OUTCOME / CONCEPT
PURPOSE / VISION
FORM / ESSENCE
LOGIC / INTUITION
ORDER / CHAOS
PRACTICAL / MAGICAL
LEFT / RIGHT

RealBrandHoldingsLimited 2007 Annual Report

REAL BRAND HOLDINGS LIMITED
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for the year ended 30 June 2007
ACN 110 005 822

REAL BRAND HOLDINGS LIMITED
CORPORATE DIRECTORY

Directors
Richard Poole
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

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

ASX Code
RBH (fully paid ordinary shares)

REAL BRAND HOLDINGS LIMITED

REVIEW OF OPERATIONS

During the year ended 30 June 2007, the Company delivered the production revenues for the Doha Asian Games. The Company continues to pursue additional contracts and orders in China. The results for the year were as follows:

	2007	2006
Revenue	5,590,707	2,187,933
Operating Loss prior to diminution in value of Goodwill	928,544	624,346
Diminution in value of Goodwill	1,700,000	1,640,744
Operating Loss for the year	2,628,544	2,265,090

Outlined in Note 21 to the accounts is a detailed explanation of partial privatization of Real Brand and Business Pty Limited and recapitalization of the business.

REAL BRAND HOLDINGS LIMITED
DIRECTORS' REPORT

The directors of Real Brand Holdings Limited submit herewith the financial report for the year ended 30 June 2007. 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 financial year and up to the date of this report are:

Mr R J Poole
Ms V Bruce
Mr P R Suriano

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

The qualifications and details of listed public company directorships held over the past 3 years are detailed below.

R J Poole
Chairman (Non- Executive)

LLB, B Juris, B Comm ASIA.

Appointed Chairman on 12 July 2004. Board member since 12 July 2004. Director of Merchant House Limited, Australian Power and Gas Limited (formerly Microview Limited), Pocketmail Group Limited, Alexanders Securities Limited, Strathfield Group Limited, BBX Holdings Limited.

Former Directorships include Amerod Resources Limited, E Tick Limited and Hudson Resources Limited.

Mr Poole commenced his career as a lawyer specialising in mergers and acquisitions. He left the law in 1990 to build a research and development operation with operations in Japan, USA and Australia and added a manufacturing company in China in 1994. He successfully built the R&D company from its early stages to a public listed vehicle raising the necessary capital up to his departure in 1999. Since 1999 he has continued his involvement in fund raising and the development of companies. He is a principal of Arthur Phillip Pty Limited, and has been recently involved in projects as diverse as the creation of biotech, the recapitalisation of the Strathfield Group Limited, Simon Gilbert Wines, Microview Limited and White Energy Company Limited.

Special Responsibilities:

Mr Poole is a member of the Audit and Finance Committee and Remuneration Committee.

V Bruce
Director – Chief Executive Officer

Director since 6 December 2004. 17 years service with Real Brand Holdings Limited and its predecessors. Ms Bruce's international reputation began with her key role in developing the retail concept generally thought to have changed the face of entertainment retailing: Warner Bros Studio Stores. Ms Bruce went on to pioneer strategic marketing, brand licencing, and creative/product design offerings that have optimised the global market power of Mattel, Kellogg's, Avon, Disney, United Media, Feld Entertainment, Harvey Entertainment, the Australian Rugby Union, the Sydney Olympics and other premier branded properties.

Special Responsibilities:

None

P Suriano
Director (Non Executive)

B Bus, Bkg & Fin, Monash.

Director since 12 July 2004. Director of Pocketmail Group Limited.
Former Directorships include Microview Limited,
Mr Suriano began his career in corporate banking with the Commonwealth Bank in 1988. Mr Suriano then spent 16 years in senior positions within the Australian Media Industry. Mr Suriano has gained wide knowledge & experience to give him a strong background in operations, sales and marketing in such roles as National Sales Director, MCN (Multi Channel Network) and Group Sales Manager at Network Ten. Prior to joining MCN, Mr Suriano was employed within the Victor Smorgon Group of Companies.

Special Responsibilities:

Mr Suriano is a member of the Audit and Finance Committee and Remuneration Committee.

Directors interests are disclosed in Note 16 to the accounts.

The following table sets out the number of meetings of Directors held since the commencement of the financial year, with the number of meetings attended by each Director

Name	Number of meetings eligible	Number of meetings attended
R J Poole	5	5
V Bruce	5	5
P Suriano	5	4

The Directors meet on an informal basis approximately every fortnight.

Company Secretary

The company secretary at the date of this report is:

Mr Michael Glendinning – Bachelor of Business, Chartered Accountant. Mr Glendinning was appointed Company Secretary on 30th November 2005 and has worked both locally and internationally for the past 23 years in both the chartered accounting industry and management roles within the media and entertainment industry. He is also Company Secretary of Alexanders Securities Limited.

Principal Activity

The principal activity of the Company during the financial period was brand development and brand extensions. A full overview of operations is contained on page 4.

Dividends

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

Review of Operations

There was an increase in revenue during the year of almost 155%, by an amount of $3,402,774, which predominantly related to the contract in respect of the provision of services to the Doha Asian Games Organising Committee.

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

	Year Ended 30 June 2007 $	Year Ended 30 June 2006 $
Revenues from ordinary Activities		
Revenue from services	5,480,381	1,962,332
Interest	-	28,657
Dividends	-	-
Other	110,326	196,944
	5,590,707	2,187,933

The net loss from ordinary activities after income tax for the year was as follows:

	2007	2006
Operating loss pre diminution in value of goodwill	928,544	624,346
Provision for diminution in value of goodwill	1,700,000	1,640,744
Operating loss including diminution in value of goodwill	2,628,544	2,265,090

The Company has been working to secure a number of orders in China to exploit existing rights that it has with Volkswagen Group China. The restructure via a partial privatization and capital raising will ensure that the company has sufficient funds to continue its operations until these orders are closed. The company's revenues and expenses have substantially matched anticipated revenues and expenses however cash receipts due from China have taken longer than anticipated to collect.

Review of Financial Position

Outlined in Note 21 is more detail in respect of the financial position and steps undertaken by the Board to restructure and recapitalise the company.

Earnings per Share

	2007 Cents	2006 Cents
Basic earnings per share	(7.2)	(6.3)
Diluted earnings per share	(7.2)	(6.3)

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.

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 Economic Entity during the year.

After balance date events

On 13 August 2007, the Directors of Real Brand Holdings Limited (RBH) announced the execution of an agreement with Virginia Bruce for the sale of 80% of its wholly owned subsidiary Real Brand and Business Pty Limited (RBB) (Sale Agreement).

The consideration for the sale of the 80% interest in RBB under the Sale Agreement is the cancellation of all of Ms Bruce's shares in RBH, being 9,480,000 fully paid ordinary shares, at a deemed value of $0.04 each.

