Annual Report 2007-2008

BUILDING OUR FUTURE

Corporate Directory

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Auditors
PricewaterhouseCoopers
Riverside Centre
Level 15
123 Eagle Street
Brisbane, QLD 4000
Telephone (07) 3257 5000
Facsimile (07) 3257 5999

Shareholder Enquiries
Shareholders seeking information about their shareholding should contact the Company's share registry. Shareholders should have their Security Holder Reference Number (SRN) available when contacting the share registry.

Share Registry Contact Details
Registries Ltd
GPO Box 3993
Sydney, NSW 2001
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2007-08 Highlights

Rationalisation Plan

The Company made an announcement in May 2007 that it was implementing a major rationalisation project, cutting costs across all areas of the business, rationalising overhead structures, changing price structures and focusing on manufacturing efficiencies. One year into the plan improved performance is being realised. The key drivers of this include:

- an improvement in gross profit, driven by a reduction in input costs and price increases;
- tight control of marketing, administration and distribution costs; and
- market share gains across a majority of market segments.

Recapitalisation and Refinancing

Anchorage Capital Partners acquired 35% of Golden Circle, at the same time the Babcock & Brown convertible notes and options were removed (see page 8 for more information). This transaction saw a significant capital injection into the Company, enabling Golden Circle to be restructured as part of its rationalisation strategy. In addition to this GE Capital Asset Services and Trading Asia Pacific Pty Ltd provided $120 million in debt facilities. This recapitalisation and refinance has resulted in a significant reduction in financing charges.

Sale of Excess Northgate Assets

The Company sold excess land and assets at Northgate generating a net profit before tax of $21 million.

NSX Listing

In order to provide liquidity and flexibility to shareholders, following the removal of the grower ownership restrictions, Golden Circle listed its shares on the National Stock Exchange on 19 March 2008.

Financial Highlights

After adjusting for significant transactions, a comparison of the results for twelve months ended 30 June is summarised below:

	12 months ended	
Normalised results from continuing operations	30 June 2008 $000	30 June 2007 $000
Revenue	380,785	376,102
Profit/(loss) before interest and related income tax	13,853	(4,356)
Finance costs and investment fee for convertible notes	(10,153)	(17,264)
Income tax expense	(152)	(628)
Profit/(loss) attributable to members	3,548	(22,248)

A review of operations is included in the Directors' Report, providing more detailed financial highlights. The results for the twelve months to June have been reviewed by PricewaterhouseCoopers but have not been subject to a full audit.

The last year has been a period of significant change for Golden Circle, resulting in a substantially improved performance.

Chairman Phillip Cave (left) and
Chief Executive Officer Craig Mills (right)

Chairman & CEO's Report

The last year has been a period of significant change for Golden Circle, resulting in a substantially improved performance.

By reason of the change in the Company's financial year, from a December to June year end, we are providing to shareholders annual accounts for the 18 month period from January 2007 to June 2008. All reporting within the financial accounts compares a twelve month 2006 year with an eighteen month 2008 period. To assist shareholders, comparative reporting of the twelve months to June 2008 to the twelve months to June 2007 has been included within the Directors' report.

This eighteen month period to 30 June 2008 shows the benefits of the organisational turnaround resulting from the rationalisation and restructuring program that commenced in 2007. The reported net profit after tax of $9.4 million compares to a loss after tax of $17.8 million for the 2006 year. The 2008 results include the profit on the sale of Northgate assets of $21.0 million, the restructure costs and other one off items of $6.3 million. The 2006 results included the sale of the infant products rights to Nutricia Australia of $9.4 million and the discontinuation of the Griffith operation (loss $1.3 million).

On a more comparable basis for the twelve months ending June 2008, the underlying profit after tax was $3.5 million compared with a loss of $22.2 million for the corresponding period ending June 2007, an improvement of $25.7 million. The last six months (Jan – Jun 08) was $5.2 million ahead of the same time last year.

Despite the extremely competitive trading environment and the rationalisation of some product lines, Golden Circle achieved a revenue growth of 1.2% over the last twelve months. We continue to see the benefits of the launch of the chilled range of beverages and where practicable have continued with the price increase activity. Aggressive promotional activity was required in the last half year to ensure we held or gained market share across key categories.

The benefit of our rationalisation initiatives can be seen in the gross profit result, with 17.4% growth in the past twelve months. Rationalising overhead structures has enabled us to hold other operating expenses at last year's levels. The reductions undertaken have offset increasing costs including fuel, growing labour costs and the additional retail promotional spend required.

The refinancing, recapitalisation and sale of surplus assets has reduced debt levels by over $40 million and substantially lowered interest costs.

These results represent an improvement in Golden Circle's financial performance and the restructuring has provided a significantly more solid foundation for the Company. Combined with the implementation of the Anchorage proposal towards the end of 2007, the Company now has an improved capital base and lower debt, which will position it for further improved financial performance.

Many of the changes made during the rationalisation announced last year are now in place. We are now progressing with the next tier of improvements. These include improving current manufacturing processes. We have introduced a "Back 2 Basics" program, heavily focused on gaining factory efficiencies i.e. improving throughputs and reducing waste. We have also commenced a business integration program designed to improve our sales and operations planning, deliver a better service to the customer and at the same time improve our inventory management.

A key focus for the business is growth through innovation and we have restructured our management team to better support and strengthen this area of the business. New plant is also being introduced to support our core business and provide a strong platform for new innovation.

Golden Circle remains in turnaround mode. We should not underestimate the efforts required to get the business onto a sustainable platform for growth, nor should we ignore the competitiveness of the current retail market. This coming year we will continue to implement improvements to the business and have a number of initiatives in place to ensure we are well positioned to meet the challenges of the current environment.

P Cave AM
Chairman

C Mills
Chief Executive Officer

In respect of the period from 1 January 2007 to 30 June 2008, the Directors of Golden Circle Limited present the following report on the consolidated entity consisting of Golden Circle Limited and its controlled entities.

Directors' Report 2008

In respect of the period from 1 January 2007 to 30 June 2008, the Directors of Golden Circle Limited (the Company) present the following report on the consolidated entity consisting of Golden Circle Limited and its controlled entities.

The report contains three sections:

- Statutory Matters
- Remuneration Report
- Corporate Governance Statement

Statutory Matters

Change to Accounting Period

The Company amended its financial reporting period from 1 January – 31 December to 1 July – 30 June. This amendment was due to the seasonality of the Company's business and also brought the Company in line with the fiscal year of most other companies in Australia.

The Australian Securities and Investments Commission granted relief from the relevant provisions of the Corporations Act 2001 to enable the Company to transition to this new financial reporting period. As a result the Company had an 18 month transition period with the financial year extending from 1 January 2007 to 30 June 2008.

Directors

The following persons were Directors of the Company at the date of this report for the whole of the financial year, except as indicated:

- PJ Cave – appointed 29 November 2007
- EJJ Pope
- CJ Riordan
- L Fullerton
- EN Di Pasquale
- PR Voight
- MJ Briggs – appointed 26 June 2008
- RG Brennan – appointed 29 November 2007 and resigned on 25 June 2008
- J Schmoll – resigned 29 November 2007
- AMS Tyndale – resigned 31 October 2007
- HNR Nicholson (Alternate for AMS Tyndale) – ceased to act on 31 October 2007 following the resignation of AMS Tyndale

Information on Directors

For qualifications and experience of Directors please refer to the 'Board of Directors' section of this annual report on page 10.

Company Secretary

Mr DL Hammond was the Company Secretary during the whole of the reporting period and up to the date of this report. He was appointed the Company Secretary on 26 August 2005. Mr Hammond is a practising solicitor and holds the position of General Counsel & Company Secretary. Before joining the Company Mr Hammond worked in London as an in-house Senior Legal Adviser and prior to that worked as a solicitor with a national legal practice. Mr Hammond holds a Bachelor of Science with Honours, a Bachelor of Laws, a Graduate Diploma in Corporate Governance and is an Associate Member of Chartered Secretaries Australia.

Dividends

No dividends have been declared in the financial year ended 30 June 2008.

Principal Activities

The principal activities during the financial period 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 period.

Directors' Meetings

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

	Board Meetings		Audit & Risk Committee Meetings		Horticultural Committee Meetings		Human Resources Committee Meetings	
	A	B	A	B	A	B	A	B
PJ Cave	7	7	-	-	-	-	2	2
EJJ Pope	21	20	*	*	*	*	5	5
CJ Riordan	21	21	8	8	6	6	*	*
MJ Briggs	1	1	*	*	*	*	*	*
EN Di Pasquale	21	21	*	*	6	6	*	*
PR Voight	21	21	8	8	6	6	*	*
L Fullerton	21	20	*	*	6	6	5	5
RG Brennan	6	6	2	2	*	*	*	*
JP Schmoll	13	13	6	6	*	*	*	*
AMS Tyndale	13	10	*	*	*	*	2	1
HNR Nicholson (alternate for AMS Tyndale)	-	1	*	*	*	*	2	*

A - Number of meetings held during the reporting period whilst the Director held office
B - Number of meetings attended
* Not a member of the relevant committee

Review of Operations

The table below shows the results for the eighteen month 2007-2008 financial reporting period compared with the twelve month 2006 reporting period on a normalised basis excluding significant transactions.

	18 Months to 30 June 2008		12 Months to 31 December 2006	
	Actual Income Statement $000	Normalised Income Statement $000	Actual Income Statement $000	Normalised Income Statement $000
Revenue from continuing operations	558,530	558,530	368,076	368,076
Cost of sales	(385,452)	(385,452)	(274,376)	(274,376)
Gross profit	**173,078**	**173,078**	**93,700**	**93,700**
Other income	21,208	225	110	110
Significant transactions	(6,310)	-	9,415	-
Other expenses from continuing operations				
Corporate and administration	(33,420)	(33,420)	(21,421)	(21,421)
Marketing and selling	(77,838)	(77,838)	(51,274)	(51,274)
Warehouse and distribution	(47,950)	(47,950)	(29,501)	(29,501)
Profit/(loss) before interest and related income tax	**28,768**	**14,095**	**1,029**	**(8,386)**
Finance costs	(14,769)	(14,769)	(9,315)	(9,315)
Investment fee on convertible notes	(4,071)	(4,071)	(7,655)	(7,655)
Profit/(loss) from continuing operations before related income tax	**9,928**	**(4,745)**	**(15,941)**	**(25,356)**
Income tax expense attributable to continuing operations	(501)	(249)	(597)	(597)
Profit/(loss) from continuing operations	**9,427**	**(4,994)**	**(16,538)**	**(25,953)**
Loss from discontinued operations	-	-	(1,307)	-
Profit/(loss) attributable to members of Golden Circle Limited	**9,427**	**(4,994)**	**(17,845)**	**(25,953)**

To provide a more meaningful comparative for shareholders the table below shows the results for the twelve months ended 30 June 2008 compared with the twelve months ended 30 June 2007 on a normalised basis that excludes significant transactions.

	12 Months to 30 June 2008		12 Months to 30 June 2007	
	Actual Income Statement $000	Normalised Income Statement $000	Actual Income Statement $000	Normalised Income Statement $000
Revenue from continuing operations	**380,785**	**380,785**	**376,102**	**376,102**
Cost of sales	(260,412)	(260,412)	(273,555)	(273,555)
Gross profit	**120,373**	**120,373**	**102,547**	**102,547**
Other income	21,218	235	88	88
Significant transactions	(4,142)	-	(2,168)	-
Other expenses from continuing operations				
Corporate and administration	(22,350)	(22,350)	(22,369)	(22,369)
Marketing and selling	(51,721)	(51,721)	(53,648)	(53,648)
Warehouse and distribution	(32,684)	(32,684)	(30,974)	(30,974)
Profit/(loss) before interest and related income tax	**30,694**	**13,853**	**(6,524)**	**(4,356)**
Finance costs	(9,878)	(9,878)	(9,609)	(9,609)
Investment fee on convertible notes	(275)	(275)	(7,655)	(7,655)
Profit/(loss) from continuing operations before related income tax	**20,541**	**3,700**	**(23,788)**	**(21,620)**
Income tax expense attributable to continuing operations	(404)	(152)	(628)	(628)
Profit/(loss) from continuing operations	**20,137**	**3,548**	**(24,416)**	**(22,248)**
Loss from discontinued operations	-	-	(1,307)	-
Profit/(loss) attributable to members of Golden Circle Limited	**20,137**	**3,548**	**(25,723)**	**(22,248)**

The results for the twelve months to June have been reviewed by PricewaterhouseCoopers but have not been subject to a full audit.

Comments on the operations and results of those operations are set out below; all comparatives quoted are based on the normalised results provided above, which exclude significant and one-off transactions.

The operating profit after tax for the year was $3.5 million compared with an operating loss after tax of $22.2 million for the corresponding period last year. The turnaround from the previous year is a result of the rationalisation initiatives, recapitalisation and refinancing.

Golden Circle achieved earnings before interest and tax of $13.9 million profit compared with a loss of $4.4 million for the corresponding period last year.

