

CHARLIE'S GROUP LIMITED**Results for announcement to the market**

Reporting Period	6 months to 31 December 2006 (unaudited)
Previous Reporting Period	9 months to 31 December 2005 (unaudited)

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$11,762	+49%
Profit from ordinary activities after tax attributable to shareholders	\$164	+217%
Net profit attributable to shareholders.	\$164	+217%

Final Dividend	Gross amount per share	Imputed amount per share
	0	0

Comments:	Refer to the section "Half Year Review" for commentary.
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Charlie'sTM

GROUP LIMITED

Half Year Review

28 February 2007

CHARLIE'S ANNOUNCES RECORD SALES AND A HALF-YEAR PROFIT

For the six months to 31 December 2006, Charlie's Group Limited (NZX: CHA) reports a significant improvement in financial results with gross sales of \$12.3 million, earnings before interest, tax, depreciation and amortisation (EBITDA) of \$636,000 and net profit \$164,000.

Consolidated Financial Performance Summary (unaudited)

	6 months to Dec 06	6 months to Dec 05	9 months to Dec 05 ¹
Gross Sales	\$12,301,000	\$6,817,000	\$8,330,000
Operating Revenue	\$11,762,000	\$6,532,000	\$7,899,000
EBITDA	\$636,000	-\$109,000	-\$87,000
EBIT	\$236,000	-\$234,000	-\$232,000
NPAT	\$164,000	-\$141,000	-\$140,000

Key highlights for the December half year included:

- Charlie's Group gross sales grew by 80% vs. the same 6 month period last year
- Acceptance of Charlie's orange juice on the Air New Zealand domestic service as well as the Charlie's range in selected BP service station sites nationwide. Charlie's and Phoenix Organics products also gained distribution through McDonald's national McCafé chain.
- Charlie's 600ml OJ now ranks the number 1 selling juice by value in service stations as measured by AC Nielsen².
- Charlie's brand experienced significant growth of 70% in operating revenue in the route trade vs. the same 6 month period last year as a result of integrating into the Phoenix Organic distribution network.
- Total Charlie's brand in grocery grew by 26% in operating revenue vs. the same 6 month period last year.
- Total Phoenix brand in grocery grew by 31% in operating revenue vs. the same 6 month period last year.
- Licensed Charlie's branded fruit royalties grew by 21% vs. the same 6 month period last year.
- An overall 31% increase in fridge placements in the NZ market equating to 175 new fridge sites, during the period, taking the total number of route fridges in NZ to 737.
- Existing export markets continuing their strong growth, particularly in Australia, which has shown 16% growth in operating revenue from the same 6 month period last year. Strong interest is being shown in new markets, where the Company continues to research and explore these opportunities.
- An overall 49% increase in fridge placements in the Australian market equating to 45 new fridge sites, during the period, taking the total number of route fridges in Australia to 136.
- Board approval of \$900,000 of capital expenditure for the current financial year for reinvestment in the business, encompassing an upgrade of the blend hall and production line facilities and expansion of the Company's internal warehousing capability. This will result in overhead savings and improved operational efficiencies that will become apparent in the next financial year.
- Renewal of the Red Bull Energy Drink Grocery Distribution Agreement for a further term. This reflects the Company's strong performance for the brand in the Grocery channel.

¹ Note: Accounting standards required the group to report for a nine month period to 31 December 2005, for the previous interim period. To provide a more useful comparison, the company has chosen to also show the same six month period for the group last year.

The Group's plans for the next six months and beyond include:

- Continued focus on volume and market share growth across all brand categories
- Increased brand marketing activity
- Further investment in expanding the NZ and Australian route distribution model through more people and infrastructure to gain greater foot print for our brands.
- Bringing to market a number of new products. The launches of these products are in final stages of development.
- Positive discussions have been progressing in relation to an export opportunity in Japan.
- The Company is continuing to scope opportunities that exist in the alcoholic beverage sector.
- Further investment in infrastructure with plans to commence expansion and redevelopment of the manufacturing, office and distribution facilities in Henderson. This is intended to ensure the company has capability to meet its growth objectives, and this redevelopment will be funded from existing credit lines, currently undrawn with ANZ Bank.

Whilst trading conditions remain strong, the clear focus is on growth, new products and market penetration, building value in the Charlie's and Phoenix brands for the future. This will require capital and operating expenditure and the reinvestment of earnings in line with the growth programme announced at the November 2006 AGM. Accordingly no interim dividend has been declared.

The Charlie's Small Shareholding Plan was implemented in November and December of 2006, being the first stage of the Group's strategy to reduce the number of shareholders and associated reporting costs. The second stage, involving the compulsory sale of holdings below 2,000 shares will be implemented after these half year results are released.