The sale is subject to and conditional upon RBH shareholders approving the proposed sale for the purposes of the following provisions:

(a) ASX Listing Rule 10.1 (disposal of a substantial asset);

(b) Section 256C of the Corporations Act (selective reduction of capital);

(c) Chapter 2E of the Corporations Act (related party approval); and

(d) ASX Listing Rule 11.1.2 (change in scale of activities) (if required).

The Company has also agreed to either, in its sole discretion, assume up to $150,000 of RBB's liabilities and to lend RBB $125,000 for working capital purposes repayable out of profits.

Given the Company's current lack of funds, Arthur Phillip Pty Limited of which Mr Richard Poole is a director, has agreed to arrange for the provision of a $405,000 loan to the Company. These funds will be used to meet existing liabilities and to continue operations whilst the transaction is completed. All loans provided by RBH to RBB other than the $125,000 loan mentioned in the preceding paragraph will be converted into one share in RBB.

The $405,000 loan will, subject to any necessary shareholder approval, be converted to a convertible note in RBH with a face value of $405,000. The proposed material terms of the convertible note are as follows:

(a) coupon rate of Reserve Bank base rate plus 2%;

(b) a term of 6 months, at which time it automatically converts or is redeemed; and

(c) the note is convertible into one fully paid ordinary share (Share) in the capital of RBH along with two options for every one Share. Each option will be exercisable at $0.05 on or before 30 June 2012.

RBH will also be issuing a prospectus and completing a capital raising of $1,463,430. The prospectus will be for an offer of one (1) share for every one (1) share held in the capital of the Company by way of a non-renounceable rights issue at an issue price of $0.04 per share to raise $1,463,430m (Rights Issue). The funds raised from the Rights Issue will be used for additional working capital. Virginia Bruce has agreed not to participate in the Rights Issue.

Arthur Phillip Pty Ltd, a company associated with Mr Richard Poole, has agreed to underwrite the Rights Issue. The underwriting will be subject to the performance of sub-underwriters. It is proposed that Arthur Phillip will receive a fee of 6% of the underwritten amount. The independent directors of RBH have approved the underwriting on the basis the terms are reasonable in the circumstances and on an arms length basis.

Chapter 11 of ASX Listing Rules

ASX has advised RBH that it may need to obtain shareholder approval in accordance with ASX Listing Rule 11.1.2 (change in nature and scale of activities) in order to complete the transaction. A Notice of Meeting dealing with all relevant issues is currently being prepared and will include an independent experts report (for the purpose of ASX Listing Rule 10.1) and an explanatory memorandum. These materials will be distributed to shareholders as soon as practically possible.

Apart from the above, no matters or circumstances have arisen since the end of the year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Apart from the above, no matters or circumstances have arisen since the end of the financial 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.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnifying Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

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 has 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.

No non-audit services were provided during the period.

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on Page 16.

Auditor

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

Remuneration Report

The Board is comprised of two non-executive and one executive Directors. The consolidated entity does not have any salaried Directors or executives. Directors remuneration is shown in Note 16 to the Financial Report.

As disclosed in the accounts, the following amounts were paid to Directors, or companies associated with Directors:

Name of Director	Entity	Services provided	Amount accrued	Amount paid $	Total
Mr R J Poole	Arthur Phillip Pty Limited	Directors	24,000	24,000	48,000
Mr R J Poole	Arthur Phillip Pty Limited	Provision of accounting services	37,000	21,000	58,000
Mr R J Poole	Arthur Phillip Pty Limited	Provision of company secretarial services	9,000	9,000	18,000
Ms V Bruce	Reality Energy Attitude Life Pty Limited	Consulting Services	29,475	188,179	217,654
Mr P Suriano	Entertainment Marketing and Enterprise Pty Limited	Consulting Services	70,000	-	70,000

The Board is responsible for determining and reviewing the remuneration of Directors, within parameters approved by shareholders, and of executives and consultants.

Options

At the date of this report, the unissued ordinary shares of Real Brand Holdings Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number
12.7.04	30.11.08	$0.25	3,000,000
6.12.04	30.11.08	$0.25	1,300,000
4.3.05	30.11.08	$0.25	4,000,000
9.3.05	30.11.08	$0.25	345,000
9.6.06	30.6.08	$0.10	220,000

No person entitled to exercise the Option had or has any right by virtue of the Option to participate in any Share issue of any body corporate.

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.

Proceedings on behalf of the Company.

No person has applied for leave of court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Signed in accordance with a resolution of directors.

On behalf of the Directors

RJ Poole
Chairman
Sydney, 31st August 2007

REAL BRAND HOLDINGS LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Real Brand Holdings Limited is responsible for the corporate governance of the company. The board monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of Directors acknowledges the Principles of Good Corporate Governance and Best Practice Recommendations set by the Australian Stock Exchange ('ASX') Corporate Governance Council. However in view of the Company's current size and extent of the nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the company in years ahead. Where the Company's framework was different to the Principles of Good Corporate Governance and best practice Recommendations set by the Australian Stock Exchange Corporate Governance Council, it has been noted.

A summary of the current corporate governance practices as adopted by the Board are as follows:

The Board of Directors

The Board of Directors carries out its responsibilities according to the following mandate:

- The Board should comprise at least three Directors, with at least two thirds being Non Executive Directors
- The Chairman of the Board should be a non Executive Director
- The Directors should possess a broad range of skills, qualifications and experience
- The Board should meet at least on a quarterly basis, and
- All available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting.

The primary responsibilities of the Board include:

- The approval of the annual and half yearly financial report
- The establishment of long term goals for the Economic Entity and strategic plans to achieve those goals
- The review and adoption of annual budgets for the financial performance of the Economic Entity and monitoring the results on a quarterly basis.
- Ensuring that the Economic Entity has implemented adequate internal controls together with the appropriate monitoring of compliance activities, and
- Ensuring that the Economic Entity is able to pay its debts as and when they fall due.

The company discloses the Curriculum Vitae of each of its directors in its Annual Report.

The function of the Chairman (Richard Poole) and the other directors are separate.

Due to the size of the Company, the members of the Remuneration Committee and Nomination Committee are the same.

Due to the Company's current size and extent of nature of operations, the following departures from Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The majority of the Board should be independent. Presently the Board consists of two non Executive Directors and one Executive Director. However, Richard Poole is a principal of Arthur Phillip Pty Limited, a material adviser to the Company in the past 3 years, and is not considered independent.

Independent Professional Advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and professional advice at the Economic Entity entity's expense concerning any aspect of the Economic Entity entity's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

Ethical Standards

The Board endeavors to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that Directors, officers and employees must:

- Comply with the law,
- Act in the best interests of the Company
- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

Trading policy

The Company's policy regarding Directors and employees trading in its securities is set by the Finance Committee. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Audit and Finance Committee

The Board has established an Audit and Finance Committee consisting of the following Directors:

- Mr Richard J Poole (Chairman)
- Mr Philip R Suriano

The names and qualifications of the Directors in the Audit and Finance Committee and the number of meetings are disclosed in the Yearly Report.