Initiatives implemented during the rationalisation plan included increasing prices, reducing product input costs, rationalising overhead structures and improving manufacturing efficiencies. The results demonstrate the benefits arising from these initiatives. Price increases and reductions in product input costs have resulted in gross profit growth of 17.4%. Rationalising overhead structures has enabled us to hold total other expenses at last year's levels. The rationalising of overheads has offset inflationary pressures including wages and fuel and has enabled additional funds to be committed to retail promotional activities, in response to an increasingly competitive retail environment. The refinancing has reduced debt levels and lowered interest costs from the final quarter of 2007 resulting in a saving of $7.1 million.

Sales revenue (net of rebates to customers) for the year amounted to $380.8 million, which is a 1.2% increase on last year. The cost of rebates increased as a proportion of sales costs due to growth within the retail segment and the need to support sales volumes in the current economic environment.

Corporate and administration charges were in line with last year following rationalisation changes. Marketing and selling costs were 3.6% below last year; increased promotional activity replaced advertising spend. Warehouse and distribution costs have increased by 5.5% due to costs associated with rising fuel prices together with storage costs associated with higher inventory levels.

Transactions that occurred outside the normal operations of the Company were excluded from the above commentary. Within the 2008 accounts is other income, being the sale of excess assets at the Northgate site which generated a profit before tax of $21.0 million. Significant transactions costs of $4.1m (2007/08) and $2.2m (2006/07) represent costs of the restructure, rationalisation and other one-off costs.

Likely Developments and Expected Results

Certain likely developments in the operations known at the date of this report have been covered in the Chairman & CEO's Report on page 3. In the opinion of the Directors any further disclosure of information would be likely to result in unreasonable prejudice to the Company.

Significant Changes in State of Affairs

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

- On 29 October 2007 shareholders approved the implementation of a recapitalisation and refinance of the Company. In summary, the proposal consisted of the following:
  - The issue by the Company of 44,356,752 ordinary shares in Golden Circle Ltd to Anchorage Golden Circle Pty Ltd ('Anchorage') at an issue price of $0.80 per share;
  - The cancellation of the convertible notes and options held by Babcock & Brown (the notes were held by B&B Golden Circle Holdings Pty Ltd ACN 113 103 601 as trustee of The Golden Circle Note Trust, Babcock & Brown Direct Investment Fund Limited ACN 101 611 438 in its capacity as responsible entity of the Direct Investment Fund Equity Trust ARSN 103 310 407 and Babcock & Brown Australia Pty Ltd ACN 002 348 521 and the share options were held by Babcock & Brown Australia Pty Ltd and Babcock & Brown Direct Investment Fund Ltd);
  - The refinancing with GE Capital Asset Services and Trading Asia Pacific Pty Ltd;
  - The resignation of Mr Andrew Tyndale and Mr John Schmoll as Directors of Golden Circle Ltd;
  - The appointment of Mr Phillip Cave and Mr Russell Brennan to the Board of the Company to fill casual vacancies;
  - It was agreed if required by Anchorage, the Company will seek an ASX listing at any time after 1 November 2009 unless the Board unanimously decides to the contrary; and
  - The Company's constitution was amended to permit non-growers to buy and sell shares in the Company.
- The appointment of Mr Michael Briggs on 26 June 2008 following the resignation of Mr Russell Brennan on 25 June 2008.
- During the financial year the Company sold excess assets at Northgate generating a net profit before tax of $21 million.
- The amendments to the Company's constitution permitted non-growers to hold Golden Circle shares, however under the terms of Golden Circle's Australian Market Licence non-growers were prevented from participating in the Golden Circle market. As a result the Golden Circle Board decided to undertake a compliance listing on the National Stock Exchange of Australia. As part of the listing process shareholders approved the adoption of a new constitution on 7 March 2008 which was more appropriate for a public listed company. Listing of Golden Circle shares on the National Stock Exchange of Australia occurred on 19 March 2008 and as a result all trading on the licensed Golden Circle Share Market ceased.

Matters Subsequent to the End of the Financial Year

No other matters or circumstances have arisen since 30 June 2008 that have significantly affected, or may significantly affect:

- The Company's operations in future financial years, or
- The results of those operations in future financial years, or
- The Company's state of affairs in future financial years.

Environmental Regulation

The environmental licences held by the Company in respect of its manufacturing sites stipulate that discharges to air or land must be below specified levels. The Company's detailed environment management plan was developed to control, monitor and record all relevant matters covered by the Company's environmental licences.

The Company has adopted strategies and targets to reduce the usage of water and power and increase the rate of water recovery. The Company has also been engaged in a number of strategies to help the environment including work being carried out over previous years to recycle, re-use and or reduce excessive packaging in goods under National Packaging Covenant responsibilities.

Shares Under Option

On 1 April 2005, as part of the $50 million equity raising, shareholders approved the granting of the share options held by Babcock & Brown (three options held by Babcock & Brown Australia Pty Ltd and two options held by Babcock & Brown Direct Investment Fund Ltd; each option granted the right to receive shares in the Company equal to one per cent of the issued capital of the Company) ('B&B Options'). In accordance with the implementation of the recapitalisation and refinance proposal on 31 October 2007, the B&B Options were cancelled.

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 pineapple 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.

Directors' and Officers' Indemnities and Insurance

The Company has entered into an agreement with all of the current Directors, some former Directors and certain present and former Executives of the Company, to 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 to the extent permitted by law, including reasonable legal costs in defending an action for liability.

During the financial year, the Company has paid, or agreed to pay, a premium in respect of a contract of insurance insuring former and current Directors and Executives against certain liabilities (but not including liabilities prohibited by section 199B of the Corporations Act 2001) incurred in that capacity. Disclosure of the total amount of the premiums in respect of such insurance is prohibited by the contract of insurance.

Non-Audit Services

During the reporting period, PricewaterhouseCoopers, the Company's auditors, performed certain other services in addition to their statutory duties.
A total of $530,264 was paid or is payable to PricewaterhouseCoopers in relation to audit services to the Company. An amount of $379,961 was paid or is payable to PricewaterhouseCoopers for non-audit services, which included transaction services, other assurance services and taxation services.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with advice provided by the Audit & Risk Committee, is satisfied that the nature and scope of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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 26.

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.

Board of Directors

Phillip Cave
Non-Executive Director

Experience and expertise

Mr Cave has a twenty-year track record of successful turnaround investments, commencing in the 1980's with investments in Sunbeam Victa and Wormald Ltd, through his listed vehicle Reil Corporation and more recently through his boutique investment bank, Interbank Capital Partners. Prior to embarking on his investment turnaround path Mr Cave was an Executive Director of Hill Samuel and Macquarie Bank.

Mr Cave is the current Chairman of InterBank Capital Partners Pty Ltd, Anchorage Capital Partners Pty Ltd, Atlas Group Holdings Ltd, The Northcott Society and Director of Belaroma Coffee Pty Ltd.

Directorships in other listed companies

Non Executive Director of Atlas Group Holdings Ltd (since November 2001)

Qualifications

Bachelor of Business, FCPA

Special responsibilities

- Chairman of the Board
- Member of the Human Resources Committee

Director's relevant interests in securities

Indirect - 44,356,752 fully paid ordinary shares

Ern Pope
Non-Executive Director

Experience and expertise

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.

Directorships in other listed companies

Non-Executive Director of Alesco Corporation Limited (since December 2004) and Amcor Limited (since October 2005)

Qualifications

Bachelor of Science

Special responsibilities

- Deputy Chairman of the Board
- Chairman of the Human Resources Committee

Director's relevant interests in securities

Indirect - 473,000 fully paid ordinary shares

Chris Riordan
Non-Executive Director

Experience and expertise

Mr Riordan is a practising lawyer with the firm Riordan & Riordan. 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, Riordan & Riordan Pty Ltd, CJ Riordan Pty Ltd, Future Capital Development Fund Ltd and Walker Stores Pty Ltd.

Qualifications

Bachelor of Laws

Special responsibilities

- Member of the Audit & Risk Committee
- Member of the Horticultural Committee

Director's relevant interests in securities

Indirect - 240,000 fully paid ordinary shares

Michael Briggs
Non-Executive Director

Experience and expertise

Mr Briggs has extensive turnaround management experience through 12 years of management consulting, focusing on performance improvement and 9 years of private equity investment in turnaround opportunities. He has substantial Board experience and is currently a Director of Antec Engineering Pty Ltd, Anchorage Capital Partners Pty Ltd, The Northcott Society and Hans Continental Smallgoods Pty Ltd.

Qualifications

Bachelor of Commerce, MBA, ACA, ACIS

Special responsibilities

- Chairman of the Audit & Risk Committee

Director's relevant interests in securities

Indirect - 44,356,752 fully paid ordinary shares

Lindsay Fullerton
Non-Executive Director

Experience and expertise

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 and R. Fullerton & Sons Pty Ltd. He has an extensive background on grower representative committees at both State and Federal level.

Qualifications

Diploma in Horticulture and a Bachelor of Agricultural Science

Special responsibilities

- Member of Horticultural Committee
- Member of the Human Resources Committee

Director's relevant interests in securities

Direct - 326,440 fully paid ordinary shares

Indirect - 5,215,345 fully paid ordinary shares

Eldo Di Pasquale
Non-Executive Director

Experience and expertise

Mr Di Pasquale is a second generation pineapple grower from Beerwah. He has legal qualifications gained through the Solicitors' Board and practised in Brisbane for several years before returning to the family farm.

Qualifications

Qualified Solicitor

Special responsibilities

- Chairman of the Horticultural Committee

Director's relevant interests in securities

Direct - 1,686,088 fully paid ordinary shares

Indirect - 269,730 fully paid ordinary shares

Peter Voight
Non-Executive Director

Experience and expertise

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.

Special responsibilities

- Member of the Audit & Risk Committee
- Member of the Horticultural Committee

Director's relevant interests in securities

Direct - 219,542 fully paid ordinary shares

Remuneration Report

The Directors of Golden Circle Limited present the Remuneration Report prepared in accordance with Accounting Standard AASB 124, Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.

Key Management Personnel

For the purpose of this report, Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Golden Circle. They include all Directors and members of the Executive Team.

Structure of this Report

The Company's Remuneration Report has been divided into the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

(A) Principles used to determine the nature and amount of remuneration

The Company's remuneration policy for Directors and Executives recognises the need for the Company to attract, motivate and retain highly skilled people to undertake the management responsibilities implicit in those roles.

The policy also recognises that the Board is responsible to the shareholders of the Company to ensure that the interests of the Directors and Executives of the Company are aligned with the interests of the shareholders.

The objective of the remuneration policy is to maximise shareholder value in all Director and Executive appointments. To this end the remuneration policy embodies the following principles:

- Providing competitive rewards to attract high calibre Executives;
- Aligning Executive rewards with shareholder value;
- Maintaining a significant proportion of Executive remuneration "at risk" and dependent upon Company performance; and
- Encouraging share ownership in the Company by Directors and Executives.

Procedure

The Human Resources Committee is a sub-committee of the Board and is responsible for determining and reviewing compensation arrangements for Directors and the Executives of the Company in accordance with the Remuneration Policy and the Human Resources Committee Charter.

The Human Resources Committee assesses the appropriateness of Director and Executive remuneration by reference to the overall employment market conditions, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality Directors and Executives.

The Human Resources Committee then recommends remuneration for the Directors and Executives to the Board for approval.

Directors' Fees

Directors' fees are determined within an aggregate Directors' fee pool limit. The current base remuneration currently stands at $480,000 per annum and was approved by shareholders on 1 April 2005.

The Directors' annual fees set out below are inclusive of and recognise additional services provided by the Director including chairing or being a member of a committee.

Director	Annual Fees as at 30 June 2007	30 June 2008
P Cave[1]	N/A	$90,000
E Pope[2]	$130,000	$70,000
C Riordan	$70,000	$70,000
M Briggs[3]	N/A	$70,000
L Fullerton	$60,000	$60,000
E Di Pasquale	$60,000	$60,000
P Voight	$60,000	$60,000
J Schmoll[4]	$70,000	N/A
R Brennan[5]	N/A	N/A
A Tyndale[6]	$0	N/A
H Nicholson[6]	$0	N/A

1 Mr Cave's fees were increased from $70,000 to $90,000 following his appointment to Chairman of the Board on 21 February 2008.

2 Mr Pope's fees were reduced to $70,000 on 21 February 2008 when Mr Cave became the Chairman.

3 Mr Briggs was appointed as Director on 26 June 2008.

4 Mr Schmoll resigned on 29 November 2007, following the implementation of the recapitalisation and refinance plan set out on page 8.

5 Mr Brennan was appointed as a Director on 29 November 2007 and resigned on 25 June 2008.

6 Mr Tyndale and his alternate Mr Nicholson were not paid Director fees, both ceased to act on 31 October 2007 following Mr Tyndale's resignation.

Executive Pay

The Executive base pay and reward framework has two components comprising:

- Base pay and benefits, including superannuation; and
- Short term performance incentives, this is an 'at risk' or variable component based on performance.

The combination of these comprises the total of the Executive's remuneration. It is intended that from July 2008 Executives will have an opportunity to participate in the Executive Long Term Incentive plan approved by shareholders at an extraordinary general meeting on 7 March 2008.

