While this represented market value, it resulted in a loss of \$494,000 against the book value. However, a long term supply agreement has been put into place with Elders and given the continued unprofitable results from the Griffith operation, this is a positive result for the Company.

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

Sales revenue totalling \$368.1 million was 2 per cent up on the previous year, with the December quarter up by 10 per cent as the new sales force team began to make an impact.

As advised last year, Golden Circle Limited did not achieve Co-operative status for tax purposes. This is as a result of raw material supply not meeting the required test.



*This team is now focussed on achieving our vision to become "Australia's most trusted food and beverage company".*

During 2006 a new CEO, John Cook, was appointed. Since his appointment, Mr Cook has been reviewing the business needs and has appointed a largely new management team. This team is now focussed on improving the growth and profitability of the Company and ultimately on achieving our vision to become "Australia's most trusted food and beverage company providing healthier branded solutions".

Unfortunately a lack of transparency and poor business practices resulted in a number of unexpected cost blow-outs becoming apparent at the end of 2006. These increased costs could not be recovered and resulted in the unsatisfactory performance.

Further financial information of Golden Circle Limited in 2006 can be found in the financial statements and Directors' Report.

#### THE YEAR AHEAD

In addressing the 2006 results, the Board has instigated a major business review with management to rationalise and simplify business activities with actions now being executed.

The main areas of concentration will be on: reducing costs, focusing on core business requirements/projects; optimising pricing to improve margins; improving supply chain management to reduce wastage; improving working capital; and activity based costing.

With the simplification of the business, reduced costs, a strong and capable management team and importantly much better monitoring and transparency in the business, we are more confident of achieving a turnaround in 2007.

We should not under-estimate the major changes needed to get the business back onto a sustainable and profitable base.

Our focus during the past 60 years has always been on providing great tasting, nutritious food and beverages to Australian families. 2007 is also a year to celebrate as it marks Golden Circle's sixty year anniversary. The work we are undertaking to reconfigure the business is positioning the Company for the next sixty years.

**Ern Pope**  
**CHAIRMAN**



## CHIEF EXECUTIVE'S REPORT

When I joined Golden Circle early in 2006, I found a company rich in tradition and consumer loyalty, but lacking much of the structure, systems and procedures needed to understand and sustain its operations in the modern context.

As the Chairman indicated in his overview, 2006 presented considerable challenges for the Company. I see these challenges as reflecting the combination of poor strategic planning and the avoidance of confronting underlying problems that in turn allowed for the array of "surprises" seen during the year to impact the financial performance of the Company.

During the year the Company had to absorb \$11 million in additional raw material costs with increases in the price of tin plate, rising prices of apple and orange juice concentrate, inadequate protection from sugar price increases and lower than expected pineapple yields. The fact that these additional costs were not anticipated meant pricing decisions also proved to be flawed and operational margins were therefore negatively impacted.

Anticipated savings stemming from earlier investments with the Northgate plant, which were expected to be in the vicinity of \$8 million, did not materialise and this further exacerbated the position with deteriorating margins.

In fashioning the budget there was an expectation the year would be driven by the "Good to Know" themed advertising and strong early trade support. Unfortunately these investments did little to drive the business ahead and through the investment drained the business of valuable revenue for the remainder of the year.

As a consequence of these factors, earnings before interest and tax (EBIT) for continuing operations in 2006 was \$1.0 million compared to \$11.7 million achieved in the

previous year. The Company therefore reported a loss from continuing operations before tax of \$15.9 million, which compares unfavourably to the loss of \$3.3 million (excluding Griffith) reported in 2005.

In the midst of these poor trading results, which in the main stem from food and Northgate based activity, I am happy to report there was a steady improvement in the contribution made by the Original Juice Company division and the Company's chilled beverages.

The Original Juice Company division recorded a pleasing \$7.7 million reversal from the negative position recorded in 2005; undoubtedly a solid result and one that demonstrates the difficulties faced within Northgate can equally be corrected.

One of my early focuses on joining the Company was to ensure the Company's Retail Account Representation and Retail Sales Operations were adequately resourced. These focuses lead to a host of changes being made to personnel and many of the operational arrangements by which the Company manages its relationship with the market. Following these investments there are indications that these changes have had a positive impact, with sales in the fourth quarter recording a 10.4 per cent increase in comparison with the prior year.

### THE WAY FORWARD

There are a number of key learnings from 2006 that are being reflected in how we plan on managing the business through 2007 and importantly transitioning it for the future.

- Things must change; more of the same will not generate the outcomes sought of the business.
- Business tracking and planning systems must be enhanced to aid the accuracy of the Company's decision making.
- The complexity built into how the Company operates its business needs to be addressed and resolved.
- There is a compelling need to be honest about the business and the nature of the challenges it faces; systemic problems require identification and addressing.
- There is much to be done and disciplined delivery of priorities will be critical to successfully transforming the business.
- Operating margins require improvement through cost reduction and pricing; these difficulties are constraining the business and its growth prospects.

Specifically these learnings are being reflected in the following manner.

In order to achieve the "step change" required, the Company has actively recruited a new management team and through development of a Performance Management Process, these new

managers are focused on driving and executing the actions and changes required.

Obtaining the improvements sought in business controls and in the understanding needed to enrich the decision making processes, the Finance Department has been restructured and where required recruited fresh resources into the business.

Avoiding the mistakes and surprises of 2006 necessitates improvements in the business systems and practices operating within the business. This has become a clear focus for Finance and all other senior management to ensure it and the Board are supplied with timely and reliable information with which to make decisions.

These endeavours, with the support of the Board, have lead to a business simplification study being undertaken across all aspects of the organisation.

A number of activity areas have been assessed and programs have been developed which once executed will remove a lot of the complexity facing the business. Anticipating execution of the plan, the critical elements of the program have been phased and priorities set for each component.

*Innovations like the 'Preservative Free' product represents a concerted push by the Company to reflect growing consumer concerns.*



In addition to these business simplification components, initial emphasis is being placed on pricing, working capital management and packaging innovation.

Innovations like the 'Preservative Free' product launched in late January represents a concerted push by the Company to reflect growing consumer concerns with the levels of chemicals, additives and preservatives in food. This is a position consistent with the Company's vision to be "Australia's most trusted food and beverage company providing healthier branded solutions".

There is much more Golden Circle can do to leverage this strong consumer proposition; yet it is critical the Company be readied to fully capitalise

on these consumer demands. The focus for me, the new management team and the Board in 2007 will be to ensure Golden Circle is well positioned to profitably leverage these competitive opportunities.

With 2007 being Golden Circle's sixtieth anniversary, the Company has marked an important milestone. The changes being made to the Company's business processes, its people and its structures are aimed at ensuring our business possesses the capacity to confidently offer future generations the very best in fruit and vegetable products and provide our shareholders the returns expected of a quality food company.

I see Golden Circle Limited as such a company!

**John Cook**  
**CHIEF EXECUTIVE OFFICER**





## CORPORATE GOVERNANCE STATEMENT

The Board and Management of the Company are committed to the highest standards of corporate governance. As the Company moves towards a listing on the Australian Stock Exchange, it is aligning itself with the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX Corporate Governance Council.

**— PRINCIPLE 1 —**  
**LAY SOLID FOUNDATIONS FOR  
MANAGEMENT AND OVERSIGHT**

Recognise and publish the respective  
roles and responsibilities of Board and  
Management

### **Roles and Responsibilities of the Board and Management**

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing long-term shareholder value. The Board is responsible for the effectiveness of governance practices and the overall performance and conduct of the Company.

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; and
- overseeing the functioning of the Licensed Stock Market operated by the Company Secretary in accordance with company law requirements.

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 the 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.

*As the Company moves towards a listing on the Australian Stock Exchange, it is aligning itself with the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX Corporate Governance Council.*



**— PRINCIPLE 2 —  
STRUCTURE THE BOARD  
TO ADD VALUE**

Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

### **Composition**

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 (B & B Golden Circle Holdings Pty Ltd and Direct Investment Fund Equity Trust) 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 va-

cancy during a year, the new Director may stand for election at the next Annual General Meeting.

### **Committees**

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; and
- Share Transfer Committee.

### **Independence**

The Chairman of the Board is required to be an independent Director in recognition of the importance of independent views and the Board's role in supervising the activities of management.

Mr Ern Pope (Chairman), Mr John Schmoll and Mr Chris Riordon are all considered to be independent Directors.

In determining materiality thresholds, the company has utilised the ASX Corporate Government Council's recommendations.

The Company recognises that the tenure of each Director is also an important factor in determining independence and as such each Director elected to the Board has a limited tenure of three years, at the expiry of which they must seek re-election.

### **Independent Professional Advice and Access to Company Information**

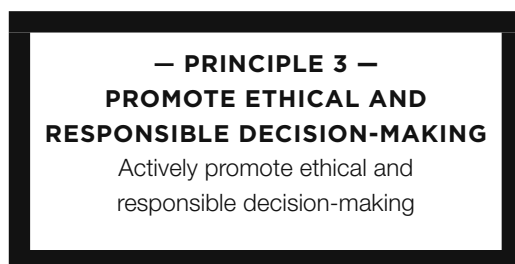
Each Director has the right of access to all relevant company information and subject to prior consultation with the Chairman, may seek independent professional advice in discharge of their duties as Directors. The Company will pay the cost of this independent advice.

### Term of Office

The Company's Constitution specifies that no Director shall continue in office for a period in excess of three consecutive years or until the third annual general meeting following that Director's appointment, whichever is the longer, without that Director submitting for re-election.

### Nomination Committee

The Company is of the view that a separately established nomination committee is not in the best interests of the Company at this time.



### 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.

The Company is in the process of developing a formal Code of Conduct that will be applicable to the conduct of Directors, the Chief Executive Officer, the Chief Financial Officer and all other key executives. The Board anticipates that the Golden Circle Code of Conduct will be implemented during 2007.

### Share Trading Policy

Although the Company's Constitution provides that only Growers may trade in shares in the Company, the Board recognises the importance

of ensuring that those who are entitled to trade in shares and are employed by the Company, including Directors, are not provided with an unfair advantage. In recognition of this fact, the Company has implemented the Share Trading Policy.

