GAGE ROADS BREWING CO LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

ABN 22 103 014 320

GAGE ROADS

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

Corporate Directory

Directors
Michael Perrott (Chairman)
Peter Nolin (Managing Director)
Paul McKenzie
Willem Hoedemaker
John Hoedemaker

Company Secretary
John Hoedemaker

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Shareholder Enquiries
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Legal Adviser
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Lawyers and Consultants
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Perth, WA 6000

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ASX Code: GRB

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Chairman's Letter

Dear Shareholder,

Since my appointment as Chairman of Gage Roads Brewing Co, I've witnessed steady progress in all areas.

The capital raising associated with the listing of the Company on the ASX took considerable effort from the executive team, but in doing so the Company became better known and positioned itself financially to take on the task of building a national brand. It has now established itself as an ASX listed company in the Food & Beverage sector and has expanded its distribution base nationwide.

As the Company transitions from our distribution push to the brand building phase, considerable effort has been applied to developing a brand and marketing image which will differentiate the Company as a boutique beer brewer of world class quality products. This brand imagery will provide a better positioning for our products in both the short and long term. The brewing operation continues to be dedicated to craft brewing with standards and techniques continually improving.

Some of the initiatives you will see from Gage Roads over the coming year include the launch of a specialty range of craft brewed beers and increased draught beer presence in the local market. Draught beer sales will also expand to the Eastern States. On another front, the Company will expand on the contract brewing and packaging opportunities that it embarked on in the second half of the financial year.

Over the course of the financial year, sales have shown a marked growth over the previous year's volumes. With the presence of Hardy Wine Company as the national distribution agent, improved progress has been made with penetration into liquor outlets, especially in the Eastern States. Evidence of the growing relationship with the Hardy Wine Company can be seen in their recent appointment of an internal brand manager to drive the growth of Gage Roads' brands.

More can and will be done in the future and management has a range of plans in place to create maximum exposure in the coming summer season, but at present the Board is satisfied with progress made and the resources deployed. The Board remains committed to the objectives outlined in the prospectus of establishing a portfolio of brands in the Australian premium beer market with the intention of generating strong cash flows and increasing shareholder value.

It's been a pleasure to be involved with such an innovative, hard working team of enthusiastic executives in such a dynamic and highly competitive industry. Their initiative and persistence is inspiring.

We look forward to your continuing support as shareholders and as promoters of our product.

Yours faithfully

MICHAEL PERROTT
Chairman


AUSTRALIA
WESTERN AUSTRALIA
GAGE ROADS
IPA
INDIA PALE ALE
5.1% Alc/Vol


WESTERN AUSTRALIA
GAGE ROADS
PILS
CRAFT BREWED MIDSTRENGTH
3.5% Alc/Vol
330mL

Review of Operations

Significant transformation of Gage Roads Brewing Co Limited ("Company") occurred during the 2007 financial year. The Company changed from a proprietary limited company to a public unlisted company in September 2006, and to a publicly listed company in December 2006. A national distribution agreement for packaged beer commenced with the Hardy Wine Company in August 2006.

To gain maximum leverage from the distribution agreement, an experienced fast-moving consumer goods marketing executive was recruited in September 2006 as national marketing manager for Gage Roads. The initial national marketing campaign included significant activity in the Eastern States. Sponsorship, promotions and print advertising campaigns, locally and nationally, resulted in growing consumer awareness of Gage Roads' premium beer.

Gage Roads was named Western Australia's "Top Emerging Brand" for 2007 in WA Business News' annual brand survey in July 2007.

At corporate level, Michael Perrott was appointed to the Board of Directors in October 2006 as an independent, non-executive director. Michael has extensive public company experience, including directorships on several listed public companies, and is Chairman of the Board. Paul McKenzie remains a non-executive director of the Company.

The Company lodged a prospectus for an Initial Public Offering (IPO) of shares in November 2006. The offer closed oversubscribed and the Company successfully applied for quotation on the official list of the Australian Stock Exchange. Shares began trading on the ASX on 13th December 2006.

The IPO raised $4 million, which combined with pre-IPO cash reserves, was applied in accordance with the objectives outlined in the prospectus. The Company held cash reserves of $2.5 million at 30 June 2007.

The strategic focus of the Company remains the long-term positioning of a portfolio of craft brewed brands in the Australian premium beer market to generate strong cash flows and increase shareholder value.

Sales Highlights FY07:

- Carton sales up 115%
- Revenue $2.1m, up 82%
- Distribution outlets (bottled) up 300%
- Distribution outlets (draught) up 50%

The Company has achieved solid growth in packaged beer sales and the number of retail stockists as a result of the distribution agreement with the Hardy Wine Company. The Hardy Wine Company and Gage Roads have established a sound working relationship, and the number of retail outlets has increased by more than 300%. To further develop sales momentum, Hardy Wine Company has recently appointed an internal brand manager to drive the growth of Gage Roads' brands.

Gage Roads is now available nationwide through more than 1800 outlets including national liquor chains and independent bottle shops, including major retailers Coles and Woolworths, in five states.

The expanded distribution platform achieved a 115% increase in carton sales and an 82% increase in revenue to $2.1m for the financial year.

In addition, over the past few months the Company has increased the number of draught tap points in WA by more than 50%. The Company is committed to an increased draught presence in WA and is currently developing a distribution platform to expand draught beer sales in the Eastern States.

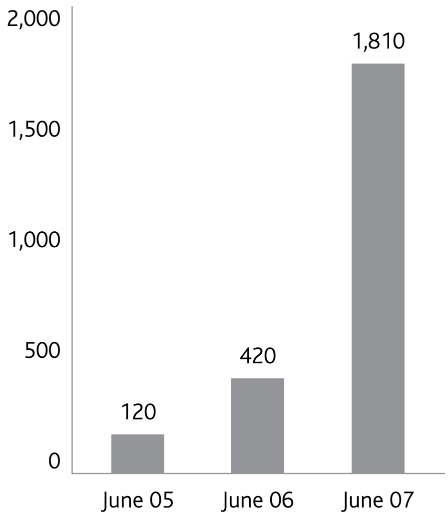
Financially, investment in new product development, market support and brand building resulted in a net loss after tax of ($3,071,324) for the financial year. The result includes a non-cash expense of $655,992 in accordance with AIFRS guidelines relating to the residual expensing of directors' options issued December 2003 which were exercised during the period ($505,058) and the expensing of directors' and draught program options attributable to the period ($150,934). The net loss after tax for the year after income tax and before this non cash adjustment was ($2,415,332).

The result is in line with the Board's expectations and consistent with the long term strategy of building a portfolio of premium Australian beer brands. The Company is now well positioned to capitalise on the distribution platform achieved in conjunction with Hardy Wine Company. Over the coming year, the Company will allocate further resources towards the execution of a new national brand building campaign to increase sales across the expanded retail base.