Base Pay

The level of fixed remuneration is set so as to provide a base level of remuneration that is both commensurate with the individual's duties and responsibilities within the Company and competitive in the market. Fixed remuneration is reviewed annually by the Human Resources Committee utilising a process of reviewing business unit, individual performance and relevant comparative remuneration in the market.

Executives are provided with the opportunity to receive their fixed remuneration in a variety of forms, including cash, additional superannuation contributions and fringe benefits such as motor vehicles. The aim is to provide payments in a form that is both optimal for the recipient and cost efficient for the Company.

Executive Short Term Incentives

The Executive Short Term Incentive (STI) plan for 2007 was developed in conjunction with an independent third party consulting company. The STI plan has been designed to align the remuneration received by Executives with the achievement of the Company's operational and financial targets. The total potential STI available for payment is determined so as to provide sufficient incentive to Executives to achieve the targets and so that the cost to the Company is reasonable in the circumstances.

The actual STI payments granted to each Executive depends upon the extent to which specific operational and financial targets set at the beginning of the financial year are met. The targets consist of a number of both financial and non-financial key performance indicators. At the end of each STI period, consideration is given to performance against each of these KPIs to determine the extent of any payment to an individual Executive. The aggregate of STI payments and STI payments to individual Executives is subject to the approval of the Human Resources Committee.

(B) Details of remuneration 2007-2008

Name	Details	Short-Term Employee Benefits			Post-employment Benefits	Long-Term Benefits		
		Cash Salary & Fees $	Cash Bonus $	Non-Monetary Benefits $	Superannuation[1] $	Long Service Leave $	Termination Benefits[2] $	Total $
Jan-Dec 2007								
Directors								
P Cave[3]	*29/11/07 - 31/12/07*	4,584						4,584
R Brennan[3]	*29/11/07 - 31/12/07*	4,584						4,584
E Pope		96,803			33,197			130,000
J Schmoll	*01/01/07 - 29/11/07*	29,050			36,950			66,000
P Voight		53,227			6,773			60,000
L Fullerton		55,046			4,954			60,000
E Di Pasquale		120			59,880			60,000
C Riordan[4]	-	38,560			34,940			73,500
Sub-total non-executive directors		**281,974**	**-**	**-**	**176,694**	**-**	**-**	**458,668**
Executive								
E Pope	Acting Chief Executive Officer *16/04/07 - 07/12/07*	125,254	219,214		35,933			380,401
C Mills	Chief Executive Officer *03/12/07 - 31/12/07*	28,584			2,573	173		31,330
K Parker[5]	Chief Financial Officer	359,204	177,871	31,355	26,835	1,319		596,584
S Cowan	General Manager Operations *19/03/07-31/12/07*	230,351	102,500	4,925	16,540	1,119		355,435
G Sawyer	General Manager Sales	163,257	108,000	28,829	91,884	1,465		393,435
J Leonard	General Manager Human Resources	146,300	72,000		20,971	901		240,172
D Hammond	General Counsel & Company Secretary	141,298	64,000		11,569	1,821		218,688
P Pafumi	General Manager Procurement	189,013	83,200	9,271	14,986			296,470
J Cook	Chief Executive Officer *01/01/07 - 17/04/07*	209,089			12,578		212,198	433,865
A Osman	General Manager Logistics *05/02/07-12/07/07*	104,344		38,569	10,439		63,432	216,784
G Houldsworth	General Manager Innovation *01/01/07-02/08/07*	107,804			25,152		12,759	145,715
D Bateman	General Manager Marketing *01/01/07-02/08/07*	162,654		39,748	14,639		17,355	234,396
S Ingham	General Manager Corporate Services *01/01/07-09/03/07*	37,695			5,140		413,209	456,044
S Lynch	General Manager Business Development *01/01/07-22/01/07*	21,488			2,415		6,461	30,364
G Clifford[7]	General Manager Mill Park *01/01/07-30/11/07*	157,383			15,680	4,173		177,236
P Swain[7]	Technical Services Manager *01/01/07-30/04/07*	51,698			10,227	1,965		63,890
Sub-total executive		**2,235,416**	**826,785**	**152,697**	**317,561**	**12,936**	**725,414**	**4,270,809**

Name	Details	Short-Term Employee Benefits Cash Salary & Fees $	Cash Bonus $	Non-Monetary Benefits $	Post-employment Benefits Superannuation[1] $	Long-Term Benefits Long Service Leave $	Termination Benefits[2] $	Total $
Jan-Jun 2008								
Directors								
P Cave[3]		42,168						42,168
E Pope		41,599			1,789			43,388
C Riordan[6]		38,500						38,500
P Voight		26,613			3,387			30,000
L Fullerton		27,523			2,477			30,000
E Di Pasquale		60			29,940			30,000
R Brennan[3]		34,834						34,834
Sub-total non-executive directors		**211,297**	**-**	**-**	**37,593**	**-**	**-**	**248,890**
Executive								
C Mills	Chief Executive Officer	198,774			36,549	1,035		236,358
K Parker	Chief Financial Officer	181,820	50,000		13,896	659		246,375
S Cowan	General Manager Operations	179,120			12,812	746		192,678
G Sawyer	General Manager Sales & Business Development	94,220	20,000		51,280	732		166,232
J Leonard	General Manager Human Resources	80,138			12,612	451		93,201
D Hammond	General Counsel & Company Secretary	72,659			10,641	910		84,210
P Pafumi	General Manager Procurement *01/01/08 - 28/03/08*	47,406			3,829			51,235
N Quick	General Manager Marketing & Innovation *05/06/08 - 30/06/08*	10,714			7,143	76		17,933
Sub-total executive		**864,851**	**70,000**	**-**	**148,762**	**4,609**	**-**	**1,088,222**

1 Superannuation contribution includes salary sacrifice amounts.

2 Termination benefits include accrued leave and long service leave.

3 The Cash Salary & Fees disclosed for Mr Cave and Mr Brennan were paid to Anchorage Capital Partners Pty Ltd. Accordingly superannuation contributions were not included. The fees were also subject to GST.

4 $38,500 of the Cash Salary & Fees disclosed for Mr Riordan was paid to C J Riordan Pty Ltd. Accordingly superannuation contributions were not included. The fees were also subject to GST.

5 $70,356 of the Cash Salary & Fees disclosed for Ms Parker was paid to Executive Interim Management Pty Ltd an employment agency. Accordingly superannuation contributions were not included. The fees were also subject to GST.

6 The Cash Salary & Fees disclosed for Mr Riordan was paid to C J Riordan Pty Ltd. Accordingly superannuation contributions were not included. The fees were also subject to GST.

7 Due to a restructure these positions ceased to be Executive roles on the last date indicated.

Directors 2006

Name	Short-Term Cash Salary & Fees[1] $	Post Employment Superannuation[2] $	Total $
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			
H Nicholson			
Total	**271,147**	**190,116**	**461,263**

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 included. The fees were also subject to GST.

Executive Personnel 2006

Name		Short-term		Post Employment		Long-Term Benefits	
		Cash Salary & Fees[1] $	Non-monetary Benefits[2] $	Superannuation[3] $	Eligible Termination Payment $	Long Service Leave $	Total $
J Cook	(From 01/03/06 to 31/12/06)	382,263		34,404		1,742	418,409
S Morrow[4]	(From 01/01/06 to 30/04/06)[4]	153,692	9,500	105,000			268,192
D Marquet	(From 01/01/06 to 30/11/06)	132,521	20,920	107,033			260,474
K Parker[5]	(From 20/11/06 to 31/12/06)[5]	39,000					39,000
S Ingham		148,091	56,222	26,514		1,925	232,752
G Houldsworth	(From 03/04/06 to 31/12/06)	70,210		136,039		706	206,955
T Purdy[6]	(From 27/09/06 to 31/12/06)[6]	100,588					100,588
J Zillmann		141,040	21,500	40,560		3,133	206,233
G Clifford		139,745	22,315	13,913		4,262	180,235
S Lynch	(From 13/06/06 to 31/12/06)	102,323	34,532	15,766		604	153,225
T Scanlan	(From 1/01/06 to 21/7/06)	135,366	12,542	10,522			158,430
G Sawyer	(From 10/07/06 to 31/12/06)	81,668	8,541	27,475		468	118,152
D Bateman[7]	(From 3/11/06 to 31/12/06)	22,550		2,029		202	24,781
P Pafumi	(From 14/08/06 to 31/12/06)	74,641	9,723	6,664		322	91,350
P Swain		128,683	20,208	23,334		10,904	183,129
Total		**1,852,381**	**216,003**	**549,253**	**-**	**24,268**	**2,641,905**

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 Nutricia 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 included. 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 included. The fees were also subject to GST.

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

(C) Service agreements

The Board have agreed that all future appointments to the Board will enter into a service agreement with the Company in the form of a letter of appointment.

Executives enter into individual employment contracts which outline remuneration, notice periods and other benefits.

Craig Mills, Chief Executive Officer

- Term of contract – twelve months commencing 3 December 2007.
- In the case of termination due to a merger or acquisition within twelve months of the commencement of employment, payment will be equal to twelve months notice or pay the equivalent of twelve months in lieu.
- There is an early termination provision requiring the Company to provide at least six months written notice.

Kerrie Parker, Chief Financial Officer

- Term of contract – two years commencing 1 March 2007.
- There is an early termination provision requiring the Company to provide at least six months written notice.

(D) Share-based compensation

During the reporting period the Directors and the Executives did not receive any form of share-based remuneration.

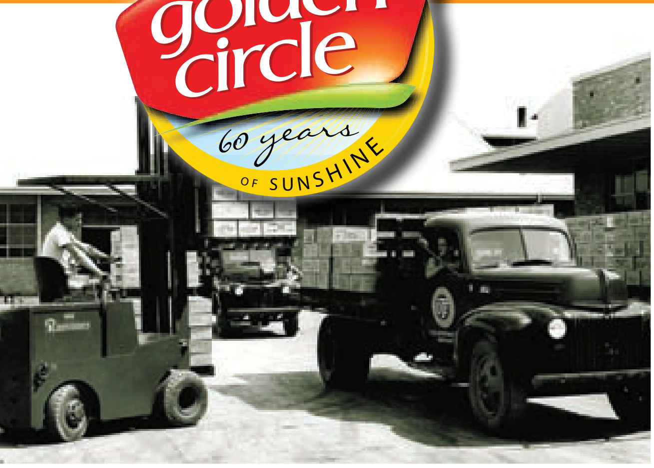
(E) Additional information

Details of STIP Remuneration

For each cash bonus the percentage of the available bonus that was paid in the eighteen months and the percentage that was forfeited because the Executive did not meet the service and performance criteria is set out below.

		Cash Bonus	
		Paid %	Forfeited%
Jan-Dec 2007			
E Pope	Acting CEO 16/04 - 07/12/07	100%	0%
K Parker	01/03 - 31/12/07	100%	0%
S Cowan	19/03 - 31/12/07	100%	0%
G Sawyer		100%	0%
J Leonard		100%	0%
D Hammond		100%	0%
P Pafumi		100%	0%
G Clifford		100%	0%
Jan-Jun 2008			
C Mills		0%	100%
K Parker		0%	100%
S Cowan		0%	100%
G Sawyer		0%	100%
J Leonard		0%	100%
D Hammond		0%	100%

Celebrating



Timeline... The history of Golden Circle

1940s Beginnings

1946
Construction of the cannery begins.

1947
The cannery is officially opened by the Premier of Queensland, the Honourable EM Hanlon.

A competition to name the new plant and factory is held with 'Queensland Tropical Fruit Products' winning. 'Golden Circle' won second place for Johannes Henri de Vroom, and is adopted as a brand name.

1948
Canned pawpaw, pineapple jelly and citrus cordial are introduced to the product range.

1950s Early Days

Exports are the backbone of Golden Circle as production exceeds domestic market requirements and offshore markets offer good returns.

1951
A modern freezing unit, additional boilers and can making equipment are installed.

1953
A branch factory is established in Rockhampton for pineapple processing.

1954
Pineapple juice is manufactured and sold in bottles for the first time.

1959
A carbonated drink plant and modern bottling equipment are installed.

1960s Expansion

The Australian domestic market overtakes the export market in importance and rapid operational expansion is undertaken based on investment in modern technology.

1960
Canned beetroot is introduced to the product range.

1962
Pineapple bulk receiving equipment and a plant to make corrugated cartons are installed.

1964
Ownership and control of the cannery is transferred to the Golden Circle Cannery Board.

A high speed can-making machine and plant to handle jams and other products in glass are installed.

1965
The cannery extensions are officially opened by the Minister for Industrial Development, the Honourable AT Dewara.

1969
Canned green beans and cucumber are introduced to the product range.

1970s Consolidation

Earning a reputation for quality products at affordable prices, the Golden Circle factory becomes particularly popular for school excursions with many hostesses being employed to conduct tours for these groups.

1971
Canned whole baby carrots is introduced to the product range.

1974
Chairman of the Cannery Board, Mr Jim Fullerton, is awarded an MBE for services to the industry.

1977
The Thirty Year Club is established for staff, with 77 employees eligible for membership in 1977.

High speed cordial filling line goes into production.

