REAL BRAND HOLDINGS LIMITED

ABN 31 091 126 082

HALF YEAR REPORT

31 DECEMBER 2006

This financial report covers the consolidated entity consisting of Real Brand Holdings Limited only.

This Interim Financial Report should be read in conjunction with the company's annual report for the period ended 30 June 2006.

CORPORATE DIRECTORY

Directors
Richard Poole (Chairman)
Virginia Bruce
Philip Suriano

Secretary
Michael Glendinning

Registered Office
Level 14
14-19 Bent Street
SYDNEY NSW 2000

Telephone +(612) 8257-6500
Facsimile +(612) 8257-6501

Share Registry
Registries Limited
Level 2, 28 Margaret St,
SYDNEY NSW 2000

Auditor
Sneddon McKeown
Hunter Mall Chambers
175 Scott St,
NEWCASTLE NSW 2300

Stock Exchange
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Code
RBH (fully paid ordinary shares)

The directors of Real Brand Holdings Limited submit herewith the financial report for the half year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year and up to the date of this report are:

Mr RJ Poole
Ms V Bruce
Mr P Suriano

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activity

The principal activity of the Company during the financial year was brand development and brand extensions.

Dividends

No dividends were paid or declared for payment during the financial year.

Review of Operations

The net profit from ordinary activities after income tax for the half year ended 31 December 2006 was $377,539 (December 2005 loss: $784,383). This has principally resulted from the successful delivery of the program for the 2006 Doha Asian Games.

The profit from ordinary activities before income tax expense includes the following revenues whose disclosure is relevant in explaining the financial performance of the entity:

	Half Year Ended 31 Dec 2006 $	Half Year Ended 31 Dec 2005 $
Revenues from ordinary Activities		
Revenue from services	4,783,722	139,828
Royalties	69,784	100,774
Interest	10,655	26,816
Other		
	4,864,161	267,418

The increase in revenue of $4,596,743 is predominately related to the delivery of the merchandising program for the 2006 Doha Asian Games.

The result for the half-year is in line with management and Board expectations.

Earnings per Share

	2006 Cents	2005 Cents
Basic earnings per share	0.1 cents	(2.19) cents
Diluted earnings per share	0.1 cents	(2.19) cents

All options currently on issue are "out-of-the-money" and are not considered dilutive. They are therefore excluded from the calculation of the diluted earnings per share.

Directors' Performance Shares

On 9 December 2004 the Company entered into a Share Sale Deed with Virginia Bruce and the other shareholders of Real Brand and Business Pty Limited (REAL) to acquire all of the issued capital of Real Brand and Business Pty Limited. In consideration for the issue, the Company will issue up to 14 million shares, if either of the performance conditions described below are met on or by 30 June 2008:

- The cumulative earnings before interest, taxation, depreciation and amortization (EBITDA) of REAL as recorded in the Company's audited accounts exceeds $5million or.
- The volume weighted average price of the Company's Shares exceeds $1 over a period of 60 days.

If the performance criteria have not been wholly met and REAL's EBITDA exceeds $1million, the Company will allot 2 million shares of the 14 million shares. In addition, the Company will allot 3 shares for every $1 that REAL's EBITDA exceeds $1million. A maximum of 14 million shares will be issued if the performance criteria are met.

Virginia Bruce is entitled to 92% of any allocation of these shares.

Significant changes in the states of affairs

Except for the matters discussed above, there were no significant changes in the state of affairs of the consolidated entity during the half year.

After balance date events

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future Developments

The Board is currently reviewing investment options and opportunities regarding the future of the Company and will revert to shareholders in this regard at an appropriate time.

Audit and non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

The board of directors have considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, 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 board to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 7.

Auditor

The auditor continues in office in accordance with Section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of directors.