The Share Trading Policy is applicable to all Directors, executives and employees of the Company. The Board may open trading windows permitting dealings in Company shares and these trading windows will generally be for the period between 48 hours and 30 working days after the release of the Company's half-year and full year financial results and 24 hours and 30 working days after the close of the Annual General Meeting.

However, Directors, executives and employees of the Company are prohibited from dealing in Company shares at any time where they are aware of price sensitive information that has not been made public.

### Share Transfer Committee

In conjunction with the Share Trading Policy, the Share Transfer Committee considers all applications for transfer of shares and determines whether there are any grounds 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.



**— PRINCIPLE 4 —  
SAFEGUARD INTEGRITY IN  
FINANCIAL REPORTING**

Have a structure to independently verify  
and safeguard the integrity of the  
company's financial reporting

#### **Audit Committee**

The Company has adopted the Golden Circle Ltd Audit & Risk Committee Charter.

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 Accounting 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; and
- 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

normally 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; and
- 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 Officer and the Chief Financial Officer are invited to Audit Committee meetings at the discretion of the Committee.

The Audit Committee is made up of three non-executive Directors. The members are currently, Mr John Schmoll (Chairman), Mr Chris Riordan and Mr Peter Voight. The number of meetings of the Audit Committee and the names of the attendees are set out in the Directors' Report.

#### **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. The Board monitors the provision of those services on a regular basis.

**— PRINCIPLE 5 —  
MAKE TIMELY AND BALANCED  
DISCLOSURE**

Promote timely and balanced disclosure  
of all material matters concerning the  
company

**Continuous Disclosure**

In recognition of the importance of the timely disclosure of price sensitive information, the Board has adopted the Continuous Disclosure Policy.

The Company is licensed to operate its share market in accordance with the Australian Market Licence granted to the Company under Chapter 7 of the Corporations Act 2001. Under both the Corporations Act 2001 and the Company's share market operating rules, the Company must continuously disclose price-sensitive information to the Australian Securities and Investments Commission, shareholders and interested growers.

The Continuous Disclosure Policy has been developed to assist with ensuring compliance with the Company's obligations under both the Corporations Act 2001 and the Company's share market operating rules and to ensure accountability at a senior management level for that compliance.

The Company Secretary, as the nominated disclosure officer, has responsibility for communicating with the Australian Securities and Investments Commission in relation to continuous disclosure obligations, ensuring officers and relevant employees are aware of and understand the continuous disclosure obligations and ensuring (using all reasonable endeavours) that announcements are factual, do not omit material information and are expressed in a clear and objective manner that allows shareholders and potential shareholders to assess the impact of the information when making investment decisions.

**— PRINCIPLE 6 —  
RESPECT THE RIGHTS OF  
SHAREHOLDERS**

Respect the rights of shareholders and  
facilitate the effective exercise of those  
rights

**Shareholder Communication**

In recognition of the need to promote effective communication with both current and prospective shareholders and encourage effective participation at general meetings the Board has adopted the Golden Circle Ltd Corporate Communication Policy.

The Corporate Communication Policy sets out how the Company communicates with its shareholders, potential shareholders and the general public concerning key developments, financial status and forward strategy.

Communication to shareholders may include the distribution of the Annual Report, the publication of the Annual Financial Statements, the publica-

tion of Half Yearly Financial results, letters from the Chairman and CEO to inform shareholders of key matters of interest, notification of key activities via the Golden Circle website, the Chief Executive Officer's address at the Annual General Meeting and the Chairman's address at the Annual General Meeting.

#### External Auditor

The Company requests that the external auditor attends each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

#### — PRINCIPLE 7 — RECOGNISE AND MANAGE RISK

Establish a sound system of risk oversight and management and internal control

#### Risk Management

The Board is responsible for ensuring there are adequate policies and procedures in relation to risk management and internal control systems. The Golden Circle Risk Management Policy is 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 and Risk Management Committee.

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

#### — PRINCIPLE 8 — ENCOURAGE ENHANCED PERFORMANCE

Fairly review and actively encourage enhanced board and management effectiveness

The Board is responsible for reviewing its own performance and undertaking induction processes for new Directors. The Board evaluates its performance on an ongoing basis.

The Board also reviews the charters of committees to whom the Board has delegated responsibilities to ensure they are in line with the Company's ongoing requirements.

The Chairman is responsible for assessing the performance of each Director.

#### — PRINCIPLE 9 — REMUNERATE FAIRLY AND RESPONSIBLY

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

#### Human Resources Committee

The Human Resources Committee Charter was implemented to set out the principles for the operation of the Human Resources Committee of Golden Circle Ltd and to describe its functions which include:

- (1) determining the Company Remuneration Policy;

- (2) determining the remuneration of Directors;
- (3) reviewing the remuneration of the Senior Management Team;
- (4) reviewing all equity based plans;
- (5) reviewing the remuneration principles for salaried staff;
- (6) reviewing the human resource development plans including succession plans for key salaried positions and the Senior Management Team; and
- (7) reviewing all retention strategies for salaried staff.

The Human Resources Committee consists of the Board Chairman and two non-executive Directors in line with the ASX Principles of Good Corporate Governance and Best Practice Recommendations. The number of meetings of the Human Resources Committee and the names of the attendees are set out in the Directors' Report.

The fundamental objective of the Golden Circle Remuneration Policy is to maximise shareholder value in all Director and executive appointments by motivating Directors and Management to pursue the long term growth and success of the Company. To this end the Remuneration Policy embodies the following principals:

- (1) providing competitive rewards to attract high calibre executives;
- (2) aligning executive rewards with shareholder value;
- (3) maintaining a significant proportion of executive remuneration "at risk" and dependent upon company performance; and
- (4) encouraging share ownership in the Company by Directors and executives.

These principles assist to demonstrate a clear relationship between key executive performance

and remuneration. From time to time, the Human Resources Committee reviews Directors' fees to ensure 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 Officer and senior executives.

The Directors' Report sets out matters pertaining to bonuses and incentive payments.

The amount of remuneration and all monetary and non-monetary components, for each of the five highest paid (non Director) executives during the reporting period and for all Directors are set out in the Directors' Report.

**— PRINCIPLE 10 —**  
**RECOGNISE THE LEGITIMATE**  
**INTERESTS OF STAKEHOLDERS**

Recognise legal and other obligations to all  
legitimate stakeholders

The Company recognises the legitimate interest of all stakeholders and is committed to existing and developing policies and practices which ensure compliance with legal and other obligations to all legitimate stakeholders including, shareholders, employees, suppliers, customers and the wider community.

The Company is in the process of developing and implementing a Code of Conduct that will further enhance existing policies and practices.

**Compliance**

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



The Company also engages staff to monitor and advise on workplace health and safety and environmental issues. 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.

#### **Environmental Regulation**

The Company is committed to managing its operations in an environmentally responsible manner at all times and at all manufacturing facilities throughout Australia.

The Company operates an Integrated Environmental Management System and is working towards accreditation under the worldwide environmental standard, ISO14001. The Company stringently adheres to the requirements of two environmental licences that cover a wide ranging list of environmental impacts including, air emissions, noise, odour, wastewater and stormwater.

Minimising the environmental impact of our beverage and food manufacturing activities involves recognising the most important areas of impact are packaging waste and water and energy use.

Golden Circle, Northgate is reducing its water usage in a time of the most severe drought in Australian history to meet the current level of water restrictions in Queensland. The Company has already reduced its water usage to 15 per cent of that used in the pre-water restriction era. The Company plans to go even further by utilising a state of the art tertiary treatment plant to recycle wastewater for non-food contact applica-

tions. This will ensure the Company meets water restrictions of Levels 4, 5 and beyond.

The Company won two national awards in the past year for its innovative and effective approach to reducing post-consumer packaging waste. The volume of solid waste sent to landfill by Golden Circle, Northgate is now less than seven per cent of that generated onsite, with the remaining 93 per cent being recycled. There are several key projects planned to reduce energy consumption including the utilisation of renewable energy to reduce the Company's impact on climate change.

The Northgate plant has also focussed on increasing environmental sustainability at the start of the supply chain through the development of an integrated environmental management system for pineapple growers and the pineapple best practice manual. These documents are the first of their kind produced anywhere in the world and will assist in providing the growers with a systematic approach to the management of environmental issues.

## DIRECTORS' REPORT

In respect of the year ended 31 December 2006, the Directors of Golden Circle Limited (the Company) submit the following report made in accordance with a resolution of the Directors:

### Directors

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

EJJ Pope *Chairman*  
 CJ Riordan *Deputy Chairman*  
 JP Schmoll  
 L Fullerton  
 EN Di Pasquale  
 PR Voight  
 AMS Tyndale  
 HNR Nicholson *Alternate Director for Mr Tyndale*

### Company Secretary

Mr DL Hammond was the Company Secretary during the whole financial year and up to the date of this report. 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 & Risk Committee and Horticultural Committee.

### Directors' Meetings

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

	Board Meetings		Audit & Risk Committee Meetings		Horticultural Committee Meetings		Human Resources Committee Meetings	
	A	B	A	B	A	B	A	B
EJJ Pope	15	15	*	*	*	*	4	4
CJ Riordan	15	15	6	6	4	4	*	*
JP Schmoll	15	13	6	6	*	*	*	*
EN Di Pasquale	15	15	*	*	4	4	*	*
PR Voight	15	14	6	6	4	4	*	*
L Fullerton	15	13	*	*	4	3	4	2
AMS Tyndale	15	10	*	*	*	*	4	2
HNR Nicholson (alternate for Mr Tyndale)	-	4	-	-	-	-	-	-

A – Number of meetings held during the reporting period

B – Number of meetings attended

\* - Not a member of the relevant committee



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

### **Dividends**

No dividends have been declared in the year ended 31 December 2006.