The Audit and Finance Committee provides a forum for the effective communication between the Board and the external auditors. The Committee reviews:

- The annual and half yearly financial report prior to their approval by the Board,
- The effectiveness of management information systems and systems of internal control, and
- The efficiency and effectiveness of the external audit function.

The Audit and Finance Committee invites the Chief Financial Officer, other Directors and external auditors to attend committee meetings on occasion. The Audit and Finance Committee also meets with external auditors, as necessary, concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls. Given the significant involvement by the Board in the operations of the business during the year, it was not deemed necessary that the Audit and Finance Committee meet during the financial year, as all matters normally dealt with by the Audit and Finance Committee are dealt with directly by the Board.

The Audit and Finance Committee requests the Company's external auditor to attend the annual general meeting and be available to answer Shareholder questions about conduct of the audit, and the preparation and content of the auditors report.

Due to the Company's current size and extent of nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Audit and Finance Committee should consist of three members, the majority being independent and the Chairperson being independent and not the Chairperson of the Board. The committee only consists of two members, with the Chairperson being the Chairperson of the Board and as outlined on page 12 in the Board of Directors Section, the Directors are not considered independent.

Continuous Disclosure

The Board and Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange ('ASX'). This person is also responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-coordinating information disclosure to the ASX.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with Shareholders and encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings to ensure all Shareholders are fully informed.

Remuneration Committee/Nomination Committee

The Board has established a Remuneration Committee/Nomination Committee consisting of the following Directors:

- Mr Richard J Poole (Chairperson)
- Mr Philip R Suriano

The Remuneration Committee reviews the remuneration policies applicable to all Directors and Executive Officers on an as needed basis and makes recommendations on remuneration packages and terms of employment to the Board. Remuneration packages, which consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation, and entitlements upon retirement or termination, are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient caliber to facilitate the efficient and effective management of the Economic Entity entity's operations, the Remuneration Committee occasionally seeks the advice of external advisors in connection with the structure of remuneration packages.

Full remuneration disclosure, including superannuation entitlements, and the number of meetings of the Remuneration Committee is provided by the Company in its Annual Report. The Remuneration Committee ensures that all equity based executive remuneration is made within the guidelines set by plans approved by Shareholders.

Due to the Company's current size and extent of nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Remuneration Committee should consist of three members, the majority being independent and chaired by an independent person. The Committee only consists of two members and as outlined on page 12 in the Board of Directors section, the Directors are not considered to be independent.

The Nomination Committee considers the appointment and retirement of Non-Executive Directors on a case by case basis. In doing so, the Board must take into account the requirements of Listing Rules and the Corporations Act 2001. Currently all Directors are required to be re-elected at least every three years, and at least one-third of Directors must retire at each Annual General Meeting.

This process also includes ongoing evaluation of the performance of the Board and its individuals according to the goals, objectives and primary responsibilities of each Director as outlined in the Board of Directors Section.

Due to the Company's current size and extent of nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Nomination Committee should consist of three members, the majority being independent and chaired by an independent person. The Committee only consists of two members and as outlined on page 14 in the Board of Directors section, the Directors are not considered to be independent.

Risk Management

The Board is responsible for the Economic Entity entity's system of internal controls. The Board constantly monitors the operation and financial aspects of the Economic Entity entity's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the Economic Entity entity.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Economic Entity has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

Due to the Company's current size and extent of nature of operations, the following departures from the Principles of Good Corporate Governance and Best Practice Recommendations have occurred:

- The Company does not have a full time Chief Financial Officer and therefore statements are not obtained from such persons in relation to Best Practice Recommendation 4.1.

Code of Conduct

As part of the Board's commitment to the highest standards of conduct, the Economic Entity adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities.

The code of conduct covers such matters as:

- Responsibilities to Shareholders;
- Compliance with Laws and Regulations;
- Relations with Customers and suppliers;
- Ethical responsibilities;
- Employment Practices; and
- Responsibilities to the environment and the community.

SNEDDON McKEOWN

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF REAL BRAND HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

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

SNEDDON McKEOWN

mmaybury

M J MAYBURY
Partner

30 August 2007
175 Scott Street, Newcastle NSW 2300

Chartered Accountants
2nd floor, hunter mall chambers 175 scott street newcastle nsw 2300
phone: 02 4907 7222 fax: 02 4929 6759

REAL BRAND HOLDINGS LIMITED

INCOME STATEMENT

for the year ended 30 June 2007

	Note	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
Revenue	2	5,590,707	2,187,933
Expenses from ordinary activities	3	6,519,251	2,812,279
Provision for diminution in value of goodwill		1,700,000	1,640,744
Loss from ordinary activities before income tax expense		(2,628,544)	(2,265,090)
Income tax expense relating to ordinary activities	5	-	-
Net Loss from ordinary activities after related income tax		(2,628,544)	(2,265,090)
Loss attributable to minority equity interest		-	-
Loss attributable to members of the parent entity		(2,628,544)	(2,265,090)
Earnings Per Share:			
Basic (cents per share)	15	(7.2)	(6.3)
Diluted (cents per share)	15	(7.2)	(6.3)
Dividends per share		-	-

This page should be read in conjunction with the accompanying notes.

REAL BRAND HOLDINGS LIMITED

INCOME STATEMENT

for the year ended 30 June 2007

	Note	Parent Company 30 June 2007 $	Parent Company 30 June 2006 $
Revenue from sales or services			
Other revenue from ordinary activities	2	8,541	28,657
Other expenses from ordinary activities	3	198,750	4,999
Diminution in value of loan due from subsidiary		3,343,837	-
Provision for diminution in value of subsidiary		1,700,000	428,000
Loss from ordinary activities before income tax expense		(5,234,046)	(404,342)
Income tax expense relating to ordinary activities	5	-	-
Loss from ordinary activities after related income tax		(5,234,046)	(404,342)
Loss attributable to minority equity interest		-	-
Loss attributable to members of the parent entity		(5,234,046)	(404,342)

This page should be read in conjunction with the accompanying notes.