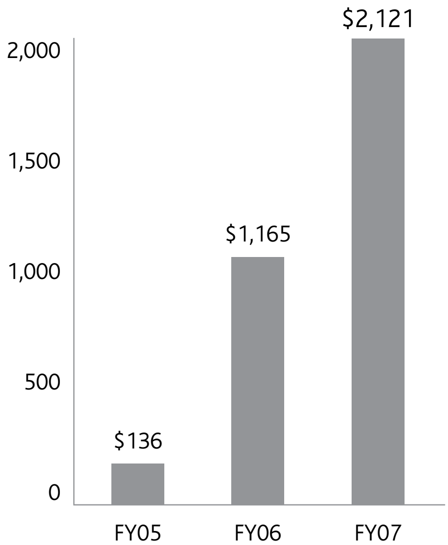
During the past year Gage Roads won numerous awards for each of its three beers at the Perth Royal Beer Show, the Sydney Royal Fine Food Show, and the Australian International Beer Awards (AIBA). At the AIBA, Gage Roads won medals for every exhibit entered including packaging awards for our innovative three-packs. In addition, Gage Roads IPA won the trophy for Best Draught Ale and Gage Roads PILS won trophies for Best Draught Midstrength and Best Bottled Midstrength.

New product launches are scheduled for the coming year as part of the "Gage Roads World Tour". A range of specialty limited release beers will commence sales in September 2007 in bottles and draught.

Distribution (Outlets)



Revenue (000's)



Director's Report

Your directors present their report on Gage Roads Brewing Co Ltd for the year ended 30 June 2007.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Peter Nolin
Paul McKenzie
Willem Hoedemaker
John Hoedemaker

Michael Perrott (Chairman) was appointed a director on 27 October 2006 and Chairman on 31 October 2006 and continues in office at the date of this report.

Principal activities

During the year the principal continuing activities of the Company was the brewing, packaging, marketing and selling of craft brewed beer.

No significant change in the nature of these activities occurred during the year.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review and results of operations

The loss of the Company for the financial year after providing for income tax amounted to ($3,071,324) (2006: ($1,976,377)).

Included in this result is the recognition of share-based payments expense of $655,992 (2006: $307,988) which is further explained in Notes 16, 17 and 18 to the Financial Statements. This is a non cash adjustment. The loss of the Company for the financial year after providing for income tax and before this adjustment amounted to ($2,415,332) (2006: ($1,668,389)

A review of the Company's operations and its financial position, business strategies and prospects is located at page 8 and 9 of this report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

(a) Gage Roads entered into an exclusive national distribution contract with the Hardy Wine Company (HWC) in July 2006. The agreement is binding, long-term and came into effect 1 August 2006. HWC is the largest wine company in Australia by volume and the second largest by revenue. HWC are a wholly owned subsidiary of Constellation Brands, the largest wine company in the world. Constellation Brands recently bought Vincor, the seventh largest wine company in the world. HWC built the Coopers brand on the East coast and took James Boag's Premium from circa 50,000 cartons a year to circa 500,000 in just over three years. They have been looking for a beer brand for several years but were waiting to find a brand that would fit their culture and complement their premium wine portfolio.

After 11 months of trading with HWC the directors of Gage Roads have every confidence that not only does HWC have the distribution, sales organisation, corporate depth and professionalism to achieve Gage Roads' goals, but that they also have a genuine passion for our brands and enthusiasm for integrating them into their portfolio. They are regarded as the best in the industry by the liquor trade. Gage Roads is the only beer in the HWC portfolio. HWC range all three products with scope for distributing new releases. Gage Roads remains fully responsible for marketing and brand development.

(b) During the year the Company listed on the Australian Stock Exchange. On 11 December 2006 the Company was admitted to the Official List of the ASX and official quotation of the Company's securities commenced on the 13 December 2006. The listing process included the conversion of the Company to a public company, the adoption of an ASX complient constitution, a 1 for every 10 held bonus issue and a 1 for every 2 held share consolidation. As a result of the IPO and other capital raising activities contributed equity increased $5,247,702 during the year. Further explanation of changes in contributed equity can be found in Note 16 to the Financial Statements.

(c) In January 2007 the Company commenced its Draught Option Program. The program seeks to overcome barriers to entry in the draught market and reward committed relationships by ensuring that hoteliers, whose efforts are instrumental in helping grow the Gage Roads brand, share in the benefits of that growth. Under the program a number of venues have committed to a three year draught relationship and in return 255,000 options have been granted. Individually valued at the date of issue, the total value of these options is $19,357. A proportion of this value was recognised in the financial year as a share-based payment expense of $1,338. Further details on the Draught Option Program can be found in notes 17 and 18 to the Financial Statements and on page 14 of this Director's Report.

Matters subsequent to the end of the financial year

On the 26 July 2007, in accordance with the Company's Incentive Option Scheme, the Company issued 750,000 options to three employees. Details of options granted to employees can be found at Note 18 to the Financial Statements. On the 26 July 2007, in recognition of their extraordinary contibution, all eligible employees were issued a once off gift of 5,000 ordinary shares each. The value of the 70,000 shares gifted amounted to $16,800 at the date of issue. Details of shares issued to employees can be found at Note 18 to the Financial Statements. No other matter or circumstance has arisen since 30 June 2007, which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to brew, sell and market beer and continue to expand it's distribution of packaged and draught beer domestically and internationally.

Information on directors

Michael Perrott - Chairman
(non-executive, appointed 27 October 2006)

Experience and expertise - Michael has been involved in the construction and contracting industry since 1969. Michael was appointed a director and chairman of Gage Roads Brewing Co Limited in October 2006. He is a Council Member for the National Advisory Council for Suicide Prevention and is a member of the Board of Notre Dame University. Michael is a Fellow of the Australian Institute of Management, a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Commerce degree from the University of Western Australia.

Other current public directorships - Chairman of GME Resources Limited since November 1996, Director of Portman Limited since June 1997, Director of Schaffer Corporation Limited since February 2005 and Director of Port Bouvard Limited since 1997 and Chairman since 1999.

Former public directorships in last 3 years - Chairman of Bone Medical Limited from May 2001 to May 2005.

Special responsibilities - Chairman of the Board.

Interest in shares and options - 513,334 ordinary shares held by Duncraig Investments Services Pty Ltd atf The PMS Superannuation Fund.

Peter Nolin - Managing Director - Brewmaster
(executive, appointed 03 December 2002)

Experience and expertise - Peter is a founding shareholder and Managing Director of Gage Roads. He orchestrated the formulation and implementation of the Company's brand culture and marketing strategies and retains direct oversight of the marketing and public relations activities of the Company. Peter is also responsible for the general management of the business. In 2006, Peter received a '40 under 40' award from WA Business News, which acknowledges the top 40 business leaders in Western Australia under 40 years of age. Peter brings up-market hospitality and retail experience with premium products to his current role. He has been a professional brewer in the premium beer market for eleven years and a brewmaster for Gage Roads Brewing Co for the past three years. He has a background in politics and public relations and holds a Bachelor of Arts in Political Science from Kenyon College, USA.

Other current directorships - None.

Former directorships in last 3 years - None.

Special responsibilities - Managing Director, Marketing and Public Relations.

Interest in shares and options - 271,189 ordinary shares, 2,503,279 ordinary shares and 1,100,000 unlisted options held by Jane Linda Nolin atf The Nolin Trust.

Paul McKenzie
(non-executive, appointed 27 January 2004)

Experience and expertise - Paul is a management consultant with 17 years experience and is a Fellow of the Australian Institute of Company Directors. Paul was president of the Australian Association of Agricultural Consultants (WA) Inc 2004-2006 and holds degrees in Science and Commerce. Paul is founder and principal consultant with leading agriculture consultancy Agrarian Management with offices in Geraldton and Katanning in Western Australia.