1978
New can-making line is installed.

60 Years

1980s Tetra Era

1980
Canned sweet corn is introduced to the product range.

The Cannery Board Chairman, Mr Bill Fullerton, is awarded an OBE for services to the industry.

Tetra packaging equipment is installed.

1985
Additional Tetra packaging equipment is installed to handle a dramatic increase in sales of the Tetra range.

1986
New blow moulding machinery is installed to double production capacity of cordial bottles.

1987
Golden Circle celebrates forty years of successful operation.

1988
Golden Circle opens a New Zealand office in Wellington.

1989
An effluent treatment plant is commissioned.

1990s Innovation and Change

1990
An on-site sugar refinery is constructed.

Golden Circle relaunches its soft drink range.

1991
Golden Circle becomes an unlisted public company.

The Courier Mail conducts the Save the Pineapple Campaign.

1994
An on-site cold room facility is opened by the Premier of Queensland, the Honourable Wayne Goss.

1995
Queensland United Food's Popper business is acquired by Golden Circle.

Carton and can making operations are sold to enable Golden Circle to focus on its core business.

1996
Golden Circle wins Brisbane Regional Employer of the Year in the Queensland Training Awards.

1997
Golden Cirlce celebrates fifty years of successful operation.

Golden Circle becomes the National Naming Rights sponsor for the Schools Fun Run Program.

1998
Crunchy canned vegetables, carrot and beetroot, are introduced to the product range.

2000s Change and Consolidation

2000
The Food Hall food processing facility is opened by the Premier of Queensland, Honourable Peter Beattie.

2001
Spring water is introduced to the product range.

2002
The Original Juice Co. is acquired by Golden Circle.

2006
Golden Circle's baby food business is sold to Nutricia.

2007
Golden Circle celebrates sixty years of successful operation.

2008
Golden Circle lists on the National Stock Exchange of Australia.



The Board and the Executive Team of Golden Circle are committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance.

Corporate Governance Statement

The Board and the Executive Team of Golden Circle are committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance but applied in a manner that is appropriate to the Company's particular circumstances.

The Company, although listed on the National Stock Exchange of Australia, has established a frame-work of processes and guidelines for the governance of the Company based on the Corporate Governance Principles and Recommendations Second Edition published by the ASX Corporate Governance Council ("the CGPR"). The Board endorses the view that these principles form a sound platform for corporate governance practices.

1

Principle 1: Lay solid foundations for management and oversight

Establish and disclose the respective roles and responsibilities of board and management

Roles and Responsibilities of the Board and Management

The Board adopted during the reporting period a formal Board charter setting out the 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. To ensure that all new Directors clearly understand the expectations of them, all new Board appointments will receive a letter from the Chairman setting out the key terms relative to their role.

Performance of Senior Executives

The Company has in place a formal performance management system that requires all members of the Executive Team to develop a performance plan of annual objectives and key performance indicators (including financial and non-financial). Every half year, each Executive Team member discusses their performance with their manager and as part of the formal review process each manager's performance is reviewed against their key performance measures. Each individual's performance and behaviour are compared and measured against the performance of their peers.

The Human Resources Committee reviews each Executive's plan and their documented performance against the plan. A performance evaluation for Executives took place during the reporting period in accordance with the above process.

2 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

Board Composition – Independence, Experience & Expertise

Details of the skills, experience and expertise of each Director of the Company in office at the date of this Annual Report are set out in the "Board of Directors" section of this Annual Report on page 10.

The Board considers Mr E Pope and Mr C Riordan as independent Directors. Mr P Cave (Chairman) and Mr M Briggs are not classified as independent due to their connection to Anchorage Golden Circle Pty Ltd, the Company's largest shareholder. Mr L Fullerton, Mr E Di Pasquale and Mr P Voight also are not considered as independent due to their supply contracts with the Company for fruit or vegetables. In determining materiality thresholds the Company has utilised the ASX Corporate Governance Council's recommendations.

As a result, the Company does not have an independent Chairman or a majority of independent Directors. The Board considers that the current structure of the Board best meets the needs and circumstances of the Company, having regard to both its shareholding structure and the effectiveness of the composition of the Board. The Board believes the composition of the Board requires consideration of a number of factors, including the mix in skills, abilities and expertise.

Access to Information and Independent Professional Advice

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.

Appointment of Current Directors

Director	Date appointed or date last re-elected
Phillip Cave	29/11/07
Ernest Pope	20/05/05
Christopher Riordan	18/05/07
Michael Briggs	26/06/08
Peter Voight	5/05/06
Lindsay Fullerton	20/05/05
Eldo Di Pasquale	20/05/05

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.

The Board has adopted a formal process for the selection and appointment of a new Director if the need arises. This process includes the factors to be considered by the Board which include:

- The skills and experience of the appointee;
- The nature of existing positions held by the appointee including directorships or other relationships and the impact that each may have on the appointee's ability to exercise an independent judgment;
- The time commitment required from a Director to effectively discharge his or her duties to the Company;
- The appointee's range of commitments that may demand the attention of the appointee; and
- The extent to which the appointee is likely to contribute to the overall effectiveness of the Board and work constructively with the existing Directors.

Board Assessments

The Board is responsible for reviewing its own performance and undertaking induction processes for new Directors. During the reporting period the Board evaluated its performance on an ongoing basis and the Chairman was responsible for assessing the performance of each Director.

As part of the adoption of the formal Board charter the Board has committed to conduct a formal assessment every twelve to eighteen months. Informal reviews of the Board's performance will be conducted as necessary. In addition, any Director may suggest that the Board conduct a formal review earlier than the twelve to eighteen month timeframe.

3 Principle 3: Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making

Ethical Standards

All Directors, Executives and other employees are expected to conduct themselves with the highest ethical standards. To that end the Directors have adopted a Code of Conduct which applies to Directors, Executives and all employees. The Code requires employees to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

Share Trading Policy

Directors, Executives and employees of the Company are bound by Golden Circle's policy on dealing in the shares of the Company. Under the policy, a Director, Executive or nominated employee may only buy or sell Company securities during trading windows, these are generally opened at the following times:

- in the period between 24 hours and 30 days after the release of Half Yearly Results;
- in the period between 24 hours and 30 days after the release of the Annual Results;
- in the period between 24 hours and 30 days after the close of the Annual General Meeting.

No trading in shares may occur outside trading windows without permission of the Board.

Other employees may deal in shares at any time. However, Directors, Executives and all 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.

4 Principle 4: Safeguard integrity in financial reporting

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

Audit & Risk Committee

The Board has established the Audit & Risk Committee. The Committee has a formal charter approved by the Board and reports to the Board on all matters relevant to the Committee's responsibilities.

The Audit & Risk Committee consists of a Chairman and two non-executive Directors in line with the CGPR. However, as discussed under Principle 2 the majority of the Committee members are not classified as independent.

The current members of the Audit & Risk Committee are Mr M Briggs (Committee Chairman), Mr C Riordan and Mr P Voight. The number of meetings of the Audit & Risk Committee and the names of the attendees are set out on page 6.

The Chairman of the Board of Directors is not eligible for the role of Chairman of the Committee but is an ex-officio member of the Committee.

5 Principle 5: Make timely and balanced disclosure

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

Continuous Disclosure

The Company is committed to ensuring that the market and shareholders are provided with complete and timely information. In recognition of the importance of the timely disclosure of price sensitive information the Board has adopted a Continuous Disclosure Policy.

The Company Secretary, as the nominated disclosure officer, has responsibility for: communicating with the National Stock Exchange about obligations under continuous disclosure; 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 which allows shareholders and potential shareholders to assess the impact of the information when making investment decisions.

6 Principle 6: Respect the rights of shareholders

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

Communication Policy

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 a Shareholder Communication Policy.

Communication to shareholders may include the distribution of the Annual Report, the publication of the Annual Financial Statements, the publication of Half Yearly Financial Statements, 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.

Annual General Meeting

Shareholders have the opportunity to raise matters at the Annual General Meeting with the members of the Board.

The Company's external auditor attends the Annual General Meeting and is available to answer questions from shareholders regarding the conduct of the audit, the auditor's independence in relation to the conduct of the audit, the preparation and content of the auditor's report and accounting policies adopted by the Company in connection with the preparation of the financial statements.

7 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, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has approved a risk management policy, which 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 has delegated to the Audit & Risk Committee responsibility for overseeing the implementation of the Company's risk management system. The Audit & Risk Committee regularly reviews risk management reports and reports to the Board on the status and management of risks. The Company is also focused on developing and implementing initiatives to further develop the risk management culture throughout all levels of the organisation.

In addition, the Company maintains an internal non-financial audit function to conduct internal audits and reviews of the Company's operations. The Company has engaged PricewaterhouseCoopers to conduct an internal financial controls review function. The Audit & Risk Committee reviews the reports from the internal control reviews, monitors its scope and reviews the annual internal audit plan.

Statement by CEO and CFO

As part of the process of Board approval of the Company's annual financial report, the Chief Executive Officer and the Chief Financial Officer are required to state to the Board, in writing, that the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and is in accordance with relevant accounting standards.

Principle 8: 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 Committee and to describe its functions which include:

- determining the Company Remuneration Policy;
- determining the remuneration of Directors;
- reviewing the remuneration of the Executive Team;
- reviewing any equity based plans;
- reviewing the remuneration principles for salaried staff;
- reviewing the human resources development plans including succession plans for key salaried positions and the Executive Team; and
- 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 CGPR. However, as discussed under Principle 2 the majority of the Committee members are not classified as independent.

The number of meetings of the Human Resources Committee and the names of the attendees are set out on page 6.

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 principles:

- providing competitive rewards to attract high calibre Executives;
- aligning Executive rewards with shareholder value;
- maintaining a significant proportion of Executive remuneration "at risk" and dependent upon Company performance; and
- 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 Director's 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 other Executives.

Directors' Remuneration

The Remuneration Report sets out the total remuneration of the Directors' of the Company. Each Non-Executive Director is entitled to receive a fee for serving as a Director of the Company. The fees set by the Board for each Director are inclusive of any additional responsibilities such as being a member or chair of a Committee of the Board.

The maximum aggregate remuneration of Non-Executive Directors is determined by a resolution of shareholders and is then divided between the Directors as agreed by the Board. As resolved by shareholders in April 2005, the current aggregate pool available to directors is $480,000. The amount of aggregate remuneration sought to be approved by shareholders, if any, and the manner in which it is apportioned amongst Directors will be reviewed annually by the Human Resources Committee and recommendations made to the Board.

Golden Circle Website www.goldencircle.com.au

The Company is currently in the process of updating its website www.goldencircle.com.au to ensure compliance with each of the above CGPR recommendations regarding website disclosure of information.

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

P.J. Cave

P Cave AM
Chairman

11 September 2008

PRICEWATERHOUSECOOPERS

Auditor's Independence Declaration

As lead auditor of the audit of Golden Circle Limited for the 18 month period ended 30 June 2008, 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 Delaney
Partner
PricewaterhouseCoopers

Brisbane
11 September 2008

Liability limited by a scheme approved under Professional Standards Legislation

Financial Statements

Contents

Consolidated Income Statement

	Notes	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
Revenue from continuing operations	5	558,530	368,076
Cost of sales		(385,452)	(274,376)
Gross profit		**173,078**	**93,700**
Other income	6	21,208	110
Significant transactions	7	(6,310)	9,415
Other expenses from continuing operations			
Corporate and administration		(33,420)	(21,421)
Marketing and selling		(77,838)	(51,274)
Warehouse and distribution		(47,950)	(29,501)
Profit before interest and related income tax		**28,768**	**1,029**
Finance costs	8	(14,769)	(9,315)
Investment fee on convertible notes	8	(4,071)	(7,655)
Profit/(loss) from continuing operations before related income tax		**9,928**	**(15,941)**
Income tax expense attributable to continuing operations	9	(501)	(597)
Profit/(loss) from continuing operations		**9,427**	**(16,538)**
Loss from discontinued operations	10	-	(1,307)
Net profit/(loss) attributable to members of Golden Circle Limited		**9,427**	**(17,845)**

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Golden Circle Limited:

	Cents	Cents
Basic earnings per share	9.2	-20.1
Diluted earnings per share	9.2	-20.1

Earnings per share for profit attributable to the ordinary equity holders of Golden Circle Limited:

	Cents	Cents
Basic earnings per share	9.2	-21.7
Diluted earnings per share	9.2	-21.7

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

Consolidated Balance Sheet

	Notes	As at 30 June 2008 $000	As at 31 December 2006 $000
Current assets			
Cash and cash equivalents	11	20,120	5,394
Trade receivables and other debtors	12	59,634	80,707
Inventories	13	91,530	69,654
Current tax assets		8	149
Derivative financial assets	14	174	13
Total current assets		**171,466**	**155,917**
Non-current assets			
Property, plant and equipment	15	110,163	129,146
Investments	16	13	28
Deferred tax assets	17	68	81
Intangible assets	18	17,502	17,507
Total non-current assets		**127,746**	**146,762**
Total assets		**299,212**	**302,679**
Current liabilities			
Trade and other payables	19	55,198	57,637
Borrowings	20	44,226	19,089
Derivative financial liabilities	14	412	363
Current tax liabilities	24	-	-
Provisions	22	10,285	12,755
Other liabilities	23	1,788	2,017
Total current liabilities		**111,909**	**91,861**
Non-current liabilities			
Borrowings	20	33,110	48,977
Convertible notes	21	-	50,185
Deferred tax liabilities	24	-	-
Provisions	22	895	880
Other liabilities	23	2,947	5,716
Total non-current liabilities		**36,952**	**105,758**
Total liabilities		**148,861**	**197,619**
Net assets		**150,351**	**105,060**
Equity			
Parent entity interest			
Contributed equity	25	38,758	3,272
Reserves	26	52,912	54,292
Retained profits	26	58,681	47,496
Total equity		**150,351**	**105,060**