REAL BRAND HOLDINGS LIMITED

ECONOMIC ENTITY BALANCE SHEET

as at 30 June 2007

	Note	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
CURRENT ASSETS			
Cash assets	17	149,357	552,115
Receivables	6	265,178	1,240,341
Inventory	7	65,515	-
Other	8	-	104,642
TOTAL CURRENT ASSETS		480,050	1,897,098
NON-CURRENT ASSETS			
Property, plant and equipment	9	76,399	54,197
Intangibles	11	500,000	2,200,000
TOTAL NON-CURRENT ASSETS		576,399	2,254,197
TOTAL ASSETS		1,056,449	4,151,295
CURRENT LIABILITIES			
Payables	12	540,311	1,006,614
TOTAL CURRENT LIABILITIES		540,311	1,006,614
NON-CURRENT LIABILITIES			
Interest bearing liabilities	13	18,000	18,000
TOTAL NON-CURRENT LIABILITIES		18,000	18,000
TOTAL LIABILITIES		558,311	1,024,614
NET ASSETS		498,138	3,126,681
EQUITY			
Contributed equity	14	5,983,951	5,983,951
Reserves		20,854	20,854
Accumulated losses		(5,506,668)	(2,878,124)
Equity attributable to members of the parent entity		498,138	3,126,681
Outside equity interests		-	-
TOTAL EQUITY		498,138	3,126,681

This page should be read in conjunction with the accompanying notes.

REAL BRAND HOLDINGS LIMITED

BALANCE SHEET

as at 30 June 2007

	Note	Parent 30 June 2007 $	Parent 30 June 2006 $
CURRENT ASSETS			
Cash assets	17	431	532,212
Receivables	6	23,744	23,458
TOTAL CURRENT ASSETS		24,175	555,670
NON-CURRENT ASSETS			
Receivables	6	-	2,844,052
Other financial assets	10	500,000	2,200,000
TOTAL NON-CURRENT ASSETS		500,000	5,044,052
TOTAL ASSETS		524,175	5,599,722
CURRENT LIABILITIES			
Payables	12	161,389	2,889
TOTAL CURRENT LIABILITIES		161,389	2,889
TOTAL LIABILITIES		161,389	2,889
NET ASSETS		362,786	5,596,833
EQUITY			
Contributed equity	14	5,983,951	5,983,951
Reserves		-	-
Accumulated losses		(5,621,164)	(387,118)
TOTAL EQUITY		362,786	5,596,833

This page should be read in conjunction with the accompanying notes.

REAL BRAND HOLDINGS LIMITED

ECONOMIC ENTITY CASH FLOW STATEMENT

for the year ended 30 June 2007

	Note	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,644,003	1,432,380
Government grants		110,326	95,039
Payments to suppliers and employees		(7,101,157)	(2,703,890)
Interest paid		-	-
Interest received		-	28,657
Income taxes paid		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	(346,828)	(1,147,814)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for fixed assets		(55,930)	(29,670)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(55,930)	(29,670)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		-	45,000
Payment for share issue costs		-	-
Loans from related parties		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	45,000
NET DECREASE IN CASH ASSETS HELD		(402,758)	(1,132,484)
Cash assets at the beginning of the year		552,115	1,684,599
Cash acquired during the period		-	-
CASH ASSETS AT THE END OF THE YEAR	17	149,357	552,115

This page should be read in conjunction with the accompanying notes.

REAL BRAND HOLDINGS LIMITED

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Note	Parent 30 June 2007 $	Parent 30 June 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Other		-	3,578
Payments to suppliers and employees		(40,586)	(2,108)
Interest paid		-	-
Interest received		8,591	28,657
Income taxes paid/(refunded)		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	(31,995)	30,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		-	-
Dividends received		-	-
Payments for investments		-	-
Loans made to other entities		-	-
Repayment of Debtors		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity securities		-	45,000
Payment for share issue costs		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		(499,785)	(1,226,937)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(499,785)	(1,181,937)
NET INCREASE/(DECREASE) IN CASH ASSETS HELD		(531,780)	(1,151,810)
Cash assets at the beginning of the year		532,212	1,684,022
Cash acquired during the period			-
CASH ASSETS AT THE END OF THE YEAR	17	431	532,212

REAL BRAND HOLDINGS LIMITED

ECONOMIC ENTITY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

ITEM	ORDINARY SHARES $	RETAINED EARNINGS $	EMPLOYEE OPTIONS RESERVE $	TOTAL $
Balance at 1 July 2005	5,938,951	(613,034)	17,774	5,343,691
Issue of Shares	45,000	-	-	45,000
Loss for the year before diminution of goodwill	-	(624,346)	-	(624,346)
Provision for diminution in carrying value of goodwill	-	(1,640,744)	-	(1,640,744)
Share based payments	-	-	3,080	3,080
Balance at 30 June 2006	5,983,951	(2,878,124)	20,854	3,126,681
Balance at 1 July 2006	5,983,951	(2,878,124)	20,854	3,126,681
Issue of Shares	-	-	-	-
Loss for the year before diminution of goodwill	-	(928,544)	-	(928,544)
Provision for diminution in carrying value of goodwill	-	(1,700,000)	-	(1,700,000)
Balance at 30 June 2007	5,983,951	(5,506,668)	20,854	498,138

REAL BRAND HOLDINGS LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2007

	ORDINARY SHARES $	RETAINED EARNINGS $	RESERVES $	TOTAL $
Balance at 1 July 2005	5,938,951	17,224	-	5,956,175
Profit for the year	-	23,658	-	23,658
Provision for diminution in carrying value of subsidiary	-	(428,000)	-	(428,000)
Proceeds on the issue of shares	45,000	-	-	45,000
Balance at 30 June 2006	5,983,951	(387,118)	-	5,596,833
Balance at 1 July 2006	5,983,951	(387,118)	-	5,596,833
Proceeds on the issue of shares	-	-	-	-
Loss for the year before diminution in carrying value of subsidiary	-	(190,209)	-	(190,209)
Provision for diminution in carrying value of loans due from subsidiary	-	(3,343,837)	-	(3,343,837)
Provision for diminution in carrying value of subsidiary	-	(1,700,000)	-	(1,700,000)
Balance at 30 June 2007	5,983,951	(5,621,164)	-	362,786

This page should be read in conjunction with the accompanying notes

17. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of Net Cash from/(used in) operating activities to Net loss from ordinary activities after income tax	**Economic Entity 2007 $**	**Economic Entity 2006 $**
Nett cash (used in) operating activities	(346,828)	(1,147,814)
Decrease/(Increase) in creditors and accrued expenses	550,409	(536,519)
(Decrease)/Increase in receivables	(1,163,911)	631,857
(Decrease)/Increase in work in progress	65,515	453,152
Employee share based remuneration	-	(3,080)
Depreciation	(33,728)	(21,940)
Provision for diminution in value of goodwill	(1,700,000)	(1,640,744)
Income tax	-	-
Net loss from ordinary activities after Income Tax	(2,628,544)	(2,265,090)
Cash and Cash Equivalents		
Cash *	149,357	552,115
	149,357	552,115

	Parent 2007 $	**Parent 2006 $**
Nett cash (used in) operating activities	(31,995)	30,127
(Decrease)/Increase in trade and other payables	(158,214)	(6,469)
Provision for diminution in carrying value of subsidiary	(1,700,000)	(428,000)
Provision for diminution in amounts due from subsidiary	(3,343,837)	-
Net loss from ordinary activities after Income Tax	(5,234,046)	(404,342)
Cash and Cash Equivalents		
Cash *	431	532,212

18. PARTICULARS RELATING TO CONTROLLED ENTITIES

Controlled entities	**Place of incorp**	**Class of shares**	**2007 %**	**2006 %**
Real Brand and Business Pty Limited	NSW	Ord	100	100
Beijing Real Brand and Business Consulting Co Limited	China	Ord	100	nil

1. BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Accounting Standards interpretation, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of Real Brand Holdings Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

There has been no material impact of changes in these accounting policies.