Other current directorships - RuralAus Investments Ltd.

Former directorships in last 3 years - None.

Special responsibilities - Chairman of the Audit Committee.

Interest in shares and options - 586,667 ordinary shares held by Paul L McKenzie and Sally M McKenzie as joint shareholders, 513,334 ordinary shares and 550,000 unlisted options held by AMINAC Pty Ltd atf The Agrarian Management Superannuation Fund.

Meeting of directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2007, and the number of meetings attended by each director, were:

	Full Meetings of Directors		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Michael Perrott (non executive)	6*	6	1	1	0**	0
Peter Nolin (executive)	7	7	n/a	n/a	0**	0
Paul McKenzie (non executive)	7	7	1	1	0**	0
William Hoedemaker (executive)	7	7	n/a	n/a	n/a	n/a
John Hoedemaker (executive)	7	7	1	1	n/a	n/a

A = number of meetings held during the time the director held office or was a member of the committee during the year. | B = number of meetings attended. | n/a = not a member of the relevant committee. | * Michael Perrott was appointed 27th October 2006. | ** In accordance with the remuneration committee charter adopted by the company on the 31 October 2006 the remuneration committee is due to meet at least once before the 31 October 2007.

Willem Hoedemaker - Director Operations - Brewmaster
(executive, appointed 03 December 2002)

Experience and expertise - Bill is a founding shareholder and director of Gage Roads. He has been a professional brewer for eight years, of which four and a half were as a member of the multi-award winning brewing team at the Sail & Anchor Pub Brewery and the last three years as brewmaster for Gage Roads. Bill is responsible for brewing operations and infrastructure. He successfully sourced, installed and commissioned Gage Roads' brewing equipment. Bill oversees the brewing operations of the Company, including recipe formulation, quality control, product consistency and cost control. Bill has substantial experience in the resources industry and brings strengths in process efficiencies and problem solving as well as an in-depth knowledge of practical brewing. Bill holds a Bachelor of Commerce from the University of Western Australia.

Other current directorships - None.

Former directorships in last 3 years - None.

Special responsibilities - Operations

Interest in shares and options - 269,669 ordinary shares. Bill is also a beneficiary of two discretionary trusts, The Leijenaar Trust and The Ottor Trust. Pieter Hoedemaker atf The Leijenaar Trust and The Ottor Trust holds 5,528,503 ordinary shares and 2,200,000 unlisted options.

John Hoedemaker - Company Secretary, CFO and Director Sales and Distribution
(executive, appointed 03 December 2002)

Experience and expertise - John is a founding shareholder and director of Gage Roads. He played a key role in developing and implementing the distribution and channel to market strategies of the Company including being an architect of the sales and distribution agreement with the Hardy Wine Company. John is responsible for the financial, accounting, governance and administration aspects of the business as well as overseeing sales and distribution. He provides experience in sales, distribution, finance, marketing and business administration. Prior to his involvement with Gage Roads, John was the General Manager and Chief Financial Officer of a successful building products manufacturing business, Architectural & Structural Adhesives (WA), which he managed from a start-up operation through to a trade sale to multi-national conglomerate. John holds a Bachelor of Commerce from the University of Western Australia.

Other current directorships - None.

Former directorships in last 3 years - None.

Special responsibilities - Company Secretary, Chief Financial Officer, Sales and Distribution.

Interest in shares and options - 269,669 ordinary shares. John is also a beneficiary of two discretionary trusts, The Leijenaar Trust and The Ottor Trust. Pieter Hoedemaker atf The Leijenaar Trust and The Ottor Trust holds 5,528,503 ordinary shares and 2,200,000 unlisted options.

Options

Total shares under options

Unissued ordinary shares under option at the date of this report are as follows:

Date options granted	Term	Exercise Price	Number under option
04 - Dec 2006	5 Years	$0.50	3,850,000
Feb - June 2007	1.5 Years	$0.40	85,000
Feb - June 2007	2.5 Years	$0.40	85,000
Feb - June 2007	3.5 Years	$0.40	85,000
			4,105,000

No option holder has any voting or dividend rights or right under the options to participate in any other share issue of the Company other than a bonus issue.

Shares issued on the exercise of options

The following ordinary shares were issued during the financial year upon the exercise of options. No amounts are unpaid on any of the shares.

Date options granted	Date options exercised	Exercise Price	Number under option
23 - Dec 2003	04 - Dec 2006	$0.00002	7,481,782

Details of the shares issued to Directors can be found in the Remuneration Report at pages 15 to 18 in this Director's Report and Notes 16, 17 and 18 to the Financial Statements.

Options granted to directors

Options over unissued ordinary shares granted during the financial year to directors as part of their remuneration were as follows:

Date options granted	Term	Exercise Price	Number under option
04 - Dec 2006	5 Years	$0.50	3,850,000

Details of the options granted to Directors can be found in the Remuneration Report at pages 15 to 18 in this Director's Report and Notes 17 and 18 to the Financial Statements.

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Options granted to participating venues - Draught Option Program

Options over unissued ordinary shares granted during the financial year to participating draught outlets as part of the Draught Option Program were as follows:

Date options granted	Term	Exercise Price	Number under option
Feb - June 2007	1.5 Years	$0.40	85,000
Feb - June 2007	2.5 Years	$0.40	85,000
Feb - June 2007	3.5 Years	$0.40	85,000
			255,000

Each option entitles the holder to subscribe for and be allotted one share at an exercise price of $0.40 per share. The options are only capable of being exercised if the outlet achieves sales targets in each of the 1st, 2nd, and 3rd years of the program. Details of the options granted to participating venues can be found at Notes 17 and 18 to the Financial Statements.

Options issued to employees subsequent to the end of the financial year

Since the end of the financial year options over unissued ordinary shares granted to other employees of the Company as part of their remuneration and in accordance with the Company's Incentive Option Scheme were as follows:

Date options granted	Expiry Date	Exercise Price	Number under option
12 - Jul 2007	12 - Jul 2012	$0.40	750,000

The options granted to other employees are exercisable only while the holder remains in the service of the Company. Details of the options granted to employees can be found at Notes 17 and 18 to the Financial Statements.

Shares issued to other employees subsequent to the end of the financial year

Since the end of the financial year ordinary shares that have been issued to other employees of the Company as a gift were as follows:

Date shares issued	Number shares issued
26 - Jul 2007	70,000

All eligible employees of the Company (other than directors) received a gift of 5,000 shares in recognition of their extraordinary contribution to date. The shares were issued on the 26th July 2007 for nil consideration in accordance with a resolution of the Board. The value of the 70,000 shares at the date of issue is $16,800. Details of the shares issued to employees can be found at Note 18 to the Financial Statements.

Remuneration Report

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

The Remuneration Committee, and prior to its formation, the Board, is responsible for determining and reviewing remuneration packages of all directors, and key management personnel on an annual basis. The remuneration committee currently consists of Michael Perrott, Paul McKenzie and Peter Nolin.

The committee's reward policy reflects its obligation to align director's and executive's remuneration with shareholders' interests and to retain appropriately qualified talent for the benefit of the Company. The main principles of the policy are:

(a) the reward considers comparative industry benchmarks and reflects the competitive market in which the Company operates; and

(b) individual reward should be linked to performance criteria if appropriate; and

(c) executives should be rewarded for both financial and non-financial performance; and

(d) the committee shall have access to external professional advice if required to assist in determining appropriate remuneration.