### **Principal activities**

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

### **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 3 of this Annual Report.

### **Significant changes in state of affairs**

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

- in the year ended 31 December 2006, the Company incurred a net operating loss attributable to members of \$17.9 million. This compares to a net loss attributable to members in 2005 of \$4.7 million. The net operating after tax result was impacted by an amount of \$7.7 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 per cent. 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 per cent for the subscriber (subject to the cap and floor on the percentage of issued capital in the Company);

- during the year the Company sold its baby food business to Nutricia. Under the terms of the agreement Golden Circle continues to manufacture and distribute the baby food range from its Northgate factory, while Nutricia markets and sells the baby food range in Australia and overseas. Nutricia continues to use the Golden Circle brand on the baby food range under a licence arrangement; and
- on 1 December 2006, the company sold its Griffith citrus packing facility. The proceeds from the sale were approximately \$3.2 million. While this represented market value, it still resulted in a loss of \$494,000 against book value. The Griffith operation was originally acquired by Golden Circle in early 2002 as part of the Original Juice business acquisition. However, upon detailed review, the activity of packing fresh citrus for the domestic and export markets was considered non-core business and a decision was made to sell the business.

### **Matters subsequent to the end of the financial year**

No other matters or circumstances have arisen since 31 December 2006 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.

## Information on Directors

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 Limited.	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, Wingara Wine Group Pty Ltd and Future Capital Development Fund Limited.	Deputy Chairman. Member of Audit & Risk Committee. Member of Horticultural Committee.	Nil
John Schmoll	Mr Schmoll is a chartered accountant with more than 30 years corporate and professional experience in the retail and financial services sector. Mr Schmoll was formerly the CFO of Coles Myer Ltd and is currently a Director of a number of companies including Chandler MacLeod Limited, Oron Group Limited, AWB Limited and Housewares International Limited.	Chairman of Audit & Risk Committee.	Nil
Andrew Tyndale	Mr Tyndale is a senior executive within the Corporate Principal Investment and Funds Management Division at Babcock & Brown. He has more than 20 years professional experience in merchant banking. He has a Bachelor of Commerce with honours.	Member of Human Resources Committee.	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. He has legal qualifications gained through the Solicitors' Board and practised in Brisbane for several years before returning to the family farm.	Chairman of Horticultural Committee.	1,741,666 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 & Risk Committee. Member of Horticultural Committee.	125,542 ordinary shares

### 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.

### Likely developments and expected results of operations

To date \$15.07 million of the \$23.5 million reserved from the issue of convertible notes has been used to invest in capital projects at Northgate, this included the installation of the new high speed packing equipment, size grading equipment for beetroot and conveyers from the canned foods area to the food hall. Returns from these investments were not fully realised in 2006 and a further operations savings plan has been developed to reduce processing costs and improve operations in the Northgate factory.

### Shares under option

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

- 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 per cent of the issued capital of the Company at the time the option is exercised. The options are exercisable after the expiry of three years for up to two 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.

*The Company  
won two national  
awards in the  
past year for  
its innovative  
and effective  
approach  
to reducing  
post-consumer  
packaging waste.*



### 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 Riordan & Riordan of which CJ Riordan is a partner.

### Directors' interests in contracts

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 Riordan & Riordan, a firm of which CJ Riordan 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 Act 2001.

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.

### 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 22.

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



**EJJ Pope**  
**Chairman**

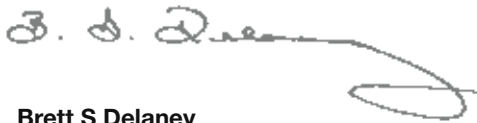
Brisbane  
23 April 2007

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Golden Circle Limited for the year ended 31 December 2006, 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 and the entities it controlled during the period.



**Brett S Delaney**

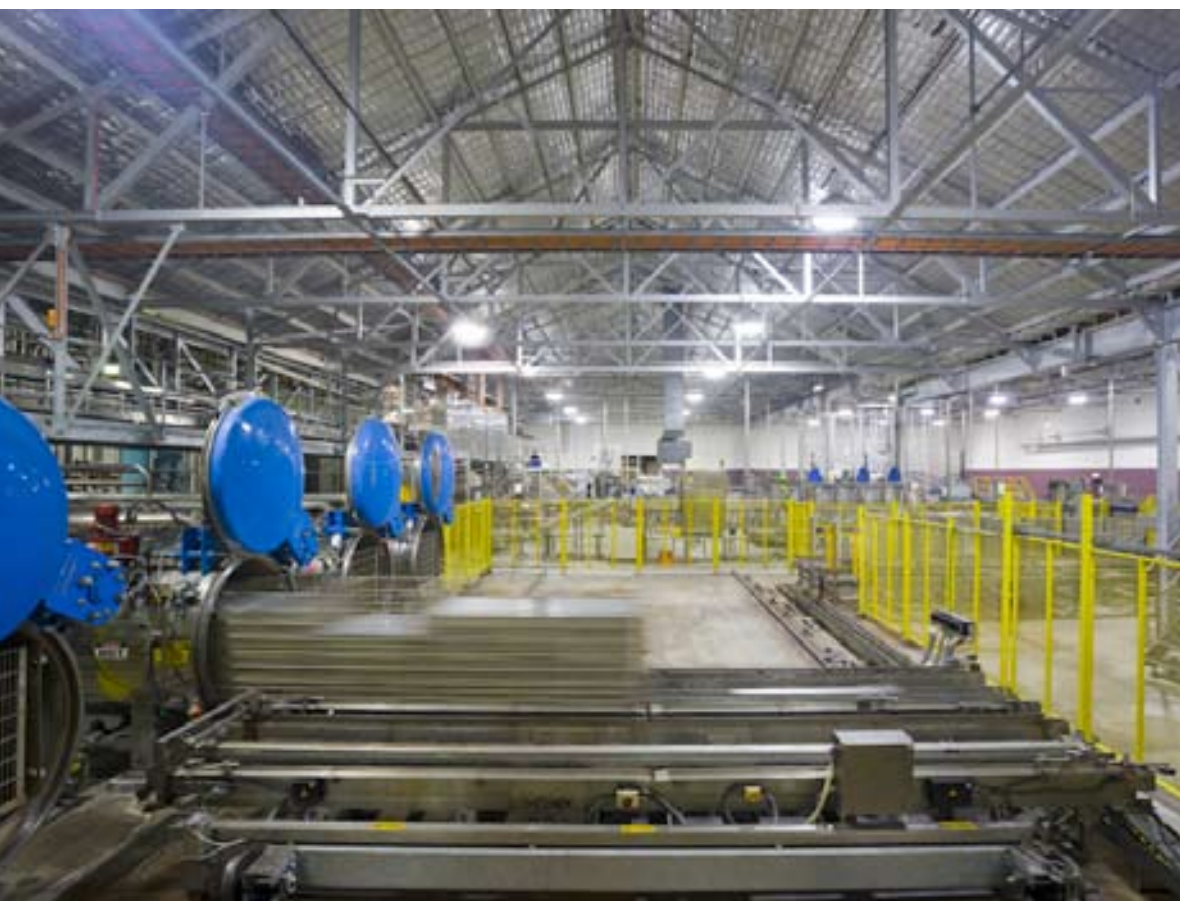
**PARTNER**

PricewaterhouseCoopers

Brisbane 23 April 2007

Liability limited by a scheme approved under Professional Standards Legislation.





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**CONSOLIDATED INCOME STATEMENT**  
for the year ended 31 December 2006

	Notes	Consolidated & Company 2006 \$000	Consolidated & Company 2005 \$000
Revenue from continuing operations	4	<b>368,076</b>	361,108
Cost of sales		<b>(281,703)</b>	(264,587)
<b>Gross profit</b>		<b>86,373</b>	96,521
Other income	5	<b>110</b>	692
Significant transaction	6	<b>9,415</b>	0
Other expenses from continuing operations			
Corporate and administration		<b>(17,709)</b>	(13,534)
Marketing and selling		<b>(47,656)</b>	(43,188)
Warehouse and distribution		<b>(29,501)</b>	(28,838)
<b>Profit before interest and related income tax</b>		<b>1,032</b>	11,653
Finance costs		<b>(9,318)</b>	(9,462)
Investment fee on convertible notes		<b>(7,655)</b>	(5,452)
<b>Loss from continuing operations before related income tax</b>		<b>(15,941)</b>	(3,261)
Income tax expense attributable to continuing operations	9	<b>(597)</b>	(202)
<b>Loss from continuing operations</b>		<b>(16,538)</b>	(3,463)
Loss from discontinued operations	10	<b>(1,307)</b>	(1,226)
<b>Net loss attributable to members of Golden Circle Limited</b>		<b>(17,845)</b>	(4,689)

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

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 2006

Notes Consolidated & Company Consolidated & Company  
2006 2005  
\$000 \$000

**Current Assets**

Cash and cash equivalents	11	5,394	2,129
Receivables	12	78,567	68,890
Inventories	13	69,654	67,825
Current tax assets		149	0
Derivative financial instruments	14	13	134
Other	15	2,140	2,530

**Total Current Assets** 155,917 141,508

**Non-Current Assets**

Property, plant and equipment	16	129,146	134,865
Investments	17	28	28
Deferred tax assets	18	81	102
Intangibles	19	17,507	17,443

**Total Non-Current Assets** 146,762 152,438

**Total Assets** 302,679 293,946

**Current Liabilities**

Payables	20	57,637	29,884
Borrowings	21	19,089	29,149
Derivative financial instruments	14	363	139
Current tax liabilities		0	92
Provisions	23	8,328	7,897
Other current liabilities	24	2,017	531

**Total Current Liabilities** 87,434 67,692

**Non-Current Liabilities**

Borrowings	21	48,977	49,386
Convertible notes	22	50,185	49,420
Deferred tax liabilities	25	0	0
Provisions	23	5,307	4,538
Other non-current liabilities	24	5,716	0

**Total Non-Current Liabilities** 110,185 103,344

**Total Liabilities** 197,619 171,036

**Net Assets** 105,060 122,910

**Equity**

Parent entity interest			
Contributed equity	27	3,272	3,272
Reserves	28a	54,292	54,927
Retained profits	28b	47,496	64,711

**Total Equity** 105,060 122,910

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

<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	Notes	Consolidated & Company	Consolidated & Company
For the year ended 31 December 2006		2006	2005
		\$000	\$000