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

Consolidated Statement of Changes in Equity

	Notes	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
Total equity at the beginning of the financial period		**105,060**	**122,910**
Issue of ordinary shares during the financial period	25	35,486	-
Deferred tax on movement in the revaluation reserve of property, plant and equipment	26	290	300
Cash flow hedges, net of tax		88	(305)
Net income recognised directly into equity		**35,864**	**(5)**
Profit/(loss) for the financial period		9,427	(17,845)
Total recognised income and expense for the financial period		**45,291**	**(17,850)**
Total equity at the end of the financial period		**150,351**	**105,060**

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

Consolidated Statement of Cash Flows

	Notes	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
Cash flows from operating activities			
Receipts from customers (inclusive of goods & services tax)		598,235	404,440
Payments to suppliers and employees (inclusive of goods & services tax)		(580,917)	(375,007)
Interest received	5	553	356
Interest paid		(19,025)	(7,733)
Income taxes paid		(57)	(815)
Net cash inflow/(outflow) from operating activities	33	**(1,211)**	**21,241**
Cash flows from investing activities			
Payments for property, plant and equipment	15	(8,083)	(10,386)
Payments for intangibles	18	(424)	(368)
Proceeds from sale of discontinued operations	10	-	3,134
Proceeds from sale of property, plant and equipment		29,673	115
Proceeds from sale of investments		15	-
Net cash inflow/(outflow) from investing activities		**21,181**	**(7,505)**
Cash flows from financing activities			
Proceeds from borrowings		94,886	-
Repayment of borrowings		(135,616)	(10,471)
Proceeds from issue of shares	25	35,486	-
Net cash inflow/(outflow) from financing activities		**(5,244)**	**(10,471)**
Net increase/(decrease) in cash and cash equivalents		**14,726**	**3,265**
Cash and cash equivalents at the beginning of the financial period	**11**	**5,394**	**2,129**
Cash and cash equivalents at the end of the financial period	**11**	**20,120**	**5,394**

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

Notes to the Financial Statements

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Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

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

Adjustment to comparatives
In the period ended June 2008 we reviewed our application of the AIFRS with regard to the classification of items within gross profit and other expenses from continuing operations.

The 2006 comparatives for cost of sales, corporate and administration and marketing and selling expenses in the consolidated income statement and disclosures within the segment Note have been changed to be consistent with current best practice. The changes reclassify factory overhead costs and foreign exchange gains and losses from cost of sales to corporate and admin and commissions and shop sales costs to marketing and selling with no overall impact on profit before interest and income tax.

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 30 June 2008 and the results of all controlled entities for the 18 month period 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 associated 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 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 except when they are deferred in equity as qualifying cash flow hedges.

(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, rebates, 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 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 applicable 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 realised or liabilities are settled, based on those tax rates which are enacted or substantially 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*.

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

The consolidated entity has not implemented tax consolidation.

1. Summary of Significant Accounting Policies (continued)

(h) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental 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 at the fair value of the leased asset, or if lower, the present value of minimum lease payments. The corresponding rental obligation, net of finance charges are included in current and non-current liabilities. Lease payments are allocated between the principal component of the lease liability and the interest expense. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability of each period.

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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

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

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 impairment. 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.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement. The basis for calculating the provision to be included in the allowance account is outlined in Note 12.

(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 the 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.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increase in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale is recognised at the date of derecognition.

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 subsequently carried at fair value with dividend income recognised in the statement of financial performance when receivable. These assets are classified as available for sale financial assets and are reported as non-current assets unless management intends to dispose of them within 12 months of the reporting date. Controlled entities and associates are accounted for in the consolidated financial statements as set out in Note 1(b).

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(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 date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 14.

(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 within other expenses.

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 assets 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 by obtaining the fair value of interest rate swaps from the dealer's 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 dealer's 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 as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with 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 reporting 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 the carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in the general reserve in respect of those assets to retained earnings.

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

1. Summary of Significant Accounting Policies (continued)

(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

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation or cost reduction are capitalised to software. Computer software has a finite useful life and is 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 recognised at 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.

The redeemable convertible notes were initially measured at fair value less transaction costs. Subsequent to initial recognition at fair value, the redeemable convertible notes were measured at amortised cost. Any difference between the initial carrying amount and the redemption amount (including the investment fee payable on redemption), was recognised in the Income Statement over the period of the borrowings using the effective interest method. The convertible notes were redeemed during the period.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date, and where the Company has the right to repay and redraw the facilities during the term of the loan.

(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 probable 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 liabilities 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, personal leave and long service leave

Liabilities for annual leave and accumulating personal leave are recognised in the provisions and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating personal leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for long service leave is recognised in the provisions 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 who elect to join the Company superannuation plan are entitled to benefits on retirement, disability or death. The plan is a defined contribution plan, alternatively an employee may elect to have their Company superannuation contributions paid into a superannuation fund of their choice.

Contributions to the employee's chosen plan are recognised as an expense as they become payable. The plans receive contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Notes to the Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(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, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

(z) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

(aa) 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 flows.

(ab) Website costs

Costs in relation to websites 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 website, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a website, 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.

(ac) 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.

(ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period.

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

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Company will adopt AASB 8 in full for the reporting period starting 1 July 2009. Full application of AASB 8 may result in further allocation of items classed as unclassified into the food and beverage segments. It is not expected to affect any of the amounts recognised in the financial statements. To the extent that AASB 8 has already been adopted, the segment analysis for the 12 months to December 2006 have been restated.

(ii) Revised AASB 123 *Borrowing costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123[AASB1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and when adopted will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Company as borrowing costs relating to qualifying assets are already capitalised. The Standard will be adopted for the period starting 1 July 2009.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-08 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income making changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. The Group intends to apply the revised standard from 1 July 2009.

2. 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 Company.

The critical accounting estimates and judgements that could result in a material impact on the carrying amounts of the assets and liabilities within the next financial year have been considered. The only accounting estimate that falls into this category is the estimated impairment of the intangible assets and the assets of the company:

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 18.

3. 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 different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and impairment testing.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

An annual treasury strategy is approved by the Audit & Risk Committee and the Board. This considers the risk in relation to foreign exchange and interest rate risks.

Commodity procurement and related foreign exchange rate risk management is carried out by the commodity risk management committee that operates under policies approved by the Board. The committee identifies risk and develops appropriate methods for managing these in accordance with the approved policies.

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 risk is measured using sensitivity and cash flow forecasting.

The Company imports a variety of commodities and is therefore exposed to foreign exchange risk arising from currency exposures to the US dollar. The Company operates a branch in New Zealand and is therefore exposed to foreign exchange risk arising from currency exposures to the New Zealand dollar. Over the next 12 months the Company will acquire fixed assets in Euros. A combination of forward contracts, limit orders and spot purchasing is used 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 within the context of the annual treasury strategy.

The treasury policy requires the Company to manage its foreign exchange risk against their functional currency. The Company is required to hedge the foreign exchange risk exposure arising from future commercial transactions while allowing some access to favourable swings in the market. It recognised assets and liabilities using forward contracts transacted.

In November 2007 the Board revised its treasury policy. The two key changes were:

- the requirement that the Board will set an annual treasury strategy within which the commodity risk management committee operates in managing the treasury activities through the year. The treasury strategy covers both foreign currency and interest rate management strategies, and
- the implementation of a hedging strategy for converting New Zealand dollars remitted to Australian accounts through the year.

The commodity risk management committee has the discretion to forward cover or delay US dollar coverage within defined limits as set by the Board from time to time. Amounts beyond these values require approval from the Board.

Notes to the Financial Statements (continued)

3. Financial Risk Management (continued)

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2008			31 December 2006		
	USD $000	NZD $000	Euros $000	USD $000	NZD $000	Euros $000
Trade receivables	15	-	-	20	-	-
Trade payables	1,221	-	-	2,174	-	-
Net assets of foreign branch	-	19,822	-	-	15,691	-
Forward exchange contracts - cash flow hedges						
- buy foreign currency	3,122	-	114	9,460	-	-
- sell foreign currency	-	2,650	-	-	-	-

Based on the financial instruments held at 30 June 2008, had the Australian dollar weakened/strengthened by 10% against both the US dollar and New Zealand dollar with all other variables held constant, the Group's post tax profit for the year would have been $111,000 higher / $92,000 lower (2006: $246,000 higher / $391,000 lower), mainly as a result of foreign exchange gains/losses on translation of New Zealand dollar cash, trade receivables and trade payables. Equity would have been $221,000 lower / $144,000 lower (2006: $1,042,000 lower / $1,201,000 higher) due mainly to the retranslation of forward exchange contracts.

(ii) Price risk

The commodity risk management committee has the discretion to forward cover the procurement of commodities traded on international markets within a predetermined level of a single commodity's annual spend, as set by the Board from time to time.

The table below summarises the impact of 1 cent increases/decreases in the US dollar exchange rate covering both price and exchange rate risk.

Sensitivity Analysis - 18 months to 30 June 2008	Impact on post-tax profit		Impact on equity	
	+ 1 cent	- 1 cent	+ 1 cent	- 1 cent
1 cent increase/decrease in USD/AUD on the cost of commodities	262,152	(268,747)	262,152	(268,747)

Sensitivity Analysis - 12 months to 31 December 2006	Impact on post-tax profit		Impact on equity	
	+ 1 cent	- 1 cent	+ 1 cent	- 1 cent
1 cent increase/decrease in USD/AUD on the cost of commodities	146,000	(149,927)	146,000	(149,927)

(iii) 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. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Company policy is to maintain approximately 60% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During the periods ended June 2008 and December 2006, the Company's borrowings at variable rate were denominated in Australian dollars.

The Company analyses its interest rate exposure on an annual basis when setting the treasury strategy. The strategy takes into account the borrowing requirements for the period of the fixes and spreads the termination dates of fixed interest rate swaps.

At 30 June 2008, if interest rates had changed by -/+1% from the year-end rates of 7.75% with all other variables held constant, post-tax profit for the period would have been $515,000 lower/higher (2006: $610,000 lower/higher), mainly as a result of higher interest expense from variable rate borrowings. Equity would move by the same amount in both periods.

3. Financial Risk Management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

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

Forward foreign exchange contracts are only placed with financial institutions following an acceptable credit review.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available):

Cash at bank and short-term deposits:

Trade receivables	30 June 2008 $000	31 December 2006 $000
Customers with external credit rating (Moody's)		
A3	19,294	23,663
Baa1	14,001	17,224
Customers without external credit rating	21,359	35,965
Total trade receivables	**54,654**	**76,852**

The Company only deposits short term surplus cash with banks with a rating of Aa1 or above.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Board approval.

(c) Liquidity risk

The current funding arrangements are effective until 31 October 2011 and are considered adequate to meet the needs of the business until that time. The Company's treasury function, in conjunction with senior management, is responsible for the day-to-day management of the Company's funding requirements.

Management monitors rolling forecasts of the Company's undrawn loan facilities.

Financing arrangements	30 June 2008 $000	31 December 2006 $000
Undrawn loan facilities at the period end (expire beyond one year).	24,968	34,400

Notes to the Financial Statements (continued)

3. Financial Risk Management (continued)

Maturities of financial liabilities

The table below analyses the Company's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount
At 30 June 2008	$000	$000	$000	$000	$000	$000	$000
Interest bearing:							
Variable interest loans	-	-	-	17,040	-	17,040	17,040
Fixed interest loans	10,293	10,000	-	35,000	-	55,293	55,293
Finance lease liabilities	276	281	783	3,663	-	5,003	5,003
Total non-derivatives	**10,569**	**10,281**	**783**	**55,703**	**-**	**77,336**	**77,336**
Non-interest bearing:							
Forward exchange contracts							
-(inflow)	(2,274)	-	-	-	-	(2,274)	(174)
-outflow	3,893	-	-	-	-	3,893	412
Total derivatives	**1,619**	**-**	**-**	**-**	**-**	**1,619**	**238**

	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount
At 30 December 2006	$000	$000	$000	$000	$000	$000	$000
Interest bearing:							
Variable interest loans	17,000	-	44,000	-	-	61,000	61,000
Fixed interest loans	1,340	-	50,185	-	-	51,525	51,525
Finance lease liabilities	370	379	857	2,538	1,582	5,726	5,726
Total non-derivatives	**18,710**	**379**	**95,042**	**2,538**	**1,582**	**118,251**	**118,251**
Non interest bearing:							
Forward exchange contracts							
-(inflow)	-	-	-	-	-	-	-
-outflow	12,435	-	-	-	-	12,435	363
Total derivatives	**12,435**	**-**	**-**	**-**	**-**	**12,435**	**363**

The average maturity of loans outstanding at the balance date is 2.2 years (2006: 1.5 years).