Non Executive Directors - The remuneration committee is responsible for recommending individual non executive director's fees within the limit approved by shareholders. The current aggregate director's fee limit is $150,000. Directors are entitled to have premiums paid for Directors & Officers insurance.

Executive Directors - The total remuneration of the Managing Director and other executive directors and key management personnel consists of the following:

(a) salary – the Managing Director and other executive directors receive a fixed sum payable monthly in cash;

(b) cash at risk component - the Managing Director and other executive directors are eligible to participate in a cash bonus plan if deemed appropriate;

(c) share and option at risk component - the Managing Director and other executive directors may participate in share and option schemes generally being made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. The Board, however, considers it appropriate to retain the flexibility to issue shares and options to executive directors outside of an approved option scheme in exceptional circumstances; and

(d) other benefits - the Managing Director and other executive directors are eligible to participate in superannuation schemes, be entitled to have loss of income insurance paid by the Company, be provided a fully expensed company car or company car allowance, and be provided a fully expensed mobile phone and other forms of remuneration if deemed appropriate.

Details of remuneration (audited)

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company for the financial year are set out in the following tables.

The key management personnel of the Company are the following non executive and executive directors of the Company:

- Michael Perrott - Chairman (non-executive, appointed 27 October 2006)

- Peter Nolin - Managing Director - Marketing Director - Brewmaster (executive, appointed 03 December 2002)

- Paul McKenzie (non-executive, appointed 27 January 2004)

- Willem Hoedemaker - Director Operations - Brewmaster (executive, appointed 03 December 2002)

- John Hoedemaker - Company Secretary, CFO, Director Sales & Distribution (executive, appointed 03 December 2002)

No other employees had authority or responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, during the financial year.

2007 Remuneration Key Management Personnel	Short Term Benefits			Post Employ Benefits	Share Based	
	Cash Salary & Fees $	Bonus $	Non Monetary Benefits $	Superannuation $	Payment Options $	Total $
Non Executive Directors						
Michael Perrott	32,000	-	-	-	-	32,000
Paul McKenzie	28,000	-	-	-	21,371	49,371
Sub-total non-executive directors						*81,371*
Executive Key Management						
Peter Nolin	120,520	-	8,614	9,750	211,726	350,610
Bill Hoedemaker	126,059	-	12,346	10,581	210,779	359,765
John Hoedemaker	120,058	-	11,093	9,750	210,779	351,680
Sub-total executive						*1,062,054*
Totals	**426,637**	**-**	**32,053**	**30,081**	**654,654***	**1,143,425**

* The expensing of the remaining value of options granted on 23 December 2003 which were exercised on 4 December 2006, and the expensing of a proportion of the value of options granted on the 4 December 2007. Details of the share pased payments can be found at Notes 16, 17 and 18 to the Financial Statements.

2006 Remuneration Key Management Personnel	Short Term Benefits			Post Employ Benefits	Share Based	
	Cash Salary & Fees $	Bonus $	Non Monetary Benefits $	Superannuation $	Payment Options $	Total $
Non Executive Directors						
Michael Perrott	-	-	-	-	-	-
Paul McKenzie	12,000	-	-	-	-	12,000
Sub-total non-executive directors						*12,000*
Executive Key Management						
Peter Nolin	86,250	-	-	7,200	103,048	196,498
Bill Hoedemaker	80,000	-	-	7,200	102,470	189,670
John Hoedemaker	80,000	-	-	7,200	102,470	189,670
Sub-total executive						*575,838*
Totals	**258,250**	**-**	**-**	**21,600**	**307,988**	**587,838**

Service agreements (audited)

Remuneration and other terms of employment for the following key management personnel are formalised in employment agreements, the terms of which are set out below:

Peter Nolin - Managing Director - Marketing Director - Brewmaster
- Term 5 years (expiring on 23 December 2008)
- Base salary: $120,000 pa, reviewed annually by the remuneration committee
- Termination: 6 months notice

Willem Hoedemaker - Director Operations - Brewmaster
- Term 5 years (expiring on 23 December 2008)
- Base salary: $120,000 pa, reviewed annually by the remuneration committee
- Termination: 6 months notice

John Hoedemaker - Company Secretary, CFO and Director Sales and Distribution
- Term 5 years (expiring on 23 December 2008)
- Base salary: $120,000 pa, reviewed annually by the remuneration committee
- Termination: 6 months notice

Key management personnel are entitled to a termination payment in exceptional circumstances. If the termination is made without reference to a number of reasonable reasons for termination as defined in the service agreements, then the executive is entitled to the annual salary that, but for the termination, would have been payable to the executive for the duration of the term of the service agreement.

Share-based compensation (audited)

Options granted to Key Management Personnel

As part of their remuneration for providing services to the Company, options over unissued ordinary shares were granted during the financial year to the following Key Management Personnel:

	Date options granted	Expiry date	Exercise Price	Number under option	Value per option at grant date
Peter Nolin	04 - Dec 06	04 - Dec 11	$0.50	1,100,000	10.49 cents
Paul McKenzie	04 - Dec 06	04 - Dec 11	$0.50	550,000	10.49 cents
Willem Hoedemaker	04 - Dec 06	04 - Dec 11	$0.50	1,100,000	10.49 cents
John Hoedemaker	04 - Dec 06	04 - Dec 11	$0.50	1,100,000	10.49 cents
				3,850,000	

The options issued to Key Management Personnel vest and are exercisable over a period of 2 years, with 50% vesting and exercisable after 1 year and the other 50% vesting and exercisable after 2 years. The options are further subject to a number of conditions predominately being the continuity of service during the vesting periods. No options will vest if the conditions are not met, hence the minimum value of the options is nil. The maximum value has been determined as the fair value per option at grant date times number of options. No cash bonuses were paid to or forfeited by directors during the financial year.

The grant of options was approved by shareholders on the 30th November 2006. The proportion of the value of these options that was recognised during the financial year as a share-based payment expense was $149,596. Details of the options granted to Key Management Personnel can be found at Notes 17 and 18 to the Financial Statements.

Shares issued to Key Management Personnel on the exercise of options

The following ordinary shares were issued during the financial year on the exercise of options granted to Key Management Personnel on the 23rd December 2003. No amounts are unpaid on any of the shares.

	Date options granted	Date options exercised	Exercise Price	Number of shares issued
Peter Nolin	23 - Dec 03	04 - Dec 06	$0.00002	2,503,279
Willem Hoedemaker	23 - Dec 03	04 - Dec 06	$0.00002	2,489,251
John Hoedemaker	23 - Dec 03	04 - Dec 06	$0.00002	2,489,252
				7,481,782

The grant of options was approved by shareholders on the 23rd December 2003. These options were exercised and shares issued upon the listing of the Company on the Australian Stock Exchange. The proportion of the value of these options that was recognised during the financial year as a share-based payment expense was $505,058. Details of the shares issued on exercise of options by Key Management Personnel can be found at Notes 16, 17 and 18 to the Financial Statements.