<b>Total equity at the beginning of the year</b>		<b>122,910</b>	127,521
Adjustment to gain on revaluation of property plant and equipment 2005	28	<b>0</b>	5
Deferred tax on movement in revaluatuion reserve of property, plant and equipment	28	<b>300</b>	0
Cash flow hedges, net of tax	28	<b>(305)</b>	51
Correction of error	28	<b>0</b>	22
<b>Net income recognised directly into equity</b>		<b>(5)</b>	78
<b>Loss for the year</b>		<b>(17,845)</b>	(4,689)
<b>Total recognised income and expense for the year</b>		<b>(17,850)</b>	(4,611)
<b>Total equity at the end of the year</b>		<b>105,060</b>	122,910

*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 2006

Notes Consolidated & Company Consolidated & Company  
2006 2005  
\$000 \$000

**Cash flows from operating activities**

Receipts from customers (inclusive of goods and services tax)		<b>404,440</b>	400,874
Payments to suppliers and employees (inclusive of goods & services tax)		<b>(375,007)</b>	(391,410)
Interest received		<b>356</b>	312
Interest paid		<b>(7,733)</b>	(7,793)
Income taxes paid		<b>(815)</b>	(440)

<b>Net cash inflow/(outflow) from operating activities</b>	36(b)	<b>21,241</b>	1,543
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**Cash flows from investing activities**

Payments for property, plant and equipment		<b>(10,386)</b>	(17,001)
Payments for intangibles		<b>(368)</b>	(183)
Proceeds from sale of discontinued operations	10	<b>3,134</b>	0
Proceeds from sale of property, plant and equipment		<b>115</b>	4,739

<b>Net cash inflow/(outflow) from investing activities</b>		<b>(7,505)</b>	(12,445)
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**Cash flows from financing activities**

Proceeds from borrowings		<b>0</b>	51,758
Repayment of borrowings		<b>(10,471)</b>	(46,203)
Share capital increase		<b>0</b>	0

<b>Net cash inflow/(outflow) from financing activities</b>		<b>(10,471)</b>	5,555
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<b>Net increase/(decrease) in cash held</b>		<b>3,265</b>	(5,347)
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<b>Cash at the beginning of the financial year</b>		<b>2,129</b>	7,476
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<b>Cash at the end of the financial year</b>	36(a)	<b>5,394</b>	2,129
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The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



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## 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 on the going concern basis, refer note 21, and in accordance with Australian equivalents to International Financial Reporting Standards (IFRS), 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).

### *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 2006 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 liabilities have been offset in accordance with AASB 112 *Income Tax*.

The consolidated entity has not implemented tax consolidation.

**(h) 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.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

**(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) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Bank overdrafts are shown within interest bearing liabilities on the balance sheet.

**(k) 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.

**(l) 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.

**(m) Non-current assets (or disposal groups) held for sale and discontinued operations**

Assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs 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.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The result of discontinued operations have been presented separately on the face of the income statement.

**(n) Investments and other financial assets**

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).

**(o) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period. 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 trans-

actions (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.

**(p) 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.

**(q) 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.

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 when 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 this note. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as 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 is not available for distribution of dividends to shareholders.

**(r) 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**

According to AASB 138 – Intangible Assets, 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.

**(s) 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.

**(t) Borrowings**

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

During 2005 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.

**(u) Borrowing costs**

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

**(v) 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.

**(w) 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.

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.

### **(x) 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.

### **(y) 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 sheet date.

### **(z) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority.

In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

### **(aa) 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.

### **(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) New accounting standards and UIG interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2006 reporting period.

The Company's assessment of the impact of these new standards and interpretations is set out below.

*AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB4, AASB 1023 & AASB 1038]* AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Company has not adopted the standard early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company's financial instruments.

### **(ad) 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.

The Company tests annually whether intangible assets with an indefinite life have suffered any impairment, in accordance with the accounting policy stated in note 1 (r). The recoverable amounts of cash generating units have been determined based on value in use calculations, the assumptions on which these are based are set out in note 19.

## 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 baby food.

#### 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.

## (b) Primary reporting format – business segments

<b>Segment Reporting 2006</b>	<b>Beverage</b>	<b>Food</b>	<b>Eliminations /Unallocated</b>	<b>Consolidated</b>
Sales to external customers (net of trade rebates)	222,706	140,139	3,026	365,871
Segment contribution	67,233	18,867	273	86,373
Unallocated revenue less unallocated expenses				(102,314)
Loss from continuing operations before income tax expense				(15,941)
Income tax (expense)/benefit				(597)
Loss from continuing operations				(16,538)
Profit/(loss) from discontinued operations				(1,307)
Net loss to members				(17,845)
Segment assets			302,679	302,679
Segment liabilities			197,620	197,620
Acquisition of property, plant and equipment, intangibles and other non-current segment assets			10,754	10,754
Depreciation and amortisation expense			12,780	12,780
Write down of intangibles			0	0
Write down of property, plant and equipment			0	0
<b>Segment Reporting 2005</b>	<b>Beverage</b>	<b>Food</b>	<b>Eliminations /Unallocated</b>	<b>Consolidated</b>
Sales to external customers (net of trade rebates)	223,096	137,204	(554)	359,746
Segment contribution	57,340	40,539	(1,358)	96,521
Unallocated revenue less unallocated expenses				(99,782)
Loss from continuing operations before income tax expense				(3,261)
Income tax (expense)/benefit				(202)
Loss from continuing operations				(3,463)
Profit/(loss) from discontinued operations				(1,226)
Net loss to members				(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			17,183	17,183
Depreciation and amortisation expense			11,759	11,759
Write down of intangibles			669	669
Write down of property, plant and equipment			74	74

Comparative information has been restated where appropriate.

## (c) Secondary reporting format – geographical segments

	<b>Segment revenues from sales to external customers</b>		<b>Segment assets</b>		<b>Acquisition of property, plant and equipment, intangibles and other non-current segment assets</b>	
	<b>2006</b>	2005	<b>2006</b>	2005	<b>2006</b>	2005
	<b>\$000</b>	\$000	<b>\$000</b>	\$000	<b>\$000</b>	\$000
Australia	350,446	342,333	297,261	287,240	10,753	17,182
New Zealand	15,425	17,413	5,418	6,706	1	1
	365,871	359,746	302,679	293,946	10,754	17,183

**4. REVENUE****Sales Revenue**

Sale of goods	388,003	381,098
Other sales revenue	4,124	3,638
	392,127	384,736
Trade rebates	(26,256)	(24,990)
	365,871	359,746

**Other Revenue**

Interest received	356	312
Rentals	141	152
Royalties	284	362
Licence fees	314	0
Other	1,110	536
	2,205	1,362
<b>Revenue from continuing operations</b>	<b>368,076</b>	<b>361,108</b>

**5. OTHER INCOME**

Gain from sale of property, plant & equipment	0	569
Government grants	110	0
Foreign exchange gain	0	123
<b>Other Income</b>	<b>110</b>	<b>692</b>

**6. SIGNIFICANT TRANSACTION**

On 19 June 2006 a business agreement was entered into with Nutricia Australia Limited (Nutricia) for the production of infant food and beverages, resulting in a one time inflow of income for this period of \$9,415,000. The production of these infant products will continue under licence to Nutricia at the Northgate facility.

Financial information relating to this transaction is set out below.

Sale of baby food inventory on hand	2,660	0
Continuing revenues	9,925	0
Profit on sale of infant product rights	9,415	0
<b>Total transaction gains</b>	<b>22,000</b>	<b>0</b>

The above will be reflected in the following reporting periods

In the current financial year	14,267	0
Within the year ending 31 December 2007	2,017	0
Later than 31 December 2007	5,716	0
<b>Total transaction gains</b>	<b>22,000</b>	<b>0</b>

The cashflows will be recorded in the following reporting periods

In the current financial year	21,250	0
Within the year ending 31 December 2007 (included in sundry receivables, note 12)	750	0
<b>Total transaction gains</b>	<b>22,000</b>	<b>0</b>

**7. CORRECTION OF ERROR, REVISION OF ESTIMATES****(a) Correction of errors**

There was a correction of an error relating to recognising deferred tax in equity on those items that are credited or charged directly to equity. The impact is detailed in note 28.

**8. EXPENSES****Profit before income tax includes the following specific expenses:**

Depreciation		
Buildings	<b>866</b>	893
Plant and equipment	<b>11,589</b>	10,773
Motor vehicles	<b>21</b>	93
Total depreciation	<b>12,476</b>	11,759
Charges against intangibles		
Amortisation of computer software	<b>304</b>	669
Total charges against intangibles	<b>304</b>	669
Other charges against assets		
Net realisable value of inventories	<b>(1,181)</b>	(2,418)
Write down of property, plant & equipment to recoverable amount	<b>0</b>	74
Bad and doubtful debts	<b>(116)</b>	(209)
Total other charges against assets	<b>(1,297)</b>	(2,553)
Finance costs expensed	<b>9,318</b>	9,462
Investment fee on convertible notes	<b>7,655</b>	5,452
Total borrowing costs	<b>16,973</b>	14,914
Employee benefits expense	<b>73,598</b>	66,147
Loss from sale of property, plant & equipment	<b>13</b>	0
Foreign exchange loss	<b>279</b>	0
Rental expense on operating leases – minimum lease payments	<b>6,605</b>	6,199
Research and development	<b>1,176</b>	462



**9. INCOME TAX EXPENSE****(a) Income tax expense**

Current tax	<b>145</b>	248
Deferred tax	<b>452</b>	(46)
Under/(over) provided in prior years	<b>0</b>	0
Income tax expense attributable to continuing operations	<b>597</b>	202

Deferred income tax (revenue) expense included in the tax expense comprises:

Decrease (increase) in deferred tax assets	<b>21</b>	(46)
Increase (decrease) in deferred tax liabilities	<b>431</b>	0
Income Tax expense attributable to continuing operations	<b>452</b>	(46)

**(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable/(benefit)**

Loss from continuing operations before income tax expense	<b>(15,941)</b>	(3,261)
Loss from discontinued operations before income tax expense (note 10)	<b>(813)</b>	(1,226)
	<b>(16,754)</b>	(4,487)

**Income tax on operating profit/(loss)**

Tax at the Australian tax rate of 30%	<b>(5,026)</b>	(1,346)
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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	<b>0</b>	(6,720)
Brand names	<b>0</b>	(4,650)
Entertainment	<b>9</b>	16
Significant Transaction – Nutricia	<b>2,389</b>	0
Discontinued Operations	<b>27</b>	0
Sundry items	<b>(281)</b>	206
	<b>(2,882)</b>	(12,494)

Deferred tax assets and liabilities recognised through equity	<b>431</b>	0
Income tax benefit not recognised	<b>3,033</b>	12,678
Differences in overseas tax rates, NZ tax @ 33%	<b>15</b>	18
Income tax expense	<b>597</b>	202

**(c) Deferred tax**

Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity.