(d) Fair value estimation

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

The Company has forward foreign exchange contracts that are not traded in an active market. The fair value of these instruments is calculated using the relevant exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

30 June 2008	Carrying amount $000	Interest rate risk -1% Profit $000	Interest rate risk -1% Equity $000	Interest rate risk +1% Profit $000	Interest rate risk +1% Equity $000	Foreign exchange risk -10% Profit $000	Foreign exchange risk -10% Equity $000	Foreign exchange risk +10% Profit $000	Foreign exchange risk +10% Equity $000
Financial assets									
Cash and cash equivalents	20,120	(62)	(62)	62	62	85	85	(70)	(70)
Accounts receivable	59,634	-	-	-	-	207	207	(170)	(170)
Derivatives - cash flow hedges	174	-	-	-	-	-	55	-	(368)
Financial liabilities									
Derivatives - cash flow hedges	412	-	-	-	-	-	(387)	-	316
Trade payables	55,198	-	-	-	-	(181)	(181)	148	148
Borrowings	77,336	577	577	(577)	(577)	-	-	-	-
Total increase/ (decrease)		515	515	(515)	(515)	111	(221)	(92)	(144)

4. Segment Information

(a) Description of Segments

Business segments

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

- **Beverage**
  Includes sales of cordial, soft drinks, ambient 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.

Notes to the Financial Statements (continued)

4. Segment Information (continued)

(b) Primary reporting format - business segments

Segment Reporting 18 months ended 30 June 2008	Beverage $000	Food $000	Eliminations /Unallocated $000	Consolidated $000
Total segment revenue before rebates	400,346	194,655	6,452	601,453
Total rebates				(42,923)
Total revenue after rebates				558,530
Segment contribution	127,325	40,664	5,089	173,078
Unallocated other expenses from continuing operations				(163,150)
Profit before income tax				9,928
Income tax expense				(501)
Profit from continuing operations				9,427
Profit/(loss) from discontinued operations				-
Profit for the period attributable to shareholders				9,427
Segment assets			299,212	299,212
Segment liabilities			148,861	148,861
Acquisition of property, plant and equipment, intangibles and other non-current segment assets			8,507	8,507
Depreciation and amortisation expense			18,676	18,676
Write down of property, plant and equipment			146	146

Segment Reporting 12 months ended 31 December 2006	Beverage $000	Food $000	Eliminations /Unallocated $000	Consolidated $000
Total segment revenue before rebates	249,885	142,667	1,780	394,332
Total rebates				(26,256)
Total revenue after rebates				368,076
Segment contribution	73,912	18,972	816	93,700
Unallocated other expenses from continuing operations				(109,641)
Loss from continuing operations before tax				(15,941)
Income tax expense				(597)
Loss from continuing operations				(16,538)
Profit/(loss) from discontinued operations				(1,307)
Loss for the period attributable to shareholders				(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

(c) Secondary reporting format - geographical segments

	Total segment revenues before rebates		Segment assets as at		Acquisition of property, plant and equipment, intangibles and other non-current segment assets as at	
	18 months to 30 June 2008 $000	12 months to 31 December 2006 $000	30 June 2008 $000	31 December 2006 $000	30 June 2008 $000	31 December 2006 $000
Australia	578,896	378,685	295,392	297,261	8,507	10,753
New Zealand	22,557	15,647	3,820	5,418	-	1
	601,453	394,332	299,212	302,679	8,507	10,754

Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocated based on where the assets are located.

5. Revenue

	18 months to 30 June 2008 $000	12 months to 31 December 2006 $000
Sales Revenue		
Sale of goods	591,007	388,003
Other sales revenue	5,078	4,124
	596,085	392,127
Trade rebates	(42,923)	(26,256)
	553,162	365,871
Other Revenue		
Interest received	553	356
Rentals	199	141
Royalties	561	284
Licence fees	1,004	314
Other	3,051	1,110
	5,368	2,205
Revenue from continuing operations	558,530	368,076

6. Other Income

	Notes	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
Gain from sale of property, plant & equipment	7	21,000	-
Government grants		208	110
Other Income		**21,208**	**110**

Notes to the Financial Statements (continued)

7. Significant Transactions

Other income during the 18 month period included the sale of assets at the Northgate site that generated a profit before tax of $21 million.

During the 18 month period there were a number of one-off items that have been classified as significant transactions. The costs and revenues related to these transactions are shown net as Significant Transactions in the Consolidated Income Statement. The key element is a significant rationalisation and simplification plan with associated consulting, redundancy, refinancing and NSX listing costs incurred totalling $6,310,179.

On 19 June 2006 a business agreement was entered into with Nutricia Australia Pty Ltd (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 to be manufactured for Nutricia at the Northgate facility. Financial information relating to this transaction is set out below.

	18 months to 30 June 2008	12 months to 31 December 2006
Sale of baby food inventory on hand	-	2,660
Continuing revenues	-	9,925
Profit on sale of infant product rights	-	9,415
Total transaction gains	-	**22,000**
The above will be reflected in the following reporting periods:		
In the financial year ending 31 December 2006	-	14,267
In the 18 month financial period to 30 June 2008	-	3,054
In the financial year ending 30 June 2009	-	1,732
Later than 30 June 2009	-	2,947
Total transaction gains	-	**22,000**
The cash flows will be recorded in the following reporting periods		
In the current financial year	-	21,250
Within the 18 month period ending 30 June 2008 (included in other receivables, Note 12)	-	750
Total transaction gains	-	**22,000**

8. Expenses

Profit before income tax includes the following specific expenses:

	18 months to 30 June 2008 $000	12 months to 31 December 2006 $000
Depreciation		
Land	16	-
Buildings	1,267	866
Plant and equipment	16,950	11,589
Motor vehicles	14	21
Total depreciation	18,247	12,476
Charges against intangibles		
Amortisation of computer software	429	304
Total charges against intangibles	429	304
Other charges against assets		
Net realisable value of inventories	(3,520)	(1,181)
Write down of property, plant & equipment to recoverable amount	(146)	-
Bad and doubtful debts	50	(116)
Total other charges against assets	(3,616)	(1,297)
Finance costs expensed	14,769	9,315
Investment fee on convertible notes	4,071	7,655
Total borrowing costs	18,840	16,970
Defined contribution superannuation expense	8,765	6,562
Termination benefits	4,703	907
Loss from sale of property, plant & equipment	-	13
Foreign exchange loss	372	279
Rental expense on operating leases - minimum lease payments	6,140	6,605
Research and development	749	1,176

Notes to the Financial Statements (continued)

9. Income Tax Expense

	Notes	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
(a) Income tax expense			
Current tax		235	145
Deferred tax		266	452
Income tax expense attributable to continuing operations		501	597
Deferred income tax (revenue) expense included in the tax expense comprises:			
Decrease (increase) in deferred tax assets	17	13	21
Increase (decrease) in deferred tax liabilities	24	253	431
Income tax expense attributable to continuing operations		266	452
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable/(benefit)			
Profit /(loss) from continuing operations before income tax expense		9,928	(15,941)
Loss from discontinued operations before income tax expense	10	-	(813)
		9,928	(16,754)
Income tax on operating profit/(loss)			
Tax at the Australian tax rate of 30% (2006: 30%)		2,978	(5,026)
Tax effect of amounts which are not deductible in calculating taxable income:			
Entertainment		25	9
Significant Transaction - Nutricia		(2,308)	2,389
Tax losses recognised		(988)	-
Discontinued operations		-	27
Sundry items		518	(281)
		225	(2,882)
Deferred tax assets and liabilities recognised through equity		253	431
Income tax benefit not recognised		-	3,033
Differences in overseas tax rates, NZ tax @ 33%		23	15
Income tax expense		**501**	**597**
(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%		5,730	5,982
(d) Tax Losses			
Unused tax losses for which no deferred tax asset has been recognised		86,227	94,456
Potential tax benefit @ 30%		25,868	28,337

The benefit to tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
(ii) the losses are transferred to an eligible entity in the consolidated entity, and
(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and
(iv) no changes in tax legislation adversely affect the consolidation entity in realising the benefit from the deductions of 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.

The four contracts between Golden Circle Limited and Elders Limited were for the sale of the land, an asset sale and purchase agreement, an ongoing agency agreement and an ongoing agreement for the supply of Valencia fruit.

	18 months to 30 June 2008 $000	12 months to 31 December 2006 $000
(b) Financial performance and cash flow information		
The financial performance presented is for the period ended 30 November 2006.		
Revenue	-	2,977
Expenses	-	(3,790)
Loss before income tax	-	(813)
Income tax expense	-	-
Loss after income tax of discontinued operations	-	(813)
Loss on sale after income tax	-	(494)
Loss from discontinued operations	-	(1,307)
(c) Carrying amounts of assets and liabilities		
The carrying amounts of assets and liabilities as at 30 November 2006 were:		
Property, plant & equipment	-	3,264
Trade receivables	-	214
Inventories	-	144
Other assets	-	31
Total assets	-	3,653
Trade creditors	-	6,976
Provision for employee benefits	-	152
Other liabilities	-	198
Total liabilities	-	7,326
Net Assets	-	(3,673)
(d) Details of the sale of the division		
Consideration received or receivable:		
Cash	-	3,134
Present value of amount due in 2007	-	45
Total disposal consideration	-	3,179
Carrying amount of net assets sold	-	(3,673)
Loss on sale before income tax	-	(494)
Income tax expense	-	-
Loss on sale after income tax	-	**(494)**

Notes to the Financial Statements (continued)

11. Current Assets - Cash and Cash Equivalents

	30 June 2008 $000	31 December 2006 $000
Cash at bank and on hand	20,120	5,394

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.

The Group's exposure to interest rate risk is discussed in Note 3.

12. Current Assets - Trade And Other Receivables

	30 June 2008 $000	31 December 2006 $000
Trade receivables	54,654	76,852
Less: Provision for impairment	(104)	(93)
	54,550	76,759
Prepayments	3,358	2,136
Other receivables	1,726	1,812
	59,634	80,707

(a) Impaired receivables

As at 30 June 2008 current trade receivables of the group with a nominal value of $50,985 (2006: $737,085) were impaired. The amount of the provision was $50,985 (Dec 2006: $45,645) calculated on the basis of a specific provision where there is an indication that the receivable may not be fully recoverable. In addition a provision is made for a proportion of the debts over 60 days where there is no indication that the receivable may not be fully recoverable. The proportion of the debts over 60 days that is impaired is based on Company experience. The specifically impaired receivables in the current period mainly relate to customers in administration.

The ageing of these receivables is as follows:	30 June 2008 $	31 December 2006 $
1 to 3 months	-	1,961
4 to 6 months	26,634	1,562
Over 6 months	24,351	733,562
	50,985	737,085

Movements in the provision for impairment of receivables are as follows:	$	$
Opening balance	92,580	231,457
Provision for impairment recognised during the year	193,663	133,113
Receivables written off during the year as uncollectible	(32,062)	(22,543)
Unused amount reversed	(150,632)	(249,447)
Closing balance	103,549	92,580

As of 30 June 2008, trade receivables of $1,150,738 (2006: $353,388) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and where the debt is less than 60 days from the date of the invoice.

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security. Refer to Note 3 for more information on the risk management policy of the Company.

13. Current Assets - Inventories

	30 June 2008 $000	31 December 2006 $000
Raw materials and stores - at cost	18,738	17,574
Finished goods		
At cost	73,921	52,792
Less: Provision for obsolescence	(1,129)	(712)
	91,530	69,654

14. Derivative Financial Instruments

Current assets	30 June 2008 $000	31 December 2006 $000
Forward foreign exchange contracts - cash flow hedges	174	-
Interest rate swaps - cash flow hedge	-	13
Total current derivative financial instrument assets	174	13

Current liabilities	30 June 2008 $000	31 December 2006 $000
Forward foreign exchange contracts - cash flow hedges	412	363
Total current derivative financial instrument liabilities	412	363

(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 in accordance with the Company's financial risk management policies (refer Note 3).

(i) Interest rate swap contracts - cash flow hedges

Loans to Golden Circle Limited currently bear an average interest rate of 9.9%. It is policy to protect part of the loans from exposure to increasing rates. Accordingly, the Company has entered into fixed interest rates with the lender for a proportion of the outstanding loans.

In 2006, the swaps in place covered approximately 30% of the loan principal outstanding and were timed to expire through the term of the loan. The fixed interest rates ranged from 6.44% and 6.62% and the variable rates were on average 0.1% below the 90 day bank bill rate which at 31 December 2006 was 6.44%. The interest rate swaps were cancelled on repayment of the underlying loans.

As at balance date the notional principal amounts and periods of expiry of the interest rate swaps contracts were:

	30 June 2008 $000	31 December 2006 $000
Less than 1 year	-	-
1-2 years	-	20,000
2-3 years	-	-

The contracts required settlement of net interest receivable or payable each quarter. The settlement dates did not coincide with the dates on which the interest was payable on the underlying debt.