Value of Key Management Personnel options granted, exercised and lapsed

	Options Granted	Options Exercised	Options Lapsed	Total Value of Options Granted, Exercised and Lapsed	Value of Options included in Remuneration for the Year	% of Total Remuneration for the year that Consists of Options
	Value at Grant Date	Value at Exercise Date	Value at Time of Lapse			
	$	$	$	$	$	$
Paul McKenzie	57,675	-	-	57,695	21,371	67%
Peter Nolin	115,390	168,984	-	284,374	211,726	60%
Willem Hoedemaker	115,390	168,984	-	283,427	210,779	59%
John Hoedemaker	115,390	168,984	-	283,427	210,779	60%
Totals	**403,865**	**505,059**	-	**908,924**	**654,654**	

The options were independantly valued using the Binomial Method. Further details of the option valuations and model inputs can be found at Notes 17 and 18 to the Financial Statements.


GAGE ROADS
BREWING CO

Loans to directors and executives

The Company has not made any loans to directors or executives during the financial year to 30 June 2007 and has no carried forward loans from prior years.

Environmental regulation

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

Insurance of officers

During the financial year the Company paid a premium of $5,888 to insure the directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

Details of non-audit services can be found in Note 20 to the Financial Statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd (Formerly Horwath Audit (WA) Pty Ltd) continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

Peter A. Nolin
Managing Director
Palmyra
Dated the 31st day of July 2007.

04 | Corporate governance statement
05 | Auditor’s independent declaration
06 | Directors declaration

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 this Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations **(Best Practice Recommendations).** The Best Practice Recommendations are not mandatory. However, the Company is required to provide a statement in this and future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place a corporate governance policy which is posted in a Company Information section of the Company's website at www.gageroads.com.au.

BEST PRACTICE RECOMMENDATION

1. Lay solid foundations for management and oversight

1.1 Formalise and disclose the functions reserved to the board and those delegated to management. *The Company's Corporate Governance Policy includes a board Charter, which discloses the specific responsibilities of the board and provides that the board shall delegate responsibility for the day-to-day operations and administration of the Company to the managing director and other executive directors.*

2. Structure the board to add value

2.1 A majority of the board should be independent directors. *Whilst less than half of the current board are independent directors (which is not in accordance with the best practice recommendation) the board is of the view that the board is structured in such a way so as to add value and that the number of directors is appropriate for the size and complexity of the business.*

2.2 The chairperson should be an independent director. *The chairperson is an independent director. Michael Perrott is considered an independent director as he substantially satisfies the test for independence as set out in the ASX principles.*

2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual. *The managing director and chairperson are different people.*

2.4 The board should establish a nomination committee. *It is not Company policy to have a nomination committee given the size and scope of Gage Roads Brewing Co Ltd. The board, as a whole, serves to identify, appoint, and review board membership through an informal assessment process, facilitated by the Chairman in consultation with the Company's external professional advisors.*

2.5 Provide the information indicated in *Guide to Reporting on Principle 2. Information such as the skills, experience and expertise of each director relevant to their positions and the term they have held office can be found in the Director's Report. There is a procedure in place which provides for directors to take independent professional advice at the expense of the company with the prior approval of the chairman. The Corporate Governance Policy has been posted on the Company's website.*

3. Promote ethical and responsible decision-making

3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:
(a) the practices necessary to maintain confidence in the company's integrity; and
(b) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
The Company's Corporate Governance Policy includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. The Corporate Governance Policy has been posted on the Company's website.

3.2 Disclose the policy concerning trading in company securities by directors, officers and employees. *The Company's current Corporate Governance Policy includes a Security Trading Policy providing guidelines for buying and selling securities in the Company by directors and employees. Full details of The Securities Trading Policy can be found in the Corporate Governance Policy which has been posted on the Company's website. In summary, directors are required to notify the chairman (and the chairman notify the board) of their intention to trade, confirm that they do not hold any insider information, have been advised by the chairman (or board) that there is no reason to preclude trading, and complied with any conditions on trading imposed by the chairman (or board) including for example time limits. Employees are required to notify and obtain clearance from the company secretary before trading.*

3.3 Provide the information indicated in *Guide to Reporting on Principle 3. The Corporate Governance Policy has been posted on the Company's website.*

4. Safeguard integrity in financial reporting

4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.*The managing director and chief financial officer have stated in writing that the company's financial reports present a true and fair view, in all material respects, of the company's financial position and operating results and are in accordance with relevant accounting standards. The Corporate Governance Policy requires the managing director and chief financial officer (or their equivalents) to make such a statement at the relevant time.*

4.2 The board should establish an audit committee. *The board has an audit committee.*

4.3 Structure the audit committee so that it consists of:
(a) only non-executive directors;
(b) a majority of independent directors;
(c) an independent chairperson, who is not chairperson of the board; and
(d) at least three members.
The audit committee consists of 3 directors; an independent director, a non executive director and an executive director. The audit committee chairman is not independent and is not the chairperson of the Board.Whilst not in accordance with the best practice recommendation, the Company is of the view that the experience and

professionalism of the persons on the committee is sufficient to ensure that all significant matters are addressed and actioned. Further, the board does not consider that the Company is of sufficient size to justify the appointment of additional directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive and counter productive.

4.4 The audit committee should have a formal charter. *The Company's Corporate Governance Policy includes a formal charter for the audit committee.*

4.5 Provide the information indicated in *Guide to Reporting on Principle 4.* Information *such as the names and qualifications of members of the audit committee, the number of meetings of the audit committee and the names of the attendees can be found in the Director's Report. The audit committee charter and procedures for the selection and appointment of the external auditor are incorporated in Corporate Governance Policy which has been posted on the Company's website.*

5. Make timely and balanced disclosure

5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. *The Company has a continuous disclosure policy in place designed to ensure the factual presentation of the Company's financial position.*

5.2 Provide the information indicated in *Guide to Reporting on Principle 5. The continuous disclosure policy is incorporated in The Corporate Governance Policy which has been posted on the Company's website.*

6. Respect the rights of shareholders

6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings. *The Company's Corporate Governance Policy includes a shareholder communications policy which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders though continuous disclosure to the ASX, the annual report, half year financial report, and quarterly reports, notices of meetings, the annual general meeting, periodic newsletters, all of which are posted on the Company's website at www.gageroads.com.au.*

6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. *The board will request the external auditor to attend all annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.*

7 Recognise and manage risk

7.1 The board or appropriate board committee should establish policies on risk oversight and management. *The Company's Corporate Governance Policy includes a risk management and internal compliance and control policy. The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.*

7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

(a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and

(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. *The statement made in relation to best practise recommendation 4.1 advises that the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control system, to the extent that they relate to financial reporting, are operating efficiently and effectively in all material respects.*

7.3 Provide the information indicated in *Guide to Reporting on Principle 7. A description of the company's risk management and internal compliance and control systems is incorporated in Corporate Governance Policy which has been posted on the Company's website.*

8. Encourage enhanced performance

8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives. *The board has developed a formal process for performance evaluation of the board and the committees incorporated in The Corporate Governance Policy which has been posted on the Company's website. In accordance with The Corporate Governance Policy adopted by the company on the 31 October 2006 the board is due to meet for the express purpose of performance evaluation at least once before the 31 October 2007.*

9 Remunerate fairly and responsibly

9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance. *Details regarding the company's remuneration principles and of the remuneration of director and key executives can be found in the section headed "Remuneration Report" in the Director's Report.*