New Australian Accounting Standards

As at the date of this report there are a number of new Australian Accounting Standards that have been issued but are not yet effective. The company has assessed the impact of these new Australian Accounting Standards and has concluded that they would have no material impact except for those noted below:

AASB 7: Financial Instruments: Disclosures

AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the company's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the company's financial report.

The financial report covers Real Brand Holdings Limited and its subsidiary company. Real Brand Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Real Brand Holdings Limited. Control exists where Real Brand Holdings Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Real Brand Holdings Limited to achieve the objectives of Real Brand Holdings Limited.

A list of controlled entities is contained in Note 18 of the accounts.

All inter-company balances and transactions between entities in the economic entity, including any unrealized profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the Economic Entity financial report.

1. Basis of Preparation (cont)

(b) Income Tax

Current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventory and work in progress

Inventories and work in progress are measured at the lower of cost and net realizable value. Cost of manufactured units includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating activity. Costs are assigned on the basis of weighted average costs.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and Equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cashflows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overhead.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

1. BASIS OF PREPARATION (CONT)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation rate
Plant and Equipment – electrical	30-60%
Furniture	10-20%

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the retained earnings.

(e) Financial Instruments

Financial instruments are originally recorded at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Held-to-Maturity Investments

These investments have fixed maturities and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Instruments

Available-for-sale financial instruments include any financial assets not included in the above categories. Available-for-sale financial instruments are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

1. BASIS OF PREPARATION (CONT)

Financial Liabilities

Non-derivative financial instruments are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(f) Impairment

At each reporting date, the company the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(g) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in the intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

(h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cashflows to be made for those benefits.

1. Basis of Preparation (cont)

(i) Provisions

Provisions are recognized when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.
- Cash floats and cash in bank.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Royalty income is recognized on an accrual basis, when the right to receive the income has been established.

Dividend revenue is recognized when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1. BASIS OF PREPARATION (CONT)

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity, otherwise the exchange difference is recognized in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentational currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
Income and expenses are translated at average exchange rates for the period; and
Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognized in the income statement in the period in which the operation is disposed.

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(o) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The economic entity incurred an operating loss of $2,628,544 during the year ended 30 June 2007, and has net current liabilities of $60,261 as at 30 June 2007. The Directors believe that this is appropriate as they have taken the following steps to restructure and recapitalize the company:

- The Directors have announced a partial privatization of Real Brand and Business Pty Limited
- The Directors have arranged a loan facility of $405,000 to be converted into a convertible note
- The Directors have announced a rights issue to raise $1,463,430

Further details are outlined in Note 21.

(p) Critical accounting estimates and judgements:
Impairment testing

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic date, obtained both externally and within the group. Critical estimates and judgements relating to the impairment testing of the assets of the group are as follows:

1. Basis of Preparation (cont)

Carrying value of investment in Real Brand & Business Pty Limited and Goodwill on Consolidation

The Directors of Real Brand Holdings Limited have conducted an impairment testing review of the carrying value of the carrying value of the goodwill on consolidation. As a result of this impairment testing, they have provided for an amount of $1,700,000 (2006: $1,640,744), to reduce the value of the goodwill on consolidation, and the carrying value of the investment in the subsidiary to an amount of $500,000 (2006: $2,200,000). In determining the fair value of the investment, the Directors have considered the length of contracts being worked on as well as the inherent risk associated with the delivery of those contracts. As outlined in events subsequent to balance date, the company has announced a partial privatization of Real Brand and Business Pty Limited. Virginia Bruce has abstained from voting in respect of the impairment testing.

2. OTHER REVENUE FROM ORDINARY ACTIVITIES

Economic Entity

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Consultancy fees	775,712	1,962,332	-	-
Production revenue	4,418,887	-	-	-
Interest received – other	8,591	28,657	8,541	28,657
Royalties	277,191	101,905	-	-
Government Grants	110,326	95,039	-	-
	5,590,707	2,187,933	8,541	28,657

3. LOSS FROM ORDINARY ACTIVITIES

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Loss from ordinary activities before income tax has been determined after:				
Auditors remuneration	20,325	28,360	-	-
Accounting fees	56,861	111,675	-	-
Depreciation	33,729	21,940	-	-
Licencing fees	-	8,922	-	-
Production	3,302,107	221,409	-	-
Travel	254,630	532,147	-	-
Borrowing costs	-	-	-	-
Consulting	2,136,266	1,361,488	-	-
Rent	165,432	59,191	-	-
Office	122,690	233,388	-	-
Directors	164,000	-	164,000	-
Exchange loss	39,671	-	34,459	-
Other	223,539	230,679	291	4,999
Share based payments	-	3,080	-	-
Provision for diminution in carrying value of subsidiary	-	-	1,700,000	428,000
Provision for diminution in carrying value of subsidiary	-	-	3,343,837	-
Provision for diminution in goodwill	1,700,000	1,640,744	-	-
	8,219,251	4,453,023	5,242,587	432,999

4. AUDITORS REMUNERATION

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial report	20,325	28,360	-	-

5. INCOME TAX

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Income tax expense	-	-	-	-

The Directors have not capitalized any tax assets in respect of losses, as they do not believe that the conditions under the accounting standards have been met.

6. TRADE AND OTHER RECEIVABLES (CURRENT)

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Trade debtors – other	15,290	712,373	-	-
Trade debtors – related parties	29,073	29,073	-	-
Other debtors and prepayments	220,815	45,746	23,744	23,458
Provision for doubtful debts	-	-	-	-
Production in progress	-	453,149	-	-
	265,178	1,240,341	23,744	23,458

TRADE AND OTHER RECEIVABLES (NON – CURRENT)

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Deposits and advances – controlled entities	-	-	3,343,837	2,844,052
Less: provision for impairment of receivables	-	-	3,343,837	-
	-	-	-	2,844,052

7. INVENTORY

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
At cost	65,515	-	-	-

8. OTHER ASSETS

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Loans	-	104,642	-	-

9. PLANT AND EQUIPMENT

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Computer Equipment				
At cost	43,133	20,392	-	-
Accumulated Depreciation	(14,719)	(4,213)	-	-
	28,414	16,179	-	-
Property, plant and equipment				
At cost	101,698	75,450	-	-
Accumulated Depreciation	(53,713)	(37,432)	-	-
	47,985	38,018	-	-
	76,399	54,197	-	-