Potential tax benefit @ 30%	<b>5,982</b>	6,413
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**(d) Tax Losses**

Unused tax losses for which no deferred tax asset has been recognised	<b>94,456</b>	92,413
Potential tax benefit @ 30%	<b>28,337</b>	27,724

The benefit for tax losses will only be obtained if:

- 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
- the losses are transferred to an eligible entity in the consolidated entity, and
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

**10. DISCONTINUED OPERATIONS****(a) Description**

Golden Circle Limited sold the net assets relating to the Griffith business to Elders Limited on 1 December 2006.

There are 4 contracts between Golden Circle Limited and Elders Limited. These contracts are, for the sale of the land, asset sale and purchase agreement, agency agreement, and an ongoing agreement for the supply of valencia fruit.

**(b) Financial performance and cash flow information**

The financial performance presented is for the period ended 30 November 2006 and the year ended 31 December 2005

Revenue	<b>2,977</b>	4,053
Expenses	<b>(3,790)</b>	(5,279)
Loss before income tax	<b>(813)</b>	(1,226)
Income tax expense	<b>0</b>	0
Loss after income tax of discontinued operations	<b>(813)</b>	(1,226)
Loss on sale after income tax	<b>(494)</b>	0
Loss from discontinued operations	<b>(1,307)</b>	(1,226)

**(c) Carrying amounts of assets and liabilities**

The carrying amounts of assets and liabilities as at 30 November 2006 and 31 December 2005 are:

Property, plant & equipment	<b>3,264</b>	3,477
Trade receivables	<b>214</b>	335
Inventories	<b>144</b>	333
Other assets	<b>31</b>	47
<b>Total assets</b>	<b>3,653</b>	4,192
Trade creditors	<b>6,976</b>	6,978
Provision for employee benefits	<b>152</b>	0
Other liabilities	<b>198</b>	0
<b>Total liabilities</b>	<b>7,326</b>	6,978
<b>Net Assets</b>	<b>(3,673)</b>	(2,786)

**(d) Details of the sale of the division**

Consideration received or receivable:

Cash	<b>3,134</b>	0
Present value of amount due in 2007	<b>45</b>	0
<b>Total disposal consideration</b>	<b>3,179</b>	0
Carrying amount of net assets sold	<b>(3,673)</b>	0
Loss on sale before income tax	<b>(494)</b>	0
Income tax expense	<b>0</b>	0
<b>Loss on sale after income tax</b>	<b>(494)</b>	0

**11. CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	<b>5,394</b>	2,129
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**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.

**12. CURRENT ASSETS – RECEIVABLES**

Trade receivables	<b>76,852</b>	67,871
Less: Provision for doubtful debts	<b>(93)</b>	(234)
	<b>76,759</b>	67,637
Sundry receivables	<b>1,809</b>	1,253
	<b>78,567</b>	68,890

**13. CURRENT ASSETS – INVENTORIES**

Raw materials and stores – at cost	<b>17,574</b>	16,112
Finished goods		
At cost	<b>52,792</b>	50,188
At net realisable value	<b>0</b>	3,285
	<b>52,792</b>	53,473
Less: Provision for obsolescence	<b>(712)</b>	(1,760)
	<b>69,654</b>	67,825

**14. DERIVATIVE FINANCIAL INSTRUMENTS****Current assets**

Forward foreign exchange contracts – cash flow hedges	<b>0</b>	72
Interest rate swaps – cash flow hedge	<b>13</b>	62
Total current derivative financial instrument assets	<b>13</b>	134

**Current liabilities**

Forward foreign exchange contracts – cash flow hedges	<b>363</b>	0
Interest rate swaps – cash flow hedge	<b>0</b>	139
Total current derivative financial instrument liabilities	<b>363</b>	139
	<b>(350)</b>	(5)

**(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 – cash flow hedges**

Bank loans of Golden Circle Limited currently bear an average variable interest rate of 7.15%. 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 through which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps in place cover approximately 33% (2005 – 72%) of the loan principal outstanding and are timed to expire when loan repayments are expected to fall due. The fixed interest rates range between 6.44% and 6.62% (2005 – 4.8% and 6.7%) and the variable rates are on average 0.1% (2005 – 0.1%) below the 90 day bank bill rate which at balance date was 6.44% (2005 – 5.6%).

At 31 December 2006 the notional principal amounts and periods of expiry of the interest rate swaps contracts are as follows:

	<b>2006</b>	2005
	<b>\$000</b>	<b>\$000</b>
Less than 1 year	<b>0</b>	51,200
1-2 years	<b>20,000</b>	0
2-3 years	<b>0</b>	0
3-4 years	<b>0</b>	0
4-5 years	<b>0</b>	0

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

Any changes in fair values are taken to the income statement immediately.

**(ii) Forward exchange contracts – cash flow hedges**

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

	<b>Australian dollar value of contracts</b>		<b>Average exchange rate</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>\$000</b>	<b>\$000</b>		
Buy US Dollars	<b>12,435</b>	4,701	<b>0.7632</b>	0.7452

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 in the same period the purchase occurs.

**15. CURRENT ASSETS – OTHER**

Security deposits	5	5
Prepayments	2,135	2,525
Total current other assets	2,140	2,530

**16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

Freehold land		
At cost	<b>19,082</b>	19,481
Buildings and improvements		
At cost	<b>32,050</b>	33,915
Less accumulated depreciation	<b>(1,844)</b>	(1,092)
	<b>30,206</b>	32,823
Total land and buildings	<b>49,288</b>	52,304
Plant and equipment		
At cost	<b>111,430</b>	103,108
Less accumulated depreciation	<b>(36,437)</b>	(26,251)
	<b>74,993</b>	76,857
Plant and equipment under finance lease	<b>7,066</b>	7,066
Less accumulated depreciation	<b>(2,229)</b>	(1,413)
	<b>4,837</b>	5,653
Total plant and equipment	<b>79,830</b>	82,510
Motor vehicles		
At cost	<b>445</b>	468
Less accumulated depreciation	<b>(417)</b>	(417)
Total motor vehicles	<b>28</b>	51
Total property, plant and equipment	<b>129,146</b>	134,865

**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 21 for information on non-current assets pledged as security by the consolidated entity.

**Recoverable amount**

During 2004 and 2005 some items of plant and equipment were written down to their recoverable amount. These items of plant were either closed permanently from operations or were 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.

**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
<b>At 1 January, 2005</b>					
Cost	22,021	35,034	93,826	656	151,537
Accumulated depreciation	0	(230)	(17,038)	(514)	(17,782)
Net carrying amount	22,021	34,804	76,788	142	133,755

**Year ended 31 December, 2005**

Additions	90	0	16,873	37	17,000
Disposals	(2,670)	(1,048)	(309)	(35)	(4,062)
Revaluation decrement (note 28(a))	0	0	5	0	5
Reclassify land improvements out of buildings	40	(40)	0	0	0
Write down of property, plant & equipment (note 8)	0	0	(74)	0	(74)
Depreciation (note 8)	0	(893)	(10,773)	(93)	(11,759)
Closing net carrying amount	19,481	32,823	82,510	51	134,865

**At 31 December, 2005**

Cost	19,481	33,915	110,174	468	164,038
Accumulated depreciation	0	(1,092)	(27,664)	(417)	(29,173)
Net carrying amount	19,481	32,823	82,510	51	134,865

	Land \$000	Buildings \$000	P&E \$000	Vehicles \$000	Total \$000
<b>Year ended 31 December, 2006</b>					
Additions	0	40	10,320	26	10,386
Disposals	(399)	(1,791)	(1,411)	(28)	(3,629)
Revaluation decrement (note 28(a))	0	0	0	0	0
Reclassify land improvements out of buildings	0	0	0	0	0
Write down of property, plant & equipment (note 8)	0	0	0	0	0
Depreciation (note 8)	0	(866)	(11,589)	(21)	(12,476)
Closing net carrying amount	19,082	30,206	79,830	28	129,146

**At 31 December, 2006**

Cost	19,082	32,050	118,496	445	170,073
Accumulated depreciation	0	(1,844)	(38,666)	(417)	(40,927)
Net carrying amount	19,082	30,206	79,830	28	129,146

Capital work-in-progress included in Plant and Equipment was \$6,495,000 (2005-\$12,880,000)



**17. NON-CURRENT ASSETS – INVESTMENTS MEASURED AT COST**

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. Owing to the insignificant value in the investments and the trading results of the associated entities 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.