On behalf of the Directors

RJ Poole
Chairman
Sydney,
27^{th} February 2007

SNEDDON McKEOWN

REAL BRANDS HOLDINGS LIMITED
A.C.N 110 005 822
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF REAL BRANDS HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

SNEDDON McKEOWN

MEGAN MAYBURY
Partner

27 February 2007
175 Scott Street, Newcastle NSW 2300

REAL BRAND HOLDINGS LIMITED

INCOME STATEMENT

for the half year ended 31 December 2006

	Note	Consolidated 31 Dec 2006 $	Consolidated 31 Dec 2005 $
Revenue from sales or services			
Other revenue from ordinary activities		4,864,161	267,418
Auditing and accounting		12,398	64,927
Borrowing cost		-	-
Consulting fees		708,719	339,592
Depreciation and amortization expense		11,019	7,688
Licencing fees		-	8,922
Office expense		134,195	122,487
Production expense		2,735,161	112,874
Rent		85,285	44,200
Employee benefits expense		261,078	-
Travel expense		276,447	192,384
Other expenses from ordinary activities		262,320	158,727
Profit / (Loss) from ordinary activities before income tax expense		377,539	(784,383)
Income tax expense relating to ordinary activities		-	
Profit / (Net Loss) from ordinary activities after related income tax		377,539	(784,383)
Earnings Per Share:			
Basic (cents per share)	4	0.1	(2.19)
Diluted (cents per share)	4	0.1	(2.19)

The above Income Statement should be read in conjunction with the accompanying notes

REAL BRAND HOLDINGS LIMITED

BALANCE SHEET

as at 31 December 2006

	Note	Consolidated 31 Dec 2006 $	Consolidated 30 June 2006 $
CURRENT ASSETS			
Cash assets		804,499	552,115
Inventory		42,441	-
Receivables		682,049	1,240,341
Other		113,610	188,748
TOTAL CURRENT ASSETS		1,642,599	1,981,204
NON-CURRENT ASSETS			
Property, plant and equipment		57,466	54,197
Intangibles		2,200,000	2,200,000
TOTAL NON-CURRENT ASSETS		2,257,466	2,254,197
TOTAL ASSETS		3,900,065	4,235,401
CURRENT LIABILITIES			
Payables		377,845	1,090,720
TOTAL CURRENT LIABILITIES		377,845	1,090,720
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		18,000	18,000
TOTAL NON-CURRENT LIABILITIES		18,000	18,000
TOTAL LIABILITIES		395,845	1,108,720
NET ASSETS		3,504,220	3,126,681
EQUITY			
Contributed equity	5	5,983,951	5,983,951
Reserves		20,854	20,854
Accumulated losses		(2,500,585)	(2,878,124)
TOTAL EQUITY		3,504,220	3,126,681

The above Balance Sheet should be read in conjunction with the accompanying notes

REAL BRAND HOLDINGS LIMITED

CASH FLOW STATEMENT

for the half year ended 31 December 2006

	Note	Consolidated 31 Dec 2006 $	Consolidated 31 Dec 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,147,397	179,718
Payments to suppliers and employees		(4,891,381)	(1,019,926)
Interest received		10,655	26,816
Income taxes paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		266,671	(813,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment		-	-
Purchase of property, plant and equipment		(14,287)	(9,278)
Loans made to other entities		-	-
Loans repaid by other entities		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(14,287)	(9,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		-	-
Payment for share issue costs		-	-
Repayment of borrowings		-	-
Other		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		252,384	(822,670)
Cash assets at the beginning of the half year		552,115	1,684,599
Cash acquired during the period		-	-
CASH ASSETS AT THE END OF THE HALF YEAR		804,499	861,929

This page should be read in conjunction with the accompanying notes

REAL BRAND HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2006

ITEM	ORDINARY SHARES	RETAINED EARNING	EMPLOYEE OPTIONS RESERVE	TOTAL
Balance at 1 July 2005	5,938,951	(613,034)	17,774	5,343,691
Loss for the year	-	(784,383)	-	(784,383)
Balance at 31 December 2005	5,938,951	(1,397,417)	17,774	4,559,308
Balance at 1 July 2006	5,983,951	(2,878,124)	20,854	3,126,681
Profit for the year	-	377,539	-	377,539
Balance at 31 December 2006	5,983,951	(2,500,585)	20,854	3,504,220

1. Basis of Preparation

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Real Brand Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2006 annual report, with the exception of the additional policy outlined below in respect of inventory.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

a) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operativnt capacity. Costs are assigned on the basis of weighted average costs.