9.2 The board should establish a remuneration committee. *The Company's remuneration committee comprises two non-executive directors and one executive director. Whilst not in accordance with the best practice recommendation, the Company is of the view that the experience and professionalism of the persons on the Committee is sufficient to ensure that all significant matters are addressed and actioned. Further, the board does not consider that the Company is of sufficient size to justify the appointment of additional directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive and counter productive.*

9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives. *Non-executive directors are paid a set fee of $36,000 per annum. The chairman is paid an additional fee of $12,000 per annum. The Company's Constitution provides that the remuneration of non-executive directors will be not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of $150,000 per annum. Further information of executive and non-executive remuneration can be found in the section headed "Remuneration Report" in the Director's Report.*

9.4 Ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.*The board has established an Incentive Option Scheme a summary of which was disclosed in the prospectus dated 8th November 2006. The full terms and conditions of the Incentive Option Scheme have been posted on the Company's website.*

9.5 Provide the information indicated in *Guide to Reporting on Principle 9. Information such as the names and qualifications of members of the remuneration committee, the number of meetings of the remuneration committee and the names of the attendees can be found in the Director's Report. In accordance with the remuneration committee charter adopted by the company on the 31 October 2006 the remuneration committee is due to meet at least once before the 31 October 2007. The remuneration committee charter is incorporated in Corporate Governance Policy which has been posted on the Company's website.*

10. Recognise the legitimate interests of stakeholders

The Company has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. The code of conduct is incorporated in Corporate Governance Policy which has been posted on the Company's website.

Auditor's independence declaration

BDO Kendalls

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www.bdo.com.au

ABN 79 112 284 787

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF GAGE ROADS BREWING CO LIMITED

As lead auditor of Gage Roads Brewing Co. Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Glyn O'Brien
Director

Signed at Perth this 31st day of July 2007.

Directors declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 29 to 59 are in accordance with the Corporations Act2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and othermandatory professional reporting requirements; and
(ii) giving a true and fair view of the Company's financial position as at 30 June 2007 and of itsperformance, as represented by the results of its operations, changes in equity and its cashflows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when theybecome due and payable.

(c) the audited remuneration disclosures set out on pages 15-18 of the Director's Report comply withAccounting Standards AASB 124 Related Party Disclosures and the Corporations Act 2001.

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

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

Peter A. Nolin
Managing Director
Palmyra
Dated the 31st day of July 2007.

07 | Income statement
08 | Balance sheet

Income statement for the year ended 30 June 2007

	Notes	2007 $	2006 $
Revenue from continuing operations	3	**2,120,702**	1,165,061
Other income		**888**	4,786
Raw materials,excise,consumables & delivery		**(1,237,887)**	(596,682)
Operating expenses		**(426,494)**	(340,579)
Employee expense		**(1,919,959)**	(1,190,284)
Depreciation and amortisation expense	4	**(118,578)**	(107,599)
Sales and marketing		**(921,741)**	(586,594)
Administration costs		**(407,304)**	(189,362)
Occupancy costs		**(107,783)**	(100,027)
Finance costs	4	**(53,168)**	(35,097)
Loss before income tax		**(3,071,324)**	(1,976,377)
Income tax expense	5	-	-
Loss for the year		**(3,071,324)**	(1,976,377)
Loss attributable to members of Gage Roads Brewing Co Ltd		**(3,071,324)**	(1,976,377)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic earnings per share	24	**(0.10)**	(1.22)
Diluted earnings per share	24	**(0.06)**	(0.04)

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

Balance sheet as at 30 June 2007

	Notes	2007 $	2006 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,475,775**	1,272,314
Trade and other receivables	7	**325,785**	212,037
Inventories	8	**274,584**	226,725
Total current assets		**3,076,144**	1,711,076
Non-current assets			
Property, plant and equipment	9	**2,319,057**	1,693,595
Intangible assets	10	**3,769**	3,769
Other	11	**2,552**	2,736
Total non-current assets		**2,325,378**	1,700,100
Total assets		**5,401,522**	3,411,176
LIABILITIES			
Current liabilities			
Trade and other payables	12	**381,462**	208,830
Borrowings	13	**145,188**	133,344
Provisions	14	**61,259**	37,958
Total current liabilities		**587,909**	380,132
Non-current liabilities			
Borrowings	15	**444,101**	589,287
Total non-current liabilities		**444,101**	589,287
Total liabilities		**1,032,010**	969,419
Net assets		**4,369,512**	2,441,757
EQUITY			
Contributed equity	16	**10,654,202**	5,406,500
Share options reserve	17	**150,934**	399,557
Accumulated losses	17	**(6,435,624)**	(3,364,300)
Total equity		**4,369,512**	2,441,757

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

09 | Statement of changes in equity
10 | Cash flow statement

Statement of changes in equity for the year ended 30 June 2007

	Notes	2007 $	2006 $
Total equity at the beginning of the financial year		**2,441,757**	2,399,421
Loss for the year		**(3,071,324)**	(1,976,377)
Total recognised income and expense for the year attributable to the members of Gage Roads Brewing Co Ltd		**(3,071,324)**	(1,976,377)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	16	**5,247,702**	1,710,725
Director share options issued	17	**149,596**	307,988
Other share options issued	17	**1,338**	-
Director share options converted to equity	17	**(399,557)**	-
		4,999,079	2,018,713
Total equity at the end of the financial year		**4,369,512**	2,441,757
Total recognised income and expense for the year is attributable to:			
Members of Gage Roads Brewing Co Ltd		**(3,071,324)**	(1,976,377)

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

Cash flow statement for the year ended 30 June 2007

	Notes	2007 $	2006 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,165,997**	1,312,865
Payments to suppliers and employees (inclusive of GST)		**(4,517,102)**	(3,019,791)
		(2,351,105)	(1,706,926)
Interest received		**141,845**	31,271
Interest paid		**(53,168)**	(35,097)
Net cash outflow from operating activities	23	**(2,262,428)**	(1,710,752)
Cash flows from investing activites			
Payments for property, plant and equipment		**(743,855)**	(223,060)
Payments for intangibles		**-**	(789)
Net cash outflow from investing activities		**(743,855)**	(223,849)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**4,343,087**	1,710,724
Proceeds from borrowings		**-**	673,826
Repayment of borrowings		**(133,343)**	(70,164)
Net cash inflow from financing activities		**4,209,744**	2,314,386
Net increase in cash and cash equivalents		**1,203,461**	379,785
Cash and cash equivalents at the beginning of the financial year		**1,272,314**	892,529
Cash and cash equivalents at the end of the financial year	6	**2,475,775**	1,272,314

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

11 | Notes to the accounts

Notes to the accounts for the year ended 30 June 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Gage Roads Brewing Co Ltd comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(ii) Interest income

Interest revenue is recognised on a time proportional basis using the effective interest method, see note 1(j).

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(e) Leases

Leases of property, plant and equipment where the entity has substantially all the risks and rewards of ownership are classified as finance leases (note 21). Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(i) Inventories

Raw materials and stores, work in progress and finished goods Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. They include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investments and other financial assets

The Company classifies its investments in the following categories: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 7).

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each balance date whether there is objective evidence that a financial asset of group of financial assets is impaired.

(k) Fair value estimation

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company 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.