**18. NON-CURRENT ASSETS – DEFERRED TAX ASSETS****The balance comprises temporary differences attributable to:**

Amounts recognised in profit and loss:

Doubtful debts	28	70
Employee benefits	3,498	3,392
Provisions for inventory	370	533
Provisions for asset write downs	0	938
Retirement benefit obligations	216	137
Accruals	443	93
Convertible note investment fee	3,932	1,636
Finance leases	238	155
Software development	349	137
Patents	9	9
Tax losses	4,732	3,810
Sundry	11	6
	<b>13,826</b>	10,916

Amounts recognised in equity:

Cash flow hedges	109	42
	<b>13,935</b>	10,958
Set-off of deferred tax assets pursuant to set-off provisions (note 25)	<b>(13,854)</b>	(10,856)
Net deferred tax assets	<b>81</b>	102

**Movements**

Opening balance at 1 January 2006	102	56
Credited/(charged) to the income statement (note 9)	(21)	46
Credited/(charged) to equity	0	0
Closing balance at 31 December 2006	<b>81</b>	102

**19. NON-CURRENT ASSETS – INTANGIBLE ASSETS**

Brand names	25,350	25,350
Less: Impairment	(8,199)	(8,199)
Total brand names	17,151	17,151
Computer software	3,533	3,165
Less: Accumulated amortisation	(3,177)	(2,873)
Total computer software	356	292
Total intangible assets	17,507	17,443

	Brand names \$000	Computer Software \$000	Total \$000
<b>At 1 January 2005</b>			
Cost	25,350	2,982	28,332
Accumulated depreciation and impairment	(8,199)	(2,204)	(10,403)
Net carrying amount	17,151	778	17,929

**Year ended 31 December 2005**

Additions	0	183	183
Amortisation charge	0	(669)	(669)
Impairment	0	0	0
Closing net carrying amount	17,151	292	17,443

**At 31 December 2005**

Cost	25,350	3,165	28,515
Accumulated amortisation and impairment	(8,199)	(2,873)	(11,072)
Net carrying amount	17,151	292	17,443

	Brand names \$000	Computer Software \$000	Total \$000
<b>Year ended 31 December 2006</b>			
Additions	0	368	368
Amortisation charge	0	(304)	(304)
Impairment	0	0	0
Closing net carrying amount	17,151	356	17,507

**At 31 December 2006**

Cost	25,350	3,533	28,883
Accumulated amortisation and impairment	(8,199)	(3,177)	(11,376)
Net carrying amount	17,151	356	17,507

**(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 Original Juice Co and Popper brand names are 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.

As at 31 December 2005 the Original Juice Co recoverable amount was determined using fair value less costs to sell. This amount was based on the best information available in the market the company could obtain from the disposal of the brand name in an arms length transaction between knowledgeable, willing parties.

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

	Growth rate		Discount rate	
	2006	2005	2006	2005
	%	%	%	%
Popper brand name	2.50	2.50	11.50	11.10
Original Juice Co brand name	3.00	N/A	9.98	N/A

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

**20. CURRENT LIABILITIES – PAYABLES**

Trade creditors	<b>32,058</b>	17,275
Other creditors	<b>5,712</b>	2,585
Convertible note investment fee accrual	<b>13,107</b>	5,452
Other accruals	<b>6,760</b>	4,572
Total current liabilities – payables	<b>57,637</b>	29,884

**21. LIABILITIES – BORROWINGS****Current**

Cash advance	17,000	27,000
Insurance loan	1,340	1,367
Lease liabilities (note 30)	749	782
	19,089	29,149

**Non Current**

Receivables acquisition facility	44,000	44,000
Lease liabilities (note 34)	4,977	5,386
	48,977	49,386

**(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 Receivables Acquisition Facility of \$44,000,000 is secured by the current Receivables balance which is reviewed monthly and bears an interest rate of 7.01%. Refer to Note 30(d) in relation to credit facilities

The cash advance has been drawn as a source of short-term financing on a needs basis. The cash advance facility totals \$17,000,000 of which:

\$10,000,000 matured in January 2007 and bears an interest rate of 7.49%

\$4,000,000 matured in January 2007 and bears an interest rate of 7.53%

\$3,000,000 matured in January 2007 and bears an interest rate of 7.50%

The cash advance facility can be any variable amount drawdown, rolled over for a fixed period of time, as determined by management to manage the cash requirements of the company. The only limitation the maximum limit for the aggregate amount as agreed in the relevant facilities agreement.

As at 31 December 2006, the company was in breach of two covenants that related to its long-term senior debt facility, as provided by National Australia Bank. These were the operating leverage ratio and the debt service coverage ratio.

In accordance with applicable accounting standards, debt of \$17,000,000 has therefore been reclassified as a current liability at the reporting date. Subsequently, National Australia Bank has confirmed that it has waived its right to action in relation to these breaches.

The National Australia Bank facilities agreement is still in effect until 31 March 2008.

The facilities agreement with National Australia Bank was amended in April 2007 in relation to covenants for the 2007 year.

These covenants more accurately reflect the current operating environments and needs of the business. The covenants are to be monitored quarterly and based on the 2007 budget approved by the Board the company will comply with them.

**22. LIABILITIES – CONVERTIBLE NOTES**

The Company issued 50,000,000 convertible notes for \$50 million on 15 April 2005. These notes may be converted into ordinary shares of the Company: on an ASX listing; a sale of the Company's business; if there is a breach; or if after the third anniversary the Company serves a redemption notice; or after the Company has filed its annual or half year accounts. 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 notes may be redeemed after 5 years have lapsed if: there is a breach; or if after the third anniversary the Company serves a redemption notice and the note holder chooses not to convert.

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

Face value of notes issued	50,000	50,000
Transaction costs relating to issue	(1,813)	(1,813)
	48,187	48,187
Interest expense *	7,992	3,288
Interest paid	(5,994)	(2,055)
Non-current liability	50,185	49,420

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

**23. LIABILITIES – PROVISIONS****Current**

Employee entitlements	6,786	6,733
Workers compensation provision	1,542	1,164
Total current provisions	8,328	7,897

**Non current**

Employee entitlements	5,307	4,538
Total non-current provisions	5,307	4,538

**Aggregate employee entitlement liabilities**

Current	6,786	6,733
Non current	5,307	4,538
	12,094	11,271

**Employee numbers**

Average number of employees during the financial year	1,348	1,305
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**24. LIABILITIES – OTHER LIABILITIES****Current**

Nutricia (note 6)	2,017	0
Other deferred income	0	531
Other current liabilities	2,017	531

**Non current**

Nutricia (note 6)	5,716	0
Other non-current liabilities	5,716	0

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

**25. LIABILITIES – DEFERRED TAX LIABILITIES****The balance comprises temporary differences attributable to:**

## Amounts recognised in profit and loss

Consumables	20	14
Prepayments	50	62
Property, plant and equipment	2,529	3,861
Intangible assets	5,145	495
Sundry	19	11
	7,763	4,443

## Amounts recognised directly in equity

Property, plant and equipment	6,091	6,391
Cash flow hedges	0	22
	6,091	6,413
	13,854	10,856
Set-off of deferred tax assets pursuant to set-off provisions	(13,854)	(10,856)
Net deferred tax liabilities	0	0

**26. 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.

**27. CONTRIBUTED EQUITY****Share Capital**

Ordinary Shares

82 376 824	<b>3,272</b>	2,659
Transferred from share premium reserve	<b>0</b>	575
Transferred from capital redemption reserve	<b>0</b>	38
	<b>3,272</b>	3,272

	<b>2006 Shares</b>	2005 Shares
<b>Reconciliations:</b>		
Reconciliations of movement in contributed equity is set out below:		
Balance at beginning of year	<b>82,376,824</b>	2,659,955
Shares converted to ordinary shares		
<i>20 January 2005</i>		
A class shares	<b>0</b>	(2,393,874)
B class shares	<b>0</b>	(266,081)
Converted to ordinary shares	<b>0</b>	82,376,824
Balance at 31 December 2006	<b>82,376,824</b>	82,376,824

**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.

**28. RESERVES AND RETAINED PROFITS****(a) Reserves**

General reserve	<b>54,546</b>	54,876
Hedging reserve – cash flow hedges	<b>(254)</b>	51
	<b>54,292</b>	54,927

**Movements:***General reserve*

Reserve at the beginning of the financial year	<b>54,876</b>	79,655
Transfer to retained earnings the revaluation increment on property, plant and equipment subsequently sold	<b>(630)</b>	(18,394)
Adjustment for Prior period error (note 28 (d))	<b>0</b>	(6,390)
Deferred tax (note 9)	<b>300</b>	0
Increment on revaluation of property, plant and equipment during the financial year	<b>0</b>	5
	<b>54,546</b>	54,876

*Hedging reserve – cash flow hedges*

Reserve at the beginning of the financial year	<b>51</b>	0
Revaluation – gross	<b>(436)</b>	73
Adjustment for prior period error (note 28(d))	<b>0</b>	(22)
Deferred tax (note 9)	<b>131</b>	0
	<b>(254)</b>	51

**(b) Retained profits**

Retained profits/(losses) at the beginning of the financial year	<b>64,711</b>	44,594
Transfer from the general reserve the revaluation increment on property, plant and equipment subsequently sold	<b>630</b>	18,394
Adjustment for prior period error (note 28(d))	<b>0</b>	6,412
Net profit/(loss) attributable to members of Golden Circle Limited	<b>(17,845)</b>	(4,689)
Retained profits at the end of the financial year	<b>47,496</b>	64,711

**(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.

**(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(o)(ii). Amounts are recognised in the profit and loss when the associated hedged transaction effects profit and loss.

**(d) Correction of prior period error**

As part of the company's transition to AIFRS last year, the impact of recognising deferred tax in equity on those items that are credited or charged directly to equity was not recorded. This was a result of not recognising any tax balances for the Company's Australian operations due to its considerable unused tax losses.

This error had the effect of understating the Company retained earnings by \$6,412,000, whilst overstating the general reserve by \$6,390,000 and the hedge reserve by \$22,000 as at 31 December 2005. There was no impact on the companies net asset position.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

**29. DIVIDENDS****Dividends provided for and/or paid**

No dividends were provided for or paid during the financial year (2005 provided and paid: nil).

**Franking credits**

Balance of franking credits available for use as at 31 December 2006 was \$18,580,173 (31 December 2005 \$18,580,173).



**30. 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****Current amounts receivable in:**

New Zealand dollars	2,058	2,713
US dollars	20	81

**Current amounts payable in:**

New Zealand dollars	565	928
Japanese yen	0	8
Singapore dollars	0	5

**(b) Forward exchange contracts**

Refer note 14.

**(c) Interest rate swaps**

Refer note 14.

**(d) Standby arrangements and credit facilities**

National Australia Bank has provided financial accommodation to Golden Circle Limited through the facilities detailed in Note 21.