Notes to the Financial Statements (continued)

14. Derivative Financial Instruments (continued)

(a) Instruments used by the company (continued)

(ii) Forward exchange contracts - cash flow hedges

Forward exchange contracts are entered into for the purpose of covering purchase commitments and net proceeds from trading in New Zealand dollars. At balance date details of outstanding contracts, all of which mature within 12 months, are:

	Australian dollar value of contracts		Average exchange rate	
	30 June 2008 $000	31 December 2006 $000	18 months to 30 June 2008	12 months to 31 December 2006
Buy US dollars	3,703	12,435	0.8430	0.7632
Buy Euro	190	-	0.6004	-
Sell NZ dollars	2,274	-	1.1656	-

The portion of the gains or losses on the hedging instruments 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.

During the period ending 30 June 2008 a profit of $363,000 (2006: $72,000 loss) was reclassified from equity and included in corporate and administration costs. There was no hedge ineffectiveness in the current or prior period.

(b) Credit risk exposures

The Company undertakes all of its transactions in foreign exchange contracts with financial institutions. The Company only enters into variable to fixed interest rate contractors with its main lender. See Note 3 for more details.

(c) Interest rate and foreign exchange risk

See Note 3.

15. Non-Current Assets - Property, Plant and Equipment

Consolidated and Company

	Land $000	Buildings $000	P&E $000	Vehicles $000	Total $000
At 1 January 2006					
Cost	19,481	33,915	110,174	468	164,038
Accumulated depreciation	-	(1,092)	(27,664)	(417)	(29,173)
Net book amount	19,481	32,823	82,510	51	134,865
Year ended 31 December 2006					
Additions	-	40	10,320	26	10,386
Disposals	(399)	(1,791)	(1,411)	(28)	(3,629)
Depreciation (Note 8)	-	(866)	(11,589)	(21)	(12,476)
Closing net book 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	-	(1,844)	(38,666)	(417)	(40,927)
Net book amount	19,082	30,206	79,830	28	129,146
Period ended 30 June 2008					
Additions	-	1,361	6,722	-	8,083
Disposals	(5,678)	(234)	(2,761)	-	(8,673)
Write down of property, plant & equipment (Note 8)	-	-	(146)	-	(146)
Depreciation (Note 8)	(16)	(1,267)	(16,950)	(14)	(18,247)
Closing net book amount	13,388	30,066	66,695	14	110,163
At 30 June 2008					
Cost	13,394	33,156	116,889	445	163,884
Accumulated depreciation	(6)	(3,090)	(50,194)	(431)	(53,721)
Net book amount	13,388	30,066	66,695	14	110,163

(a) Assets in the course of construction

Capital work-in-progress included in plant and equipment was $6,345,862 (2006: $6,495,752).

(b) Leased assets

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	30 June 2008 $000	31 December 2006 $000
Plant and equipment		
Cost	6,922	7,066
Accumulated depreciation	(3,069)	(2,135)
Net book amount	3,853	4,931

Notes to the Financial Statements (continued)

15. Non-Current Assets - Property, Plant and Equipment (continued)

(c) 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.

(d) Non-current assets pledged as security

Refer to Note 19 for information on non-current assets pledged as security by the consolidated entity.

(e) 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.

16. Non-Current Assets - Investments Measured at Cost

		30 June 2008 $000	31 December 2006 $000
Name of Company	Ownership interest	Carrying Amount	Carrying Amount
Riversun Export Pty Ltd	0%	-	7
Murrumbidgee Irrigation Limited	0%	-	-
Australian Joint Citrus Exporters Pty Ltd	0%	-	8
Pineapples Australia Pty Ltd	50%	13	13
Carrying amount of investments		13	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.

The company disposed of its 0.01% interest in Mumimbridgee Irrigation Ltd during the period.

Pineapples Australia Pty Ltd pay the Company a monthly royalty based on the sales of pineapples. This is included in the royalties disclosed in Note 5.

The investments are measured at cost.

17. Non-Current Assets - Deferred Tax Assets

The balance comprises temporary differences attributable to:

	30 June 2008 $000	31 December 2006 $000
Amounts recognised in profit and loss:		
Doubtful debts	31	28
Employee benefits	3,339	3,498
Provisions	422	370
Superannuation	177	216
Accruals	380	443
Deferred revenue	1,403	-
Convertible note investment fee	-	3,932
Finance leases	345	238
Software development	131	349
Patents	7	9
Tax losses	5,720	4,732
Sundry	295	11
	12,250	13,826
Amounts recognised in equity:		
Cash flow hedges	71	109
	12,321	13,935
Set-off of deferred tax assets pursuant to set-off provisions	(12,253)	(13,854)
Net deferred tax assets	68	81

Movements

	Tax losses $000	Employee Benefits $000	Convertible Note $000	Other $000	Total $000
Opening Balance at 1 January 2006	3,810	3,392	1,636	2,120	10,958
Credited/(charged) to the income statement (Note 9)	922	106	2,296	(414)	2,910
Credited/(charged) to equity	-	-	-	67	67
Closing balance at 31 December 2006	4,732	3,498	3,932	1,773	13,935
Opening Balance at 1 January 2007	4,732	3,498	3,932	1,773	13,935
Credited/(charged) to the income statement (Note 9)	988	(159)	(3,932)	1,527	(1,576)
Credited/(charged) to equity	-	-	-	(38)	(38)
Closing balance at 30 June 2008	5,720	3,339	-	3,262	12,321

Notes to the Financial Statements (continued)

18. Non-Current Assets - Intangible Assets

	Brand names $000	Software $000	Total $000
At 1 January 2006			
Cost	25,350	3,165	28,515
Accumulated amortisation and impairment	(8,199)	(2,873)	(11,072)
Net book amount	17,151	292	17,443
Year ended 31 December 2006			
Additions	-	368	368
Amortisation charge	-	(304)	(304)
Closing net book 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 book amount	17,151	356	17,507
18 months ended 30 June 2008			
Additions	-	424	424
Amortisation charge	-	(429)	(429)
Closing net book amount	17,151	351	17,502
At 30 June 2008			
Cost	25,350	3,938	29,288
Accumulated amortisation and impairment	(8,199)	(3,587)	(11,786)
Net book amount	17,151	351	17,502

(a) Impairment tests for brand names

The Popper brand name and the Original Juice Co 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. 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.

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

	Growth rate		Discount rate	
	2008 %	2006 %	2008 %	2006 %
Popper brand name	4.20	2.50	13.35	11.50
Original Juice Co brand name	4.00	3.00	13.28	9.98

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

(c) Impact of possible changes to key assumptions

The value of the Popper brand is calculated as $8.1m (2006: $3.6m) being $6.4m (2006: $2m) greater than the carrying value. The discount rate would have to increase to 32% (2006: 70%) of the growth rate to reduce to -28% (2006: -154%) for the value in use to equal the carrying value. Management believe these changes to be improbable.

The value of the Original Juice Co brand is calculated as $67m (2006: $56.6m) being $22.3m (2006: $12m) greater than the carrying value. The discount rate would have to increase to 14% (2006: 10.82%) or the growth rate to reduce to -0.2% (2006: 1.1%) for the value in use to equal the carrying value. Management believe these changes to be improbable.

19. Current Liabilities - Trade and Other Payables

	30 June 2008 $000	31 December 2006 $000
Trade creditors	44,145	32,058
Other creditors	4,832	5,712
Convertible note investment fee accrual	-	13,107
Other accruals	6,221	6,760
Total current liabilities - payables	55,198	57,637

(a) Foreign currency risk

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

	30 June 2008 $000	31 December 2006 $000
Australian dollars	53,572	54,328
New Zealand dollars	450	558
US dollars	1,221	2,174

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to Note 3.

20. Liabilities - Borrowings

	Notes	30 June 2008 $000	31 December 2006 $000
Current			
Cash advance		-	17,000
GE Capital loan		43,376	-
Insurance loan		293	1,340
Lease liabilities	31	557	749
		44,226	19,089
Non-current			
Receivables acquisition facility		-	44,000
GE Capital loan		28,664	-
Lease liabilities	31	4,446	4,977
		33,110	48,977

(a) Assets pledged as security

The long term senior debt facility provided by National Australia Bank (Receivables Acquisition Facility and Cash Advance) was repaid on 31 October 2007. The senior debt facility is now provided by GE Capital Asset Services and Trading Asia Pacific Pty Ltd.

The GE Capital loan has been drawn as a source of both short-term and long-term funding:

- Revolving line of credit totalling $40.4m bearing an interest rate of 9.51% for the first $35,000,000 and BBSR + 2% thereafter
- Term Loan A totalling $17.6m bearing a fixed rate of 9.92% on the first $10m and a variable rate of BBSR + 2.5% thereafter
- Term Loan B totalling $14m bearing a fixed rate of 9.93% on the first $10m and a variable rate of BBSR + 2.5% thereafter.

The revolving line of credit can be drawn down on an as needs basis. The only limitation is the maximum limit for the aggregate amount as agreed in the relevant facilities agreement.

GE Capital Asset Services and Trading Asia Pacific Pty Ltd has a fixed charge over the land and buildings at Northgate and Mill Park and has a floating charge over the assets of the Company.

Notes to the Financial Statements (continued)

20. Liabilities - Borrowings (continued)

(a) Assets pledged as security (continued)

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(b) Risk exposures

Details of the Company's exposure to risks arising from current and non-current borrowings are set out in Note 3.

(c) Fair value

The carrying amounts and fair values of borrowings at balance date are:

	30 June 2008 Carrying Amount $000	30 June 2008 Fair Value $000	31 December 2006 Carrying Amount $000	31 December 2006 Fair Value $000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	72,040	72,040	111,185	111,185
Derivative financial instruments	412	412	363	363
Other loans	293	293	1,340	1,340
Lease liabilities	5,003	5,003	5,726	5,726
	77,748	77,748	118,614	118,614
Off-balance sheet				
Contingencies	3,633	3,633	6,090	6,090
	3,633	3,633	6,090	6,090

None of the classes are readily traded on organised markets in standardised form.

(i) On-balance sheet

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on cash flows discounted using borrowing rates varying from 7% to 10.2%, depending on the type of the borrowing (2006: 7.01% to 9.4%).

(ii) Contingent liabilities

The Company has potential financial liabilities which may arise from certain contingencies disclosed in Note 30. As explained in that Note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the Directors' estimate of amounts which would be payable by the Company as consideration for the assumption of those contingencies by another party.

21. Liabilities - Convertible Notes

The Company issued 50,000,000 convertible notes for $50 million on 15 April 2005. These notes were redeemed on 31 October 2007.

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

	30 June 2008 $000	31 December 2006 $000
Face value of notes issued	-	50,000
Transaction costs relating to issue	-	(1,813)
	-	48,187
Interest expense*	3,336	7,992
Interest paid	(3,336)	(5,994)
Non-current liability	-	50,185

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

22. Liabilities - Provisions

	30 June 2008 $000	31 December 2006 $000
Current		
Employee entitlements	10,215	11,213
Workers compensation provision	70	1,542
Total current provisions	10,285	12,755
Non-current		
Employee entitlements	895	880
Total non-current provisions	895	880
Aggregate employee entitlement liabilities		
Current	10,215	11,213
Non-current	895	880
	11,110	12,093
Employee numbers		
Average number of employees during the financial year	1,214	1,348

23. Liabilities - Other Liabilities

	Notes	30 June 2008 $000	31 December 2006 $000
Current			
Nutricia	7	1,732	2,017
Other deferred income		56	-
Other current liabilities		1,788	2,017
Non-current			
Nutricia	7	2,947	5,716
Other non-current liabilities		2,947	5,716

The other deferred income represents Environmental Agency Funding for a 'Pineapple Growing Project' received during the current financial period that will be matched against project expenditure in 2008.

Notes to the Financial Statements (continued)

24. Liabilities - Deferred Tax Liabilities

	30 June 2008 $000	31 December 2006 $000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit and loss		
Consumables	13	20
Prepayments	-	50
Property, plant and equipment	1,285	2,529
Intangible assets	5,145	5,145
Sundry	9	19
	6,452	7,763
Amounts recognised directly in equity:		
Property, plant and equipment	5,801	6,091
	12,253	13,854
Set-off of deferred tax assets pursuant to set-off provisions	(12,253)	(13,854)
Net deferred tax liabilities	-	-

Movements

	Intangible Assets $000	Property Plant and Equipment $000	Other $000	Total $000
Opening balance at 1 January 2006	495	10,252	109	10,856
Credited/(charged) to the income statement (Note 9)	4,650	(1,332)	2	3,320
Credited/(charged) to equity	-	(300)	(22)	(322)
Closing balance at 31 December 2006	5,145	8,620	89	13,854
Opening balance at 1 January 2007	5,145	8,620	89	13,854
Credited/(charged) to the income statement (Note 9)	-	(1,244)	(67)	(1,311)
Credited/(charged) to equity	-	(290)	-	(290)
Closing balance at 30 June 2008	5,145	7,086	22	12,253

25.Contributed Equity

Share Capital

Date	Details	Number of shares	Issue price	$000
1 January 2006	Opening balance	82,376,824		3,272
31 December 2006	Balance	82,376,824		3,272
31 October 2007	Share issue	44,356,752	80 cents	35,486
30 June 2008	Closing balance	126,733,576		38,758

The purpose of the share issue was to repay borrowings.