2. Other Revenue from Ordinary Activities

Consolidated

	Consol 31 Dec 2006 $	Consol 31 Dec 2005 $
Revenue from services	4,783,722	139,828
Royalty Fees	69,784	100,774
Interest	10,655	26,816
	4,864,161	267,418

3. Profit from Ordinary Activities

	Consol 31 Dec 2006 $	Consol 31 Dec 2005 $
Profit from ordinary activities before income tax has been determined after:		
Depreciation of plant and equipment	11,019	7,688

4. Asset Backing and Earning Per Share

	Consol 31 Dec 2006 $	Consol 31 Dec 2005 $
Net tangible asset backing (cents per share)	3.5	2.0
Basic earnings per share (cents per share)	0.1	(2.19)
Earnings used in calculation of earnings per share	377,539	(784,383)
Weighted average number of units on issue used in calculation of earnings per unit	36,585,750	35,835,750

All options currently on issue are "out-of-the-money" and are not considered dilutive. They are therefore excluded from the calculation of the diluted earnings per share.

5. Issue of Securities

	Consol 31 Dec 2006 $	Consol 31 Dec 2005 $
36,585,750 (2005 : 35,835,750) fully paid ordinary shares	5,983,951	5,938,951
Ordinary Shares		
Opening Balance as at 30 June	36,585,750	35,835,750
Closing Balance 31 December	36,585,750	35,835,750

2006

On 9th June 2006 the Company issued 750,000 ordinary shares at $0.06 each to shareholders.

Other

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

2005 and 2006

There were no options issued during the half year ended 31 December 2006.

Employee share scheme

There is no employee share or option scheme at present.

6. Contingent Liabilities or Contingent Assets

As a condition of the contract in respect of the provision of services to the Doha Asian Games Organising Committee, Real Brand Holdings Limited was required to provide a performance bond of US$ 100,000 (AUD equivalent of $135,971). In the event that the deliverables are not met in respect of the contract for the provision of services to the Doha Asian Games Organising Committee, this bond may be forfeited. Provided that all of contractual deliverables are met, this bond will be released to Real Brand Holdings Limited. At 31 December 2006, the directors believe that all deliverables had been met, and are in the process of organizing the formalities for the return of this bond.

Apart from the above, there are no contingent liabilities or contingent assets of the company at 31 December 2006.

7. Dividends

No dividends have been declared or paid during the half year ended 31 December 2006 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the half year ended 31 December 2006.

8. Segment Reporting

The business operates in one business segment.

Secondary Reporting – Geographical Segments	2006	2005
	$	$
Revenue		
Australia	80,655	79,977
United States of America	69,784	100,774
Middle East	4,333,164	-
China	380,558	86,667
Total	4,864,161	267,418

All segment assets are located in Australia.

9. Company Details

The registered office of the company is:
Real Brand Holdings Limited
Level 14
15-19 Bent Street
SYDNEY NSW 2000

The principal places of business are:
Real Brand Holdings Limited
93 Palmer St
WOOLLOOMOOLOO NSW 2011

REAL BRAND HOLDINGS LIMITED

DIRECTORS' DECLARATION

for the half year ended 31 December 2006

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 8 to 14 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 31 December 2006 and of the performance for the half year ended on that date of the company;

2. the Chief Executive Officer and the Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the half year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
   (b) The financial statements and notes for the half year comply with the Accounting Standards, and;
   (c) The financial statements and notes for the half year give a true and fair view;

3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors

RJ Poole
Chairman

Sydney, 27th February 2007

SNEDDON McKEOWN

INDEPENDENT REVIEW REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

TO THE MEMBERS OF REAL BRAND HOLDINGS LIMITED

SCOPE

We have reviewed the financial report of Real Brand Holdings Limited for the half-year ended 31 December 2006 as set out in the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, Notes to the Financial Statements and Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

INDEPENDENCE

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

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's declaration set out on page 9 of the financial report has not changed at the date of providing our review opinion.

STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Real Brand Holdings Limited is not in accordance with:

(a) the Corporations Act 2001, including;

 (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

 (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

SNEDDON McKEOWN

MEGAN MAYBURY
Partner

27 February 2007
175 Scott Street, Newcastle NSW 2300

Chartered Accountants
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phone: 02 4907 7222 fax: 02 4929 6759