**The Company has access to:****Credit standby arrangements, subject to annual review:**

Secured overdraft facility	3,000	3,000
Amount of credit unused	3,000	3,000
Receivables securitisation facility	45,000	45,000
Amount of credit unused	1,000	1,000
Cash advance facility	35,200	27,000
Amount of facility unused	18,200	0
Multi-Option trade facility	2,000	2,000
Amount of facility unused	2,000	2,000
Corporate on-line facility	10,000	10,000
Amount of facility unused	10,000	10,000
Business purchase card facility	200	200
Amount of facility unused	200	200

**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.

## (e) Interest rate risk exposure

		Floating Interest Rate Maturities			Fixed Interest Rate Maturities			Total
		1 year or less	1 to 5 Years	6 to 10 Years	1 year Or less	1 to 5 Years	Non Interest Bearing	
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2006								
Financial assets								
Cash	11	5,394	0	0	0	0	0	5,394
Receivables	12	0	0	0	0	0	78,567	78,567
Derivative financial assets	14	0	0	0	0	0	13	13
Other assets – investments	17	0	0	0	0	0	28	28
Total financial assets		5,394	0	0	0	0	78,608	84,002
Weighted average interest rate		4.25%	0	0	0	0	0	
Financial liabilities								
Accounts payable	20	0	0	0	0	0	57,637	57,637
Insurance loan	21	0	0	0	1,339	0	0	1,339
Cash advance facility	21	17,000	0	0	0	0	0	17,000
Receivables securitisation	21	44,000	0	0	0	0	0	44,000
Convertible note	22	0	50,185	0	0	0	0	50,185
Derivative financial liability	14	0	0	0	0	0	363	363
Finance leases	34	749	3,395	1,500	0	0	0	5,644
Total financial liabilities		61,749	53,580	1,500	1,339	0	58,000	176,168
Weighted average interest rate		7.15%	8.20%	7.20%	1.92%			
Net financial assets/(liabilities)		(56,355)	(53,580)	(1,500)	(1,339)	0	20,608	(92,166)

		Floating Interest Rate Maturities			Fixed Interest Rate Maturities			Total
		1 year Or less	1 to 5 Years	6 to 10 Years	1 year Or less	1 to 5 Years	Non Interest Bearing	
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2005								
Financial assets								
Cash	11	2,129	0	0	0	0	0	2,129
Receivables	12	0	0	0	0	0	68,890	68,890
Derivative financial assets	14	0	0	0	0	0	134	134
Other assets – investments	15	0	0	0	0	0	28	28
Total financial assets		2,129	0	0	0	0	69,052	71,181
Weighted average interest rate		4.65%	0	0	0	0		
Financial liabilities								
Accounts payable	20	0	0	0	0	0	29,884	29,884
Insurance loan	21	0	0	0	1,367	0	0	1,367
Cash advance facility	21	27,000	0	0	0	0	0	27,000
Receivables securitisation	21	44,000	0	0	0	0	0	44,000
Convertible note	22	0	49,420	0	0	0	0	49,420
Derivative financial liability	14	0	0	0	0	0	139	139
Finance leases	34	782	2,686	2,700	0	0	0	6,168
Total financial liabilities		71,782	52,106	2,700	1,367	0	30,023	157,978
Weighted average interest rate		6.46%	7.48%	7.20%	5.70%			
Net financial assets/(liabilities)		(69,653)	(52,106)	(2,700)	(1,367)	0	39,029	(86,797)

**(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:

	2006		2005	
	Carrying Amount	Net Fair Value*	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>On-balance sheet financial instruments</b>				
<b>Financial assets</b>				
Cash	5,394	5,394	2,129	2,129
Trade debtors	78,567	78,567	68,890	68,890
Derivative financial instruments	13	13	134	949
Other financial assets	28	28	28	28
Total non-traded financial assets	84,002	84,002	71,181	71,996
<b>Total financial assets</b>	<b>84,002</b>	<b>84,002</b>	<b>71,181</b>	<b>71,996</b>
<b>Financial liabilities</b>				
Insurance loan	1,339	1,339	1,367	1,367
Cash advance facility	17,000	17,000	27,000	27,000
Receivables securitisation	44,000	44,000	44,000	44,000
Convertible notes	50,185	50,185	49,420	49,420
Finance leases	5,726	5,726	6,168	6,168
Derivative financial instruments	363	363	139	139
Other liabilities	57,637	57,637	29,884	29,884
Total non-traded financial liabilities	176,250	176,250	157,978	157,978
<b>Total financial liabilities</b>	<b>176,250</b>	<b>176,250</b>	<b>157,978</b>	<b>157,978</b>

\* Net Fair Value is based on 30 or 90 day bill rates as at 31 December 2006.

**31. DIRECTOR AND EXECUTIVE DISCLOSURES****Directors**

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

**Chairman**

Ernest Pope

**Deputy Chairman**

Christopher Riordan

**Other Directors**

Eldo Di Pasquale

Lindsay Fullerton

Peter Voight

John Schmoll

Andrew Tyndale

Harry Nicholson (Alternate for Mr Tyndale)

**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 ("key management personnel") during the financial year:

John Cook (appointed 1 March 2006)	Chief Executive Officer
Steve Morrow (resigned 30 April 2006)	Chief Executive Officer
David Marquet (resigned 30 November 2006)	General Manager – Finance & Administration
Kerrie Parker (appointed 20 November 2006)	Chief Financial Officer
Steve Ingham (resigned 9 March 2007)	General Manager – Corporate Services
Geoff Houldsworth (appointed 3 April 2006)	General Manager – Innovation
Tony Purdy (appointed 27 September 2006)	Interim General Manager – Operations
John Zillmann (changed role 27 September 2006)	General Manager – Operations Capability
Gavin Clifford (promoted 1 November 2006)	General Manager Mill Park
Stephen Lynch (appointed 13 June 2006, resigned 22 January 2007)	General Manager – Integration
Tony Scanlan (resigned 21 July 2006)	General Manager – Sales & Marketing
Geoff Sawyer (appointed 10 July 2006)	General Manager – Sales
David Bateman (appointed 3 November 2006)	General Manager – Marketing
Paul Pafumi (appointed 14 August 2006)	General Manager – Procurement
Peter Swain	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.

Golden Circle has engaged the services of Mercer Consulting to provide general market median and industry comparisons when benchmarking salaries for executives.

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 target bonus maximum opportunity is 50% of total base salary for the Chief Executive and 20- 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.

### **Service Agreements**

All executive contracts require 3 months or less notice of termination by the Company, unless otherwise set out below.

The Chief Executive's contract was due to expire 28 February 2007 but has been extended for a further 12 months and continues to require 6 months notice of termination by the Company.

The General Manager of Innovation's contract expired on 31 December 2006, but he has continued to be employed by the Company pending finalisation of a new contract.

The General Manager of Corporate Services' contract provides for 6 months notice of termination by the Company and in the case of termination because of a merger or acquisition provides for a payment in lieu of notice of twelve months.

The General Manager of Marketing's contract provides for 8 months notice of termination by the Company in the case of termination within 12 months of commencing employment if the termination is due to a merger or acquisition within the first twelve months of service.

The General Manager of Procurement's contract provides for 6 months notice of termination by the Company in the case of termination within 12 months of commencing employment if the termination is due to a merger or acquisition within the first twelve months of service.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 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

##### 2006

Name		Short-term	Post Employment	Total
		Cash Salary & Fees (1) \$	Superannuation (2) \$	\$
E Pope		29,413	100,587	130,000
L Fullerton		55,046	4,954	60,000
P Voight		56,074	6,773	62,847
E Di Pasquale		30,499	32,417	62,916
C Riordan	(3)	38,560	34,940	73,500
J Schmoll		61,555	10,445	72,000
A Tyndale		0	0	0
H Nicholson		0	0	0
<b>Total</b>		<b>271,147</b>	<b>190,116</b>	<b>461,263</b>

(1) Cash Salary & Fees include allowance for travel

(2) Superannuation contribution includes salary sacrifice amounts

(3) \$38,500 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.

##### 2005

Name			Short-term	Post Employment	Total
			Cash Salary & Fees (1) \$	Superannuation (2) \$	\$
M Cruice	(From 01/01/05 to 20/05/05)		20,504	1,636	22,140
E Pope	(From 20/05/05 to 31/12/05)	(3)	70,184	6,317	76,501
G Pike	(From 01/01/05 to 01/04/05)		6,795	2,621	9,416
L Fullerton			40,605	2,588	43,193
P Voight			49,431	6,982	56,413
D Grace	(From 01/01/05 to 01/04/05)	(4)	8,584	0	8,584
E Di Pasquale			48,372	3,179	51,551
C Riordan	(From 01/04/05 to 31/12/05)	(5)	45,000	0	45,000
J Schmoll	(From 01/04/05 to 31/12/05)		48,045	4,324	52,369
A Tyndale	(From 01/04/05 to 31/12/05)		0	0	0
<b>Total</b>			<b>337,520</b>	<b>27,647</b>	<b>365,167</b>

(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.

**Key management personnel****2006**

Name			Short-term		Post Employment		Total
			Cash Salary & Fees (1) \$	Non-monetary Benefits (2) \$	Superannuation (3) \$	Eligible Termination Payment \$	
John Cook	(From 01/03/06 to 31/12/06)		382,263	0	34,404	0	416,667
Steve Morrow	(From 01/01/06 to 30/04/06)	(4)	153,692	9,500	105,000	0	268,192
David Marquet	(From 01/01/06 to 30/11/06)		132,521	20,920	107,033	0	260,474
Kerrie Parker	(From 20/11/06 to 31/12/06)	(5)	39,000	0	0	0	39,000
Steve Ingham			148,091	56,222	26,514	0	230,827
Geoff Houldsworth	(From 03/04/06 to 31/12/06)		70,210	0	136,039	0	206,249
Tony Purdy	(From 27/09/06 to 31/12/06)	(6)	100,588	0	0	0	100,588
John Zillmann			141,040	21,500	40,560	0	203,100
Gavin Clifford			139,745	22,315	13,913	0	175,973
Stephen Lynch	(From 13/06/06 to 31/12/06)		102,323	34,532	15,766	0	152,621
Tony Scanlan	(From 1/01/06 to 21/7/06)		135,366	12,542	10,522	0	158,430
Geoff Sawyer	(From 10/07/06 to 31/12/06)		81,668	8,541	27,475	0	117,684
David Bateman	(From 3/11/06 to 31/12/06)	(7)	22,550	0	2,029	0	24,579
Paul Pafumi	(From 14/08/06 to 31/12/06)		74,641	9,723	6,664	0	91,028
Peter Swain			128,683	20,208	23,334	0	172,225
<b>TOTAL</b>			<b>1,852,381</b>	<b>216,003</b>	<b>549,253</b>	<b>0</b>	<b>2,617,637</b>

(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) Superannuation contribution includes a payment of \$75,000 paid to Mr Morrow for the successful completion of the Numico transaction.