Depreciation on other assets is calculated using both the straight line and reducing balance methods to allocate their cost or revalued amount, net of their residual values, over their estimated useful lives, as follows:

Brewery, plant & equipment	3.33% - 30%
Office equipment	7.5% - 50%
Motor vehicles	13.64% - 18.75%

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 amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Intangible assets

Trademarks

Trademarks are treated as having an infinite useful life because they are expected to contribute to the net cash flows indefinitely. Therefore, the trademarks would not be amortised until their useful life is determined to be finite. They would be individually tested for impairment in accordance with AASB 136 annually and whenever there is an indication that any of the trademarks may be impaired. They are carried at cost.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

The fair value of options at grant date is independently determined using a Black-Scholes or Binomial option pricing model that takes into account the exercise price, term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of the options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received are credited to share capital.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(t) Foreign currency

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(u) Earnings per share

Basic earnings per share

This is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

This adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Accounting standards and interpretations issued not yet effective and not early adopted

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory for financial reporting years ended on 30 June 2007. All of the following are available for early adoption, but have not been applied in preparing this financial report:

AASB 7: Financial Instruments: Disclosures (released August 2005)

AASB 7 replaces the disclosure requirements for financial instruments in AASB 132 Financial Instruments: Disclosure and Presentation and is applicable to annual reporting periods commencing on or after 1 January 2007. The company expects to adopt the new standard on this date. Application will not affect any of the amounts recognised in the financial report, but will require significant additional disclosures in relation to financial instruments.

AASB 2005-10: Amendments to Australian Accounting Standards (released September 2005)

AASB 2005-10 makes consequential amendments to AASB 132 and nine other standards arising from the release of AASB 7 and is applicable to annual reporting periods commencing on or after 1 January 2007. The company expects to adopt the amendments arising from the adoption of AASB 7 for the financial year ended 30 June 2008. Application will not affect any of the amounts recognised in the financial report, but will affect some disclosures.

AASB 8: Operating Segments (released February 2007) and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 (released February 2007)

AASB 8: Operating Segments replaces the disclosure requirements of AASB 114: Segment Reporting. AASB 2007-3 makes consequential amendments to 10 other standards as a result of the adoption of AASB 8. The new standard and its consequential amendments are applicable to annual reporting periods commencing on or after 1 January 2009. Application will not affect any of the amounts recognised in the financial report, but will require disclosures in relation to operating segments instead of business and geographical segments. The company will adopt the new standard, together with its consequential changes, for the financial report dated 30 June 2010.

(z) Accounting standards and interpretations issued, not yet effective, and early adopted

The following new accounting standards, amendments to standards and interpretations have been issued and are not mandatory as at 30 June 2007. They are available for early adoption and have been applied in preparing this financial report. The company has made a formal written election to change accounting policies early from adoption of these new standards, interpretations and consequential amendments in accordance with s334(5) of the Corporations Act.

AASB 101: Presentation of Financial Statements (reissued October 2006)

The company has elected to early adopt the revised version of AASB 101: Presentation of Financial Statements for the annual financial period commencing 1 July 2006. The revised standard is mandatory for annual reporting periods commencing on or after 1 January 2007. The amendments result from an Australian Accounting Standards Board (AASB) decision that, in principle, all options that currently exist under International Financial Reporting Standards (IFRS) should be included in Australian Equivalents to International Financial Reporting Standards (AIFRS), and additional Australian disclosures initially required should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or would be in conflict with the Corporations Act. Early adoption of the revised standard has had no effect on any of the amounts recognised in the financial report but certain disclosures which are no longer required have been omitted.

AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (released April 2007)
The company has elected to early adopt AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments for the annual financial period commencing 1 July 2006. These amendments are mandatory for annual reporting periods commencing on or after 1 July 2007. The amendments to the standards make changes to 34 standards as a result of an AASB decision that, in principle, all options that currently exist under IFRS should be included in AIFRS, and additional Australian disclosures initially required should be eliminated, other than those now considered particularly relevant in the Australian reporting environment or would be in conflict with the Corporations Act. Early adoption has no affect on any of the amounts recognised in the financial report affected the presentation of amounts and disclosures.

NOTE 2 : FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the finance team under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company does not have any significant exposure to foreign exchange risk.

(ii) Price risk
The company does not have any investments classifed as available-for-sale or at fair value through profit or loss, and therefore does not have any exposure to price risk.

(iii) Fair value interest rate risk
Refer to (d) below.

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit risk exposure to any one financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities or shareholder support. Management maintains flexibility through the investment of surplus funds and investor support. The company has no committed credit facilities at year-end.

(d) Cash flow and fair value interest rate risk

The Company's interest-bearing assets are at floating interest rates, thereby exposing the Company to fair value interest-rate risk through changes in market interest rates.

The Company's long term borrowings are at a fixed interest rate and as such there is no risk to the company's interest payments and operational cash flows arising from its liabilities.

NOTE 3 : REVENUE

	2007 $	2006 $
From continuing operations		
Sales revenue		
Sale of goods	**1,978,857**	1,128,665
	1,978,857	1,128,665
Other revenue		
Interest	**141,845**	36,396
	2 ,120,702	1 ,165,061

NOTE 4 : EXPENSES

	2007 $	2006 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**82,341**	69,651
Office equipment	**8,828**	9,163
Motor vehicles	**27,225**	28,601
Total depreciation	**118,394**	107,415
Amortisation		
Establishment expenses	**184**	184
Total amortisation	**184**	184
Bad Debt Expense		
Bad debts written off	**28,350**	35,097
Bad Debts Expensed	**28,350**	35,097
Finance costs		
Interest and finance charges paid/payable	**53,168**	35,097
Finance costs expensed	**53,168**	35,097
Rental expense relating to operating leases		
Minimum lease payments	**97,243**	90,885
Total rental expense relating to operating leases	**97,243**	90,885
Defined contribution superannuation expense	**93,575**	66,617

NOTE 5 : INCOME TAX EXPENSE

	2007 $	2006 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(3,071,324)	(1,976,377)
Tax at the Australian tax rate of 30% (2006 - 30%)	(921,397)	(592,913)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	196,396	92,396
Fines and entertaining	2,935	1,730
	(722,066)	(498,787)
Taxation benefit not recognised	722,066	498,787
Income tax expense	-	-
(c) Unrecognised tax losses		
Unused tax losses for which no deferred tax asset has been recognised	5,367,684	2,960,796
Potential tax benefit@ 30%	1,610,305	888,239

(d) Unrecognised temporary differences

Deferred tax assets and liabilties have not been brought to account in 2007 after considering the level of tax losses carried forward and available to the company against future taxable profits and the certainty within the immediate future that taxable profits will be available against which the benefit of the deductible temporary differences can be claimed.

NOTE 6 : CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2007 $	2006 $
Cash at bank and in hand	**2,475,775**	1,272,314
	2,475,775	1,272,314

(a) Reconciliation to cash at the end of the year

The above figure agrees to cash at the end of the financial year as shown in the cash flow statement.

(b) Cash at bank and on hand

The cash at bank and in hand balances above bear interest rates of between 0% and 6.25%.

NOTE 7 : CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2007 $	2006 $
Trade receivables	**273,382**	181,206
GST receivable	**33,234**	25,617
Other receivables	**19,168**	5,214
	325,785	212,037

(a) Bad and doubtful trade receivables

The Company has not made any provision in respect of bad and doubtful trade receivables during the years ended 30 June 2007 or 30 June 2006.