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.

Capital risk management
The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

On 31 October 2007 the Company refinanced its commercial bill and loan finance with a combination of additional issued share capital and a new loan. This impacted the gearing ratio for the Company.

	Notes	30 June 2008 $000	31 December 2006 $000
Total borrowings excluding derivative financial instruments		77,336	118,251
Less: cash and cash equivalents	11	(20,120)	(5,394)
Net debt		57,216	112,857
Total equity		150,351	105,060
Total capital		207,567	217,917
Gearing ratio		27.6%	51.8%

Notes to the Financial Statements (continued)

26.Reserves and Retained Profits

	Notes	30 June 2008 $000	31 December 2006 $000
(a) Reserves			
General reserve		53,078	54,546
Hedging reserve - cash flow hedges		(166)	(254)
		52,912	54,292
Movements:			
General reserve			
Reserve at the beginning of the financial period		54,546	54,876
Transfer to retained earnings the revaluation increment on property, plant and equipment subsequently sold		(1,758)	(630)
Deferred tax	9	290	300
		53,078	54,546
Hedging reserve - cash flow hedges			
Reserve at the beginning of the financial period		(254)	51
Revaluation - gross		126	(436)
Deferred tax	9	(38)	131
		(166)	(254)
(b) Retained profits			
Retained profits/(losses) at the beginning of the financial period		47,496	64,711
Transfer from the general reserve the revaluation increment on property, plant and equipment subsequently sold		1,758	630
Net profit/(loss) attributable to members of Golden Circle Limited		9,427	(17,845)
Retained profits at the end of the financial period		58,681	47,496

(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. The balance standing to the credit of the reserve will be released to retained earnings only when the associated revalued assets have been sold.

(ii) Hedging reserve - cash flow hedges

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

27.Dividends

Dividends provided for and/or paid

No dividends were provided for or paid during the financial period (2006 provided and paid: nil).

Franking credits

Balance of franking credits available for use, based on a tax rate of 30% (2006: 30%), as at 30 June 2008 was $18,580,173 (31 December 2006: $18,580,173).

28.Key Management Personnel Disclosures

	30 June 2008 $000	31 December 2006 $000
(a) Key management personnel compensation:		
Short term employment benefits	4,643	2,340
Post employment benefits	681	739
Long term benefits	18	24
Termination benefits	725	-
Share based payments	-	-
	6,067	3,103

The Company has taken advantage of the relief granted under Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report.

(b) Key management personnel share holdings

The number of shares in the company held during the financial period by each key management personnel, including their personally-related entities, are set out below.

	Balance at 1 January 2006	Acquired during the year	Disposed of during the year	Balance at 31 December 2006	Acquired during the period	Disposed of during period	Balance at 30 June 2008
Non-executive Directors							
P Cave	-	-	-	-	44,356,752		44,356,752
M Briggs	-	-	-	-	44,356,752		44,356,752
E Pope	-	-	-	-	473,000		473,000
P Voight	67,600	57,942	-	125,542	94,000		219,542
L Fullerton	5,388,845	-	-	5,388,845	159,940	(7,000)	5,541,785
E Di Pasquale	1,593,836	147,830	-	1,741,666	214,152		1,955,818
C Riordan	-	-	-	-	240,000		240,000
Executive							
C Mills	-	-	-	-	37,750		37,750
K Parker	-	-	-	-	32,050		32,050
S Cowan	-	-	-	-	25,000		25,000
G Sawyer	-	-	-	-	32,050		32,050
J Leonard	-	-	-	-	25,000		25,000
D Hammond	-	-	-	-	32,050		32,050

29.Remuneration of Auditors

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

	18 months ended 30 June 2008 $	12 months ended 31 December 2006 $
Auditing the accounts	530,264	309,860
Other assurance services	66,826	14,500
Total audit and other assurance services	597,090	324,360
Taxation	301,247	218,107
Advisory services	11,888	40,021
Total remuneration	**$910,225**	**$582,488**

Notes to the Financial Statements (continued)

30. Contingent Liabilities

	30 June 2008 $000
Details and estimate of maximum amounts of contingent liabilities are as follows:	
Bank Guarantee Facility in favour of:	
NAB	3,600
Globus Group Pty Ltd	33

These have not been recognised as liabilities as the fair value of the guarantee is considered to be immaterial.

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 claim that is expected to result in significant costs or damages.

31. Commitments for Expenditures

	30 June 2008 $000	31 December 2006 $000
Capital commitments		
Capital expenditure contracted for at the reporting date, but not recognised as liabilities is as follows:		
Property, plant and equipment payable no later than one year	8,722	587
(i) Operating leases The Company leases various offices, warehouses, vehicles and plant and machinery under operating leases expiring within 1 to 5 years.		
The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	3,610	5,130
Later than one year but no later than 5 years	3,135	2,496
Later than 5 years	-	-
	6,745	7,626
(ii) Finance leases The Company lease various plant and equipment with a carrying amount of $3,853,330 (2006: $4,931,452) under finance leases expiring within 3 to 5 years.		
The Company will own the plant and equipment at the expiry of the lease terms.		
Commitments in relation to finance leases are payable as follows:		
Within one year	996	1,080
Later than one year but no later than 5 years	5,333	4,391
Later than 5 years	-	1,581
Minimum lease payments	6,329	7,052
Less: future finance charges	(1,326)	(1,326)
Recognised as a liability	5,003	5,726
Representing lease liabilities:		
Current	557	749
Non-current	4,446	4,977
	5,003	5,726

32.Related Parties

Directors and specified executives

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

	30 June 2008 $000	31 December 2006 $000
Purchase of fruit and vegetables from Directors or Director controlled entities:		
P R Voight*	482,179	496,195
L Fullerton*	3,216,435	1,830,854
E Di Pasquale*	596,364	277,087
Legal services provided by an entity related to C Riordan*	33,000	4,950

* Excludes Director fees set out in the Remuneration Report

There were no other transactions with related parties other than minor retail purchases of goods at discount rates that are also available to employees and growers.

	30 June 2008 $	31 December 2006 $
Aggregate amounts payable to Directors or Director-controlled entities at balance date:	6,416	-

Wholly-owned group

Name of entity	Paid-up-capital	Country of Incorporation	Class of Shares	Equity Holding 2008	Equity Holding 2006
Golden Circle Superannuation Pty Ltd		Australia-Qld	Ordinary	0%	100%
Queensland Tropical Fruit Products Pty Ltd	$1	Australia-Qld	Ordinary	100%	100%
Golden Circle NZ Ltd		New Zealand	Ordinary	0%	100%

Golden Circle Superannuation Pty Ltd was the Superannuation Trustee Company for the Golden Circle Limited Superannuation Fund. Golden Circle Superannuation Pty Ltd was deregistered on 22 January 2006.

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

Golden Circle NZ Ltd, a New Zealand registered company, was deregistered on 24 April 2008.

Notes to the Financial Statements (continued)

33. Reconciliation of Profit from Ordinary Activities after Income Tax to Net Cash Inflow from Operating Activities

	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
Profit/(loss) from ordinary activities after related income tax	9,427	(17,845)
Depreciation and amortisation	18,676	12,780
Deferred tax expense relating to movement in revaluation reserve	290	-
Write down on revaluation of property, plant and equipment	146	-
Net loss/(gain) on sale of non current assets	(21,000)	380
Net cash from operating before changes in asset and liabilities	7,539	(4,685)
Change in operating assets & liabilities:		
(Increase)/decrease in receivables	21,073	(8,230)
(Increase)/decrease in inventory	(21,876)	(1,829)
(Increase)/decrease in net derivative financial instruments	(24)	-
(Increase)/decrease in net current tax assets	141	(241)
(Increase)/decrease in net deferred tax assets	13	21
Increase/(decrease) in creditors	(2,624)	27,844
Increase/(decrease) in other liabilities	(2,998)	7,161
Increase/(decrease) in provisions	(2,455)	1,200
Net cash inflow/(outflow) provided by operating activities	(1,211)	21,241

34. Non-Cash Financing and Investing Activities

	30 June 2008 $000	31 December 2006 $000
Acquisition of plant and equipment by means of finance leases	-	-

35.Earnings Per Share

	18 months ended 30 June 2008 $000	12 months ended 31 December 2006 $000
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	9.2	-20.1
Profit from discontinued operations	-	-1.6
Profit attributable to the ordinary equity holders of the Company	9.2	-21.7
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	9.2	-20.1
Profit from discontinued operations	-	-1.6
Profit attributable to the ordinary equity holders of the Company	9.2	-21.7
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit from continuing operations	9,427	-16,538
Profit from discontinued operations	-	-1,307
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	9,427	-17,845
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	9,427	-16,538
Interest savings on convertible notes	-	-
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	9,427	-16,538
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	102,081,926	82,376,824
Adjustments for calculation of diluted earnings per share:		
Convertible notes	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	102,081,926	82,376,824

36.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 the notes set out on pages 27 to 65 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the Corporations Regulations 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 30 June 2008 and of their performance for the financial period ended on that date.

(b) the remuneration disclosures set out in pages 12 to 17 of the Directors' Report comply with the Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

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

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

P Cave AM
Chairman

11 September 2008

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Golden Circle Limited

Report on the financial report

We have audited the accompanying financial report of Golden Circle Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the 18-month period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Golden Circle Limited (the company) and the Golden Circle Limited Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled at the 18-month period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Golden Circle Limited on 11 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

(a) the financial report of Golden Circle Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the 18-month period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the 18-month period ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Golden Circle Limited for the 18-month period ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Delaney

Brett S Delaney
Partner

Brisbane
12 September 2008

NSX Additional Information

Additional information required by the National Stock Exchange's listing rules not shown elsewhere in this report is as follows. This information is current as at 11 September 2008.

(a) Ten largest shareholders

Name	Shares	%
Anchorage Golden Circle Pty Ltd	44,356,752	35.000
Australia Fluorine Chemicals Pty Ltd	4,968,948	3.921
Fullerton Farms Pty Ltd	4,897,656	3.865
Donald Ross McClintock	2,304,027	1.818
Kenneth Elliott Buchanan & Elizabeth Joy Buchanan & James Malcolm Buchanan	2,199,479	1.736
Ronald Walter French & Alan James French & Robyn Norma French	1,674,324	1.321
Eldo Nedo Di Pasquale & Terry Ann Di Pasquale	1,626,148	1.283
Ian Neil Fullerton & Cheryl Lynette Fullerton	1,376,289	1.086
Gary Richard Pike & Kathryn Patricia Pike & Graham Percy Dann	1,372,193	1.083
John P Forster & Gillian B Forster	1,337,994	1.056

(b) Five year summary

	18 months ended 30 June		12 months ended 31 December		
	2008 $000	2006 $000	2005 $000	2004 $000	2003 $000
Revenue	**558,530**	**368,076**	**361,108**	**414,080**	**403,473**
Significant items	14,690	9,415		(7,000)	
Operating profit/(loss) from continuing operations before interest and tax	28,768	1,029	11,653	5,515	(26,058)
Interest	(18,840)	(16,970)	(14,914)	(10,567)	(10,022)
Tax	(501)	(597)	(202)	(14,314)	5,016
Loss from discontinued operations	-	(1,307)	(1,226)	-	-
Net profit/(loss) attributable to members	**9,427**	**(17,845)**	**(4,689)**	**(19,366)**	**(31,064)**

	As at 30 June		As at 31 December		
	2008 $000	2006 $000	2005 $000	2004 $000	2003 $000
Current assets	171,466	155,917	141,508	142,076	158,016
Non-current assets	127,746	146,762	152,438	151,768	171,005
Total assets	**299,212**	**302,679**	**293,946**	**293,844**	**329,021**
Current liabilities	111,909	91,861	67,692	147,811	168,180
Non-current liabilities	36,952	105,758	103,344	18,512	37,643
Total liabilities	**148,861**	**197,619**	**171,036**	**166,323**	**205,823**
Net assets	**150,351**	**105,060**	**122,910**	**127,521**	**123,198**
Contributed equity	38,758	3,272	3,272	3,272	3,271
Reserves	52,912	54,292	61,339	79,655	56,014
Retained profit	58,681	47,496	58,299	44,594	63,913
Total equity	**150,351**	**105,060**	**122,910**	**127,521**	**123,198**
Dividends	**-**	**-**	**-**	**-**	**-**

The 2005 accounts and onwards were prepared in accordance with the Australian equivalents to the International Financial Reporting Standards (AIFRS). The Revenue for 2003 and 2004 has not been adjusted for Trade Rebates.

Executive Management Team

Craig Mills
Chief Executive Officer

Kerrie Parker
Chief Financial Officer

Steve Cowan
General Manager Operations

Geoff Sawyer
General Manager Sales
& Business Development

Nance Quick
General Manager
Marketing & Innovation

John Howard
General Manager
Procurement

Janelle Leonard
General Manager
Human Resources

Darryn Hammond
General Counsel
& Company Secretary

golden circle