The board is pleased with the six month result and believes that the strategy of reinvestment for growth in the Group will further strengthen the market position and profile of the brands for the future.

For further information:



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The juice, the whole juice, and nothing but the juice!
www.charlies.co.nz



It tastes better because it's Organic.
www.phoenixorganics.co.nz

CHARLIE'S GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	6 months Dec-06 Unaudited \$000s	9 months Dec-05 Unaudited \$000s
Operating revenue	11,762	7,900
Operating expenses	11,126	7,987
EBITDA	636	(87)
Net interest (expense)/revenue	(6)	132
Depreciation	(169)	(93)
Amortisation of Goodwill	(231)	(52)
Surplus/(deficit) before tax	230	(100)
Tax expense	(66)	(40)
Surplus/(deficit) after tax	164	(140)

CHARLIE'S GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2006

	Dec-06 Unaudited \$000s	Dec-05 Unaudited \$000s
ASSETS		
Current assets		
Cash at bank	113	760
Trade receivables	4,179	2,098
Inventory	2,568	2,319
Other current assets	200	207
Total current assets	7,060	5,384
Non-current assets		
Property, plant & equipment	2,892	2,788
Other non-current assets	11	80
Deferred tax	43	-
Goodwill	8,723	9,177
Total non-current assets	11,669	12,045
Total assets	18,729	17,429
LIABILITIES		
Current liabilities		
Accounts payable	3,185	2,491
Provision for tax	108	73
Other current liabilities	582	2,446
Total current liabilities	3,875	5,010
Non-current liabilities		
Other non-current liabilities	-	119
Total non-current liabilities	-	119
SHAREHOLDERS' FUNDS		
Share capital	15,280	12,865
Capital reserves	(2)	-
Retained earnings	(424)	(589)
Total shareholders' funds	14,854	12,300
Total liabilities & shareholders' funds	18,729	17,429
Net Tangible Assets per Security (cents)	2.14	1.17

CHARLIE'S GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 31 DECEMBER 2006

	6 months Dec-06 Unaudited \$000s	9 months Dec-05 Unaudited \$000s
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Receipts from customers	10,715	7,639
Interest received	1	150
Income taxes received	152	-
Operating cash inflows	<u>10,868</u>	<u>7,789</u>
Payments to suppliers and employees	(11,233)	(8,583)
Interest paid	(8)	(18)
Operating cash outflows	<u>(11,241)</u>	<u>(8,601)</u>
Net cash flow from operating activities	<u>(373)</u>	<u>(812)</u>
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Cash proceeds from sale of property, plant & equipment	-	12
Investing cash inflows	<u>-</u>	<u>12</u>
Cash paid for purchases of property, plant & equipment	(181)	(233)
Cash paid for purchases of equity investments	-	(6,618)
Investing cash outflows	<u>(181)</u>	<u>(6,851)</u>
Net cash flow from investing activities	<u>(181)</u>	<u>(6,839)</u>
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Cash proceeds from issue of shares, options, etc.	-	10,031
Financing cash inflows	<u>-</u>	<u>10,031</u>
Repayment of borrowings	(10)	(1,741)
Financing cash outflows	<u>(10)</u>	<u>(1,741)</u>
Net cash flow from financing activities	<u>(10)</u>	<u>8,290</u>
Net (decrease)/increase in cash held	(564)	639
Opening cash balance	677	121
Cash at end of period	<u>113</u>	<u>760</u>

CHARLIE'S GROUP LIMITED
CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR SIX MONTHS ENDED 31 DECEMBER 2006

	6 months Dec-06 Unaudited \$000s	9 months Dec-05 Unaudited \$000s
Surplus/(deficit) for period	164	(140)
Total recognised revenue & expenditure	164	(140)
Decrease in capital reserves	(2)	-
Contributions by owners	-	10,031
Reverse acquisition share issue	-	2,453
Movement in Equity for the period	162	12,344
Equity at beginning of period	14,692	(44)
Equity at end of period	14,854	12,300

Earnings per Security (EPS)

Calculation of basic and fully diluted EPS in accordance with IAS 33: Earnings Per Share

	Current half year (cents per share)	Previous corresponding period (cents per share)
Basic EPS	0.057	(0.0004)
Diluted EPS	0.056	Not materially different

Dividends Paid

	Date Paid	Cents per share (fully imputed)
Final Dividend for the year ending 30 June 2006	-	-
Interim Dividend for the year ending 30 June 2007	-	-
		-

Dividend Yield

	Current full year	Previous corresponding full year
Dividend Yield	0.0%	0.0%
Tax adjusted Dividend Yield	0.0%	0.0%

Subsequent Events

At 28 February 2007 there have been no other significant events subsequent to balance date.