

**SODA Brands Limited (NSX Code: SOD)**

**2008 Half Year Review for the  
Six Months ended 31 January 2008**

My Chairman's Address at the end of last financial year indicated that the investment to acquire and re-brand the "Salon Only" range should commence driving the growth of the Soda Brands Limited (SODA) business during the 2008 financial year.

I am pleased to report that the results for the first half of the 2008 financial year indicate that growth of the business has commenced inline with your Board's expectations.

The table below summarises the financial highlights during the first six months of the 2008 financial year.

<b>Soda Brands Limited</b>	<b>1st Half 2008 FY</b>	<b>1st Half 2007 FY</b>	<b>Change</b>	<b>Change</b>
<b>Financial Summary</b>	<b>A\$'000</b>	<b>A\$'000</b>	<b>A\$'000</b>	<b>%</b>
<b>Revenue</b>	1,296	1,167	129	11.1%
<b>Gross Margin (\$)</b>	720	528	192	36.4%
<b>Gross Margin (%)</b>	55.6%	45.2%	10.4	23.0%
<b>EBITDA</b>	46	(325)	371	114.2%
<b>NPAT</b>	(22)	(411)	389	94.6%

The revenue increase of 11.1% is consistent with management's focus on expanding the distribution presence of the Salon Only range throughout Australia and New Zealand both on a "direct" and "indirect" basis. "Direct" representation means full time employed sales reps and commission based agents. "Indirect" representation means multi-line sub-distributors appointed to represent the Salon Only range in certain markets or territories.

The gross margin contribution increase of 36.4% and the gross margin percentage increase of 23% indicates the anticipated flow through of manufacturing efficiencies associated with the Salon Only Pty Limited acquisition during January last year as well as the reduction of cost of materials associated with the sourcing of the re-branded bottles and packaging.

**Outlook for the remainder of the 2008 Financial Year**

Management's continued focus on the increase of distribution points of the Salon Only range in Australia and New Zealand is expected to continue to drive business growth over the second half of the 2008 financial year. The second half of the financial year is also forecast to provide Salon Only's first export orders to Asia.

**Outlook for the remainder of the 2008 Financial Year...cont**

The balance sheet of the business remains strong and growth plans remain well funded with no debt, cash of \$615,000 and net working capital of \$1,100,000.

Consistent with the SODA prospectus dated 15 November 2006, your Board continues to review the acquisition of other brands and distribution rights for products involved in the "hair, health and beauty" industries. Any brand additions will need to be both synergistic with our current brand portfolio as well as have the ability to leverage your Company's core competencies.



**Andrew Fairfull**  
**Chairman**