(5) \$39,000 of the Cash Salary & Fees disclosed for Ms Parker were paid to Executive Interim Management Pty Ltd an employment agency. Accordingly superannuation contributions were not deducted. The fees were also subject to GST.

(6) \$100,588 of the Cash Salary & Fees disclosed for Mr Purdy were paid to Executive Interim Management Pty Ltd an employment agency. Accordingly superannuation contributions were not deducted. The fees were also subject to GST.

(7) Mr Bateman is working for the Company on a part time basis until 1 January 2007.

**2005**

Name			Short-term		Post Employment		Total
			Cash Salary & Fees (1) \$	Non-monetary Benefits (2) \$	Superannuation (3) \$	Eligible Termination Payment \$	
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
<b>Total</b>			<b>1,553,115</b>	<b>174,943</b>	<b>225,433</b>	<b>0</b>	<b>1,953,491</b>

(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.



**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:

	2006 \$	2005 \$
Purchase of fruit and vegetables from directors or director-controlled entities		
P R Voight	496,195	431,337
L Fullerton	1,830,854	1,558,499
E Di Pasquale	277,087	424,904
Legal services provided by an entity related to C Riordan (excluding director fees set out above)	4,950	0

**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.

2005	MJ Cruice	PR Voight	GR Pike	L Fullerton	E 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	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
<i>Date of resignation</i>	20 May 2005		1 April 2005		
2006	PR Voight		L Fullerton E Di Pasquale		
Ordinary shares as at 1 January 2006	67,600		5,388,845 1,593,836		
Acquired	57,942		0 147,830		
Disposed	0		0 0		
Shares as at 31 December 2006	125,542		5,388,845 1,741,666		

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.

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

**32. REMUNERATION OF AUDITORS**

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

Auditing the accounts	<b>309,860</b>	194,000
Other assurance services	<b>14,500</b>	194,300
Total audit and other assurance services	<b>324,360</b>	388,300
Taxation	<b>218,107</b>	179,060
Advisory services	<b>40,021</b>	19,785
<b>Total remuneration</b>	<b>582,488</b>	587,145

**33. CONTINGENT LIABILITIES**

Details and estimate of maximum amounts of contingent liabilities are as follows:

Bank Guarantee Facility in favour of:

Qld Sugar Corporation	<b>500</b>	500
Workcover	<b>5,000</b>	5,000
Retail Investor Pty Ltd (Juice Bar)	<b>20</b>	20
Queensland Treasury (QTC Loan) *	<b>0</b>	23,600
Globus Group Pty Ltd	<b>33</b>	0

Claims:

Potential contract dispute relating to supply of fruit, which may be subject to litigation. **	<b>537</b>	1,014
	<b>6,090</b>	30,134

\* On the 23rd December 2005 the loan provided by QTC was repaid. A bank guarantee in favour of QTC was in place for 6 months and 21 days after which time the guarantee was surrendered.

\*\* At 31 December 2006 a dispute exists for payments to 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.

**34. COMMITMENTS FOR EXPENDITURES****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	<b>587</b>	367
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**Lease commitments**

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	<b>5,462</b>	3,358
Later than one year but no later than 5 years	<b>3,491</b>	4,571
Later than 5 years	<b>81</b>	243
	<b>9,034</b>	8,172

Representing:		
Non-cancellable operating leases	<b>7,626</b>	6,471
Future finance charges on finance leases	<b>1,408</b>	1,701
	<b>9,034</b>	8,172

**(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**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	<b>5,130</b>	3,064
Later than one year but no later than 5 years	<b>2,496</b>	3,407
Later than 5 years	<b>0</b>	0
	<b>7,626</b>	6,471

**(ii) Finance leases**

The Company lease various plant and equipment with a carrying amount of \$3,879,385 (2005 – \$5,563,000) 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**

Commitments in relation to finance leases are payable as follows:

Within one year	<b>1,080</b>	1,075
Later than one year but no later than 5 years	<b>4,391</b>	3,851
Later than 5 years	<b>1,581</b>	2,943
Minimum lease payments	<b>7,052</b>	7,869
Less: Future finance charges	<b>(1,408)</b>	(1,701)
Recognised as a liability	<b>5,644</b>	6,168
Representing lease liabilities:		
Current	<b>749</b>	782
Non-current	<b>4,895</b>	5,386
	<b>5,644</b>	6,168

**35. RELATED PARTIES****Directors and specified executives**

Disclosures relating to directors and specified executives are set out in note 31.

**Wholly-owned group**

Name of entity	Paid-up capital	Country of Incorporation	Class of Shares	Equity Holding	
				2006	2005
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	\$0	Australia-Qld	Ordinary	0%	0%

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 2005 financial year.

**36. 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 items in the statement of financial position as follows:**

Cash	5,394	2,129
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**b) Reconciliation of operating profit after income tax to net cash inflow from operating activities:**

Profit/(loss) from ordinary activities after related income tax	(17,845)	(4,689)
Depreciation and amortisation	12,780	12,429
Write down on revaluation of property, plant and equipment	0	0
Write down of intangibles to recoverable amount	0	0
Write down of property, plant and equipment to recoverable amount	0	74
Net loss/(gain) on sale of non current assets	380	(579)
Net cash from operating activities before changes in asset and liabilities	(4,685)	7,235
Change in operating assets & liabilities:		
(Increase)/decrease in receivables	(8,962)	(6,505)
(Increase)/decrease in inventory	(1,829)	974
(Increase)/decrease in other current assets	732	861
(Increase)/decrease in net derivative financial instruments	0	5
(Increase)/decrease in deferred tax assets	21	(46)
Increase/(decrease) in payables	35,536	(250)
Increase/(decrease) in current tax liability	(241)	(192)
Increase/(decrease) in employee entitlements	822	441
Increase/(decrease) in deferred income	(531)	531
Increase/(decrease) in workers compensation liability	378	(1,511)
Net cash inflow/(outflow) provided by operating activities	21,241	1,543

**37. NON-CASH FINANCING AND INVESTING ACTIVITIES**

Acquisition of plant and equipment by means of finance leases	0	143
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**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 23 to 61 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 2006 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*

23 April 2007

## 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 2006, 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 2006. 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**

Brisbane

**Brett S Delaney** Partner

23 April 2007

Liability limited by a scheme approved under Professional Standards Legislation.

## FIVE YEAR FINANCIAL SUMMARY (\$'000)

	2006	2005	2004	2003*	2002*
<b>Revenue</b>					
Revenue – Australia	351,627	348,190	368,743	359,755	356,440
Revenue – Overseas	36,376	36,951	40,674	39,729	40,999
Other revenue	4,124	3,638	4,663	3,989	0
<b>Total Revenue</b>	<b>392,127</b>	<b>388,779</b>	<b>414,080</b>	<b>403,473</b>	<b>397,439</b>
<b>Statement of financial performance</b>					
Operating profit (loss) from continuing operations before interest, depreciation					
and individually significant items and income tax	13,812	24,081	25,918	(6,988)	28,826
Net finance costs	16,973	14,914	10,567	10,022	7,212
Depreciation and amortisation	12,780	12,428	13,403	19,070	11,997
Abnormal expense – write down of brand names	0	0	7,000	0	0
Operating profit/(loss) from continuing operations before related income tax	(15,941)	(3,261)	(5,052)	(36,080)	9,617
Income tax benefit/(expense)	(597)	(202)	(14,314)	5,016	776
Loss from discontinued operations	(1,307)	(1,226)	0	0	0
<b>Net profit/(loss) attributable to members</b>	<b>(17,845)</b>	<b>(4,689)</b>	<b>(19,366)</b>	<b>(31,064)</b>	<b>10,393</b>
<b>Statement of financial position</b>					
Current assets	155,917	141,508	142,076	158,016	162,456
Property, plant and equipment					
At cost or valuation	170,073	164,038	151,537	237,430	214,467
Provision for depreciation	40,927	29,173	17,782	111,341	99,081
Written down value	129,146	134,865	133,755	126,089	115,386
Intangibles	17,507	17,443	17,929	24,157	32,240
Other non-current assets	109	130	84	20,759	16,943
<b>Total assets</b>	<b>302,679</b>	<b>293,946</b>	<b>293,844</b>	<b>329,021</b>	<b>327,025</b>
Bank overdraft	0	0	0	0	1,678
Current payables	57,637	29,884	31,366	38,026	31,347
Current borrowings	19,089	29,149	104,120	120,013	42,200
Current provisions	8,328	7,897	12,041	10,141	14,429
Other current liabilities	2,380	670	0	0	0
Current tax liability	0	92	284	0	0
Deferred tax liability	0	0	0	6,827	6,816
Non-current borrowings	48,977	49,386	17,048	28,686	73,600
Convertible notes	50,185	49,420	0	0	0
Provision	5,308	4,538	1,464	2,130	2,901
Other Non-current liabilities	5,716	0	0	0	0
<b>Total liabilities</b>	<b>197,620</b>	<b>171,036</b>	<b>166,323</b>	<b>205,823</b>	<b>172,971</b>
<b>Net assets</b>	<b>105,059</b>	<b>122,910</b>	<b>127,521</b>	<b>123,198</b>	<b>154,054</b>
Contributed equity	3,272	3,272	3,272	3,271	3,063
Reserves	54,291	61,339	79,655	56,014	96,030
Retained profit	47,496	58,299	44,594	63,913	54,961
<b>Total equity</b>	<b>105,059</b>	<b>122,910</b>	<b>127,521</b>	<b>123,198</b>	<b>154,054</b>
<b>Dividends</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,391</b>

Comparative information has been restated where appropriate.

\* The financial results on 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.







Golden Circle Limited 260 Earnshaw Road  
Northgate Queensland 4013 Australia  
Tel: (07) 3266 0000 Fax: (07) 3260 5994  
ACN 054 355 618 [www.goldencircle.com.au](http://www.goldencircle.com.au)