Reconciliation of movements	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Computer Equipment - Balance at the beginning of the year	16,179	-	-	-
Additions	22,741	20,392	-	-
Amortisation charge	(10,506)	(4,213)	-	-
Balance at the end of the year	28,414	16,179	-	-
Property Plant and Equipment - Balance at the beginning of the year	38,018	46,486	-	-
Additions	26,248	9,278	-	-
Amortisation charge	(16,281)	(17,746)	-	-
Balance at the end of the year	47,985	38,018	-	-

10. Other financial assets (non-current)

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Investment in controlled entities				
At fair Value	-	-	500,000	2,200,000
Total Investments	-	-	500,000	2,200,000

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Movement for the year				
Balance at the beginning of the year	-	-	2,200,000	2,628,000
Impairment Losses	-	-	(1,700,000)	(428,000)
Balance at the end of the year	-	-	500,000	2,200,000

Refer to Note 1 for critical accounting estimates and judgements used in determining fair value and any potential impairment testing of this asset.

11. Intangibles

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Goodwill on consolidation	500,000	2,200,000	-	-

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Movement for the year				
Balance at the beginning of the year	2,200,000	3,840,744	-	-
Amortisation charge			-	-
Impairment Losses	(1,700,000)	(1,640,744)	-	-
Balance at the end of the year	500,000	2,200,000	-	-

Refer to Note 1 for critical accounting estimates and judgements used in determining fair value and any potential impairment testing of this asset.

12. CURRENT LIABILITIES

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Trade creditors – related parties	52,422	121,522	-	-
Trade creditors - others	339,194	542,015	2,889	2,889
Trade creditors – production in progress	-	327,211	-	-
Sundry creditors and accruals	148,695	15,866	158,500	-
	540,311	1,006,614	161,389	2,889

13. INTEREST BEARING LIABILITIES (NON CURRENT)

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Loans – related parties	18,000	18,000	-	-
	18,000	18,000	-	-

14. ISSUE OF SECURITIES

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
36,585,750 fully paid ord shares	5,983,951	5,938,951	5,983,951	5,938,951
Ordinary Shares	Number	Number	Number	Number
Opening Balance as at 1 July	36,585,750	35,835,750	36,585,750	35,835,750
9 June 2006	-	750,000		750,000
Closing Balance	36,585,750	36,585,750	36,585,750	36,585,750
Options – Exercisable at 25c, expiry date 30 November 2008				
Opening Balance	8,300,000	8,300,000	8,300,000	8,300,000
Issue of Options	-	-	-	-
Closing Balance	8,300,000	8,300,000	8,300,000	8,300,000
Employee Options – Exercisable at 25c, expiry date 30 November 2008				
Opening Balance	345,000	345,000	345,000	345,000
Issue of Options, 9 March 2005	-	-	-	-
Closing Balance	345,000	345,000	345,000	345,000
Employee Options – Exercisable at 10c, expiry date 30 June 2008				
Opening Balance	220,000	-	220,000	-
Issue of Options, 9 June 2006	-	220,000	-	220,000
Closing Balance	220,000	220,000	220,000	220,000

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

Shares:

2006

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

Ordinary shares participate in dividends and proceeds of the winding up of the Parent Entity in proportion to the number of shares held.

Options
2006: On 9 June 2006, the Company issued 220,000 options expiring on 30 June 2008 with an exercise price of 10c.

14. ISSUE OF SECURITIES (CONT)

At the 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.

Options:

For information relating to share options issued to key personnel during the financial year, refer to Note 19, Share-based payments.

15. ASSET BACKING AND EARNING PER SHARE

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
Net tangible asset backing (cents per share)	- c	2.5 c
Basic earnings per share (cents per share)	(7.2) c	(6.3) c
Earnings used in calculation of earnings per share	(2,628,544)	(2,265,090)
Weighted average number of units on issue used in calculation of earnings per unit	36,585,750	35,898,249
Weighted average of options outstanding	8,865,000	7,925,322

Options on issue at the end of the financial year have not been included in the calculation of diluted EPS as the Company incurred a net loss for the financial year. Any conversion of these Options would decrease the net loss per Share, and as such, these Options were not considered dilutive.

16. DIRECTORS AND DIRECTOR RELATED PARTIES

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
Directors Remuneration		
V Bruce	217,654	202,400
R Poole	48,000	64,000
P Suriano	70,000	-
	335,654	266,400

These people were also the key personnel.

16. DIRECTORS AND DIRECTOR RELATED PARTIES (CONT)

DIRECTORS EQUITY HOLDINGS (INCLUDING RELEVANT INTERESTS)

	Balance 1 July 2006	Change	Balance 30 June 2007
Ordinary Shares			
V Bruce	9,480,000	-	9,480,000
R Poole	1,490,000	-	1,490,000
P Suriano	212,500	-	212,500
Options			
V Bruce	-	-	-
R Poole	2,500,000	-	2,500,000
P Suriano	300,000	-	300,000

DIRECTORS AND RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $	Parent 30 June 2007 $	Parent 30 June 2006 $
Receivables (see Note 6)				
Organic Brands Pty Limited	29,073	29,073	-	-
Payables (see Note 12)				
Reality Energy Attitude Life Pty Limited	32,422	22,428	-	-
Entertainment Marketing & Enterprise Pty Limited	94,694	17,694	-	-
Arthur Phillip Pty Limited	82,500	81,400	-	-

R Poole is a director of Arthur Phillip Pty Limited during the period. During the period, Arthur Phillip Pty Limited has provided accounting, administration, company secretarial and management services to the company, amounting to $136,500 (2005: $29,500).

R Poole is a director of Organic Brands Pty Limited during the period. During the prior year, Organic Brands Pty Limited was provided with creative services by REAL, amounting to $26,430.

16. DIRECTORS AND DIRECTOR RELATED PARTIES (CONT)

Aggregate amounts included in the determination of loss from ordinary activities before income tax that result from transactions with related parties are as follows:

	Economic Entity 30 June 2007 $	Economic Entity 30 June 2006 $
Revenue	-	26,430
Fees and charges	335,654	311,985

Remuneration practices

Under the Listing Rules, the maximum fee payable to Directors, except Non Executive Directors, may not be increased without prior approval from the Company at a general meeting. Non-Executive Directors must be paid a fixed sum – the board has set the amount payable to Non-Executive Directors in aggregate at $200,000 per annum. Presently, Philip Suriano is entitled to receive $30,000 per annum and 300,000 Options with an exercise price of $0.25 per share, a vesting date of 8 December 2005 and expiry date of 30 November 2008.

No Non-Executive Director shall be paid a commission or a percentage of profits or a commission on a percentage of operating revenue, and no Executive Director shall be paid a commission of operating revenue.

If a Director, being willing, is called on to perform extra services, or to make any special exertions in going or residing abroad or otherwise for the Company, the Company may remunerate that Director by payment of a fixed sum determined by the Board and that remuneration may be either in addition to or in substitution for that Directors share in the fixed pool of funds available to the Directors.

Each Director may also be paid all traveling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Board or any committee of the Board or general meetings of the Company or otherwise in connection with the business of the Company.

As remuneration for Virginia Bruce's services, the Company agrees to pay $880 per day, limited to $202,400 per annum for the first 2 years, subject to performance review and discretionary bonuses for performance. In addition, the Company agrees to pay a non-discretionary cash bonus to Virginia Bruce up to a total amount of $265,000 payable out of the profits of Real Brand Holdings Limited. The amount of the non-discretionary bonus paid each year must not exceed 30% of earnings before interest and tax for the year. Payment will be made progressively out of annual profits until the full amount of the bonus is paid.

The term of agreement with Virginia Bruce is 4 years from 9 December 2004. Prior to the expiry of the term, but not before 9 December 2006, either party may terminate the agreements by giving 12 months written notice to the other party. The Company may, in lieu of giving notice, elect to pay Virginia Bruce the equivalent of what she would have earnt over the 12 month period, based on the average monthly fees earned during the three months prior to termination. After expiry of the term, the parties may agree to renew the agreement for such further term and upon such conditions as the parties may agree.

19. SHARE-BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2007:

Economic Entity

	Full year	30 June 2007	Full year	30 June 2006
	No of options	Exercise price	No of Options	Exercise price
Outstanding at the beginning of the financial year	565,000		345,000	
Granted	-		220,000	10 cents
Outstanding at period end	565,000		565,000	
Exercisable at period end	565,000		565,000	

Parent Company

	Full year	30 June 2007	Full year	30 June 2006
	No of options	Exercise price	No of Options	Exercise price
Outstanding at the beginning of the financial year	565,000		345,000	
Granted	-		220,000	10 cents
Outstanding at period end	565,000		565,000	
Exercisable at period end	565,000		565,000	

The options outstanding at 30 June 2007 had a weighted average exercise price of $0.10 and a weighted average contractual life of 2.08 years. There were no options granted during the year.

Included under employee benefits expense in the income statement is $nil (2006:$3,080) and relates in full to equity settled share based payment transactions.

20. DIVIDENDS

No dividends have been declared or paid during the year ended 30 June 2007 or in the prior period, and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2007.

21. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 August 2007, the Directors of Real Brand Holdings Limited (RBH) announced the execution of an agreement with Virginia Bruce for the sale of 80% of its wholly owned subsidiary Real Brand and Business Pty Limited (RBB) (Sale Agreement).

The consideration for the sale of the 80% interest in RBB under the Sale Agreement is the cancellation of all of Ms Bruce's shares in RBH, being 9,480,000 fully paid ordinary shares, at a deemed value of $0.04 each.

The sale is subject to and conditional upon RBH shareholders approving the proposed sale for the purposes of the following provisions:

(e) ASX Listing Rule 10.1 (disposal of a substantial asset);

(f) Section 256C of the Corporations Act (selective reduction of capital);

(g) Chapter 2E of the Corporations Act (related party approval); and

(h) ASX Listing Rule 11.1.2 (change in scale of activities) (if required).

The Company has also agreed to either, in its sole discretion, assume up to $150,000 of RBB's liabilities and to lend RBB $125,000 for working capital purposes repayable out of profits.

Given the Company's current lack of funds, Arthur Phillip Pty Limited of which Mr Richard Poole is a director, has agreed to arrange for the provision of a $405,000 loan to the Company. These funds will be used to meet existing liabilities and to continue operations whilst the transaction is completed. All loans provided by RBH to RBB other than the $125,000 loan mentioned in the preceding paragraph will be converted into one share in RBB.

The $405,000 loan will, subject to any necessary shareholder approval, be converted to a convertible note in RBH with a face value of $405,000. The proposed material terms of the convertible note are as follows:

(d) coupon rate of Reserve Bank base rate plus 2%;

(e) a term of 6 months, at which time it automatically converts or is redeemed; and

(f) the note is convertible into one fully paid ordinary share (Share) in the capital of RBH along with two options for every one Share. Each option will be exercisable at $0.05 on or before 30 June 2012.

RBH will also be issuing a prospectus and completing a capital raising of $1,463,430. The prospectus will be for an offer of one (1) share for every one (1) share held in the capital of the Company by way of a non-renounceable rights issue at an issue price of $0.04 per share to raise $1,463,430m (Rights Issue). The funds raised from the Rights Issue will be used for additional working capital. Virginia Bruce has agreed not to participate in the Rights Issue.

Arthur Phillip Pty Ltd, a company associated with Mr Richard Poole, has agreed to underwrite the Rights Issue. The underwriting will be subject to the performance of sub-underwriters. It is proposed that Arthur Phillip will receive a fee of 6% of the underwritten amount. The independent directors of RBH have approved the underwriting on the basis the terms are reasonable in the circumstances and on an arms length basis.

21. EVENTS SUBSEQUENT TO REPORTING DATE (CONT)

Chapter 11 of ASX Listing Rules

ASX has advised RBH that it may need to obtain shareholder approval in accordance with ASX Listing Rule 11.1.2 (change in nature and scale of activities) in order to complete the transaction. A Notice of Meeting dealing with all relevant issues is currently being prepared and will include an independent experts report (for the purpose of ASX Listing Rule 10.1) and an explanatory memorandum. These materials will be distributed to shareholders as soon as practically possible.

Apart from the above, no matters or circumstances have arisen since the end of the year which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. SEGMENT REPORTING

The business operates in one segment.

Secondary Reporting – Geographical Segments	**2007** \$	**2006** \$
Revenue		
Australia	165,769	271,975
United States of America	37,191	102,685
Middle East	4,658,887	1,726,606
China	728,860	86,667
Total	5,590,707	2,187,933

Carrying amount of Segment Assets		
Australia	961,114	4,151,295
China	95,335	-
Total	1,056,449	4,151,295

23. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

The credit risk on financial assets of the consolidated entity which has been recognised on the statement of financial performance, other than investments in shares is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Rate *	Floating interest rate	Fixed 1 year or less	Non-interest bearing	Total
2007					
Financial assets					
Cash and Deposits	3%	149,357	-	-	149,357
Receivables	0%	-	-	265,178	265,178
Other financial assets	0%	-	-	-	-
Total Financial Assets		149,357	-	265,178	414,535
Financial Liabilities					
Trade and Other creditors	0%	-	-	552,811	552,811
Interest bearing liabilities	6%	18,000	-	-	18,000
Total financial liabilities		18,000	-	552,811	570,811

	Rate	Floating interest rate	Fixed 1 year or less	Non-interest bearing	Total
2006					
Financial assets					
Cash and Deposits	3%	552,115	-	-	552,115
Receivables	0%	-	-	787,192	787,192
Other financial assets	0%	-	-	188,748	188,748
Total Financial Assets		552,115	-	975,940	1,528,055
Financial Liabilities					
Trade and Other creditors	0%	-	-	1,090,720	1,090,720
Interest bearing liabilities	6%	18,000	-	-	18,000
Total financial liabilities		18,000	-	1,090,720	1,108,720

* Weighted average rate of return

24. RESERVES

Employee Options Reserve

The Employee Options Reserve records items recognised as expenses on valuation of employee share options.

25. 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 Street
WOOLLOOMOOLOO NSW 2011

REAL BRAND HOLDINGS LIMITED

DIRECTORS' DECLARATION

for the year ended 30 June 2007

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 46 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 30 June 2007 and of the performance for the 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 financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
   (b) The financial statements and notes for the financial year comply with the Accounting Standards, and;
   (c) The financial statements and notes for the financial 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, 31st August 2007

SNEDDON McKEOWN

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2007

TO THE MEMBERS OF REAL BRAND HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Real Brand Holdings Limited (the company) and Real Brand Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in directors' report and not in the financial report.

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 control 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 (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 judgment, 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 and the remuneration disclosures in the directors' report.

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

Chartered Accountants
2nd floor, hunter mall chambers 175 scott street newcastle nsw 2300
phone: 02 4907 7222 fax: 02 4929 6759

SNEDDON McKEOWN

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2007

TO THE MEMBERS OF REAL BRAND HOLDINGS LIMITED (Con't)

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 Real Brand Holdings Limited on 30 August 2007, 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 Real Brand Holdings Limited and Real Brand Holdings Limited and Controlled Entities 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 2007 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

c. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matter described by the Directors in Note 1(o), there is inherent uncertainty surrounding the ability of the consolidated entity to continue as a going concern and therefore realise the asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Should the consolidated entity be unable to achieve the matters referred to in Note 1(o), the consolidated entity may not be able to realise the full value of its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

SNEDDON McKEOWN

M J MAYBURY
Partner

31 August 2007
175 Scott Street, Newcastle NSW 2300

Chartered Accountants
2nd floor, hunter mall chambers 175 scott street newcastle nsw 2300
phone: 02 4907 7222 fax: 02 4929 6759

The following additional information is required by the Australian Stock Exchange. Information relating to shareholders at 2 October 2007.

(A) Distribution of Shareholders

Size of Holding	Number of Holders	Number of Shares	%
100,001 and over	28	31,758,000	86.80 %
10,001 – 100,000	188	4,496,250	12.29 %
5,001 – 10,000	33	324,500	0.89 %
1,001 – 5,000	2	7,000	0.02 %
1 – 1,000	-	-	-
	251	36,585,750	100.00 %

(B) The Number of Shareholdings Held in Less Than Marketable Parcels is 4.

(C) 20 Largest Shareholders – Ordinary Shares

Shareholder	Shares Issued	%
REALITY ENERGY ATTITUDE LIFE PTY LIMITED	9,480,000	25.91 %
IRONWOOD INVESTMENTS PTY LIMITED	4,848,001	13.25 %
ARTHUR PHILLIP NOMINEES PTY LTD	3,325,000	9.09 %
BROVEST PTY LTD	2,616,250	7.16 %
M J H NIGHTINGALE & CO PTY LTD	2,317,500	6.33 %
MS AMANDA POOLE	1,490,000	4.07 %
MR KENNETH ALAN RISING & MRS MARIA RISING	1,017,500	2.78 %
STRATFORD GEM PTY LTD	860,000	2.35 %
CLODENE PTY LTD	825,000	2.26 %
MS CHRISTINE BARNES	800,000	2.19 %
CHARTER PACIFIC CORPORATION LTD	600,000	1.64 %
MR KENNETH ALAN RISING & MRS MARIA RISING	600,000	1.64 %
MORNINGTON INVESTMENTS PTY LTD	500,000	1.37 %
QUEVY HOLDINGS PTY LTD	300,000	0.82 %
IMPERIUM NOMINEES PTY LTD	250,000	0.68 %
MS BELINDA CENDRON	230,000	0.63 %
MR LUN-SHEN CHEN	220,000	0.60 %
MR GARTH WILLIAM PERNASE & MRS SUSAN ANNE BOTICA	200,000	0.55 %
MRS MELISSA SURIANO	200,000	0.55 %
MR CHRISTIAN ROBERT BERNECKER	200,000	0.55 %
	30,879,251	84.40 %

(D) Voting Rights

There are no restrictions on voting rights. On a show of hands every member present in person, attorney, or by proxy shall have one vote and upon a poll each Share shall have one vote. Option holders have no voting rights until the Options are exercised.

(E) Audit Committee

At the date of the Director's Report, the Company has a committee of two Non-Executive Directors which meets with the Company's external auditors at least once during each half year. These meetings take place prior to the finalization of the half year financial statements and Annual Report and prior to the signing of the Audit Report.

(J) DISTRIBUTION OF OPTION HOLDERS - EXERCISABLE AT 10 CENTS, EXPIRY DATE 30 JUNE 2008

Size of Holding	Number of Holders	Number of Shares	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	1	20,000	9.10 %
100,001 and over	1	200,000	90.90 %
	2	220,000	100.00 %

(K) LARGEST OPTION HOLDERS - EXERCISABLE AT 10 CENTS, EXPIRY DATE 30 JUNE 2008

Shareholder	Shares Issued	%
Paul Morgan	200,000	90.90 %
Jesse Warburg	20,000	9.10 %
	220,000	100.00 %

(F) Distribution of Option Holders – Exercisable at 25 cents, expiry date 30 November 2008

Size of Holding	Number of Holders	Number of Shares	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	4	8,300,000	100.00 %
	4	8,300,000	100.00 %

(G) Largest Option Holders - Exercisable at 25 cents, expiry date 30 November 2008

Shareholder	Shares Issued	%
Arthur Phillip Nominees Pty Limited	4,000,000	48.19 %
Amanda Poole	2,500,000	30.12 %
Brovest Pty Limited	1,500,000	18.07 %
Philip Suriano	300,000	3.61 %
	8,300,000	100.00 %

(H) Distribution of Option Holders - Exercisable at 25 cents, expiry date 20 November 2008

Size of Holding	Number of Holders	Number of Shares	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	6	345,000	100.00 %
100,001 and over	-	-	-
	6	345,000	100.00 %

(I) Largest Option Holders - Exercisable at 25 cents, expiry date 20 November 2008

Shareholder	Shares Issued	%
Belinda Cendron	100,000	28.99 %
Alexandra Maze	100,000	28.99 %
Diana Kluytmans	50,000	14.49 %
Margie Tierney	50,000	14.49 %
Addison Marshall	25,000	7.25 %
Alana Terry	25,000	5.8 %
	345,000	100.00 %