(b) Effective interest rates and credit risk

There are no interest-bearing balances in receivables, therefore the Company has no interest rate risk. There is no concentration of credit risk with respect to trade receivables, as the Group has a range of customers, nationally dispersed. See note 2 for more information on the risk management policy of the Company.

NOTE 8 : CURRENT ASSETS - INVENTORIES

	2007 $	2006 $
Raw material and stores - at cost	**217,491**	98,568
Work-in-progress - at cost	**15,036**	8,017
Finished goods - at cost	**42,057**	120,140
	274,584	226,725

Inventory expense

Inventories recognised as an expense during the year ended 30 June 2007 amounted to $1,237,887 (2006: $596,682).

NOTE 9 : NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Office equipment	Motor vehicles	Total
At 1 July 2005				
Cost or fair value	1,455,362	28,806	173,961	1,658,129
Accumulated depreciation	(74,942)	(9,098)	(22,099)	(106,139)
Net book amount	1,380,420	19,708	151,862	1,551,990
Year ended 30 June 2006				
Opening net book amount	1,380,420	19,708	151,862	1,551,990
Additions	213,056	7,363	28,601	249,020
Depreciation charge	(69,651)	(9,163)	(28,601)	(107,415)
Closing net book amount	1,523,825	17,908	151,862	1,693,595
At 30 June 2006				
Cost or fair value	1,668,418	36,169	202,562	1,907,149
Accumulated depreciation	(144,593)	(18,261)	(50,700)	(213,554)
Net book amount	1,523,825	17,908	151,862	1,693,595
Year ended 30 June 2007				
Opening net book amount	1,523,825	17,908	151,862	1,693,595
Additions	722,053	21,803	-	743,856
Depreciation charge	(82,341)	(8,829)	(27,224)	(118,394)
Closing net book amount	2,163,537	30,882	124,638	2,319,057
At 30 June 2007				
Cost or fair value	2,390,471	57,972	202,562	2,651,005
Accumulated depreciation	(226,934)	(27,090)	(77,924)	(331,948)
Net book amount	2,163,537	30,882	124,638	2,319,057

(b) Non-current assets pledged as security.

Refer to note 15 for information on non-current assets pledged as security by the Company.

NOTE 10 : NON-CURRENT ASSETS - INTANGIBLE ASSETS

At 1 July 2005	
Cost or fair value	2,980
Year ended 30 June 2006	
Opening net book amount	2,980
Additions	789
Closing net book amount	3,769
At 30 June 2006	
Cost or fair value	3,769
Net book amount	3,769
Year ended 30 June 2007	
Opening net book amount	3,769
Closing net book amount	3,769

Trademarks
Trademarks are considered to have a infinite useful life, in accordance with note 1(m).

NOTE 11 : NON-CURRENT ASSETS - OTHER

	2007 $	2006 $
Establishment and borrowing costs	2,552	2,736
	2,552	2,736

Establishment costs
Costs of $920 were incurred as part of the setup of the Company in 2003. These are being amortised over 5 years.

Borrowing costs
Costs of $2,465 were incurred on the setup of finance leases. These are being amortised over 5 years.

NOTE 12 : CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2007 $	2006 $
Trade payables	**284,998**	149,089
Other payables	**96,465**	59,741
	381,463	208,830

NOTE 13 : CURRENT LIABILITIES - BORROWINGS

	2007 $	2006 $
Secured		
Lease liabilities (note 21)	**17,450**	15,551
Other loans	**127,738**	117,793
Total secured current borrowings	**145,188**	133,344
Total current borrowings	**145,188**	133,344

(a) Other loans
These are chattel mortgages secured over specific assets, to be repaid within five years (refer note 15 - non-current).

(b) Interest rate exposure
All the above secured borrowings are at fixed rates and therefore the Company is exposed to fair value interest-rate risk through changes in market interest rates.

(c) Fair value disclosures
The fair value of borrowings for the Company are consistent with their carrying values above.

(d) Security
Details of the security relating to each of the secured liabilities are set out in note 15.

NOTE 14 : CURRENT LIABILITIES - PROVISIONS

	2007 $	2006 $
Employee benefits - annual leave	**61,259**	3 7,958
	61,259	37,958

NOTE 15 : NON-CURRENT LIABILITIES - BORROWINGS

	2007 $	2006 $
Secured		
Lease liabilities (note 21)	**43,864**	61,313
Other loans	**400,237**	527,974
Total secured non-current borrowings	**444,101**	589,287
Total non-current borrowings	**444,101**	589,287

(a) Assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. Other loans are secured by fixed charges over plant and equipment and motor vehicles.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Fixed charges		
Plant and equipment	**1,405,749**	1,291,801
Motor vehicles	**67,241**	82,758
	1,472,990	1,374,559
Finance lease		
Motor vehicles	**57,396**	68,928
Total assets pledged as security	**1,530,386**	1,443,487

(b) Interest rate risk exposures

2007	**Floating interest rate**	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Leases	-	30,774	58,207	15,436	39,839	-	-	-	144,256
Other loans	-	114,414	124,183	134,786	71,650	-	-	-	445,033
	-	145,188	182,390	150,222	111,489	-	-	-	589,289
Weighted average interest rate	-	8.07%	7.99%	8.14%	7.96%	-	-	-	

2006	**Floating interest rate**	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Leases	-	15,551	17,450	43,863	-	-	-	-	76.864
Other loans	-	117,793	127,738	138,526	150,222	111,488	-	-	645,767
	-	133,344	145,188	1182,389	150,222	111,488	-	-	722,631
Weighted average interest rate	-	8.06%	8.06%	7.98%	8.13%	7.92%	-	-	

NOTE 16 : CONTRIBUTED EQUITY

	2007 Shares	2006 Shares	2007 $	2006 $
(a) Share Capital				
Ordinary shares				
Fully paid	**44,570,458**	1,623,684	**10,654,202**	3
	44,570,458	1,623,684	**10,654,202**	3
0% non-redeemable participating preference shares fully paid	-	43,679,345	-	5,406,497
	44,570,458	45,303,029	**10,654,202**	5,406,500

	2007 Shares	2006 Shares	2007 $	2006 $
(b) Movement in contributed equity:				
1 July (opening balance)	**45,303,029**	36,111,911	**5,406,500**	3,695,775
Issues of shares during the year				
Preference shares issued 28/10/05, 16c		3,018,750		483,000
Preference shares issued 19/05/06, 20c		4,629,333		925,867
Preference shares issued 2/06/06, 20c		1,543,035		308,607
Preference shares issued 7/7/06, 20c	**1,276,368**		**255,274**	
Preference shares issued 8/8/06, 20c	**400,000**		**80,000**	
Conversion of preference shares to ordinary shares	-		-	
Bonus issue 1 for 10	**4,697,942**		-	
Consolidation issue 1 for 2	**(25,838,663)**		-	
Listing on Australian Stock Exchange Issued 08/12/06				
IPO Ordinary shares issued, 40c	**10,000,000**		**4,000,000**	
Converting note, 40c	**1,250,000**		**500,000**	
Payment of directors options exercise price	-		**149**	
Directors options issued and converted	**7,481,782**		**505,058**	
Directors options converted and transferred from share-based payments option reserve	-		**399,557**	
Capital raising costs	-		**(492,336)**	(6,749)
30 June (closing balance)	**44,570,458**	45,303,029	**10,654,202**	5,406,500

At 30 June 2007 there were 44,570,458 ordinary shares on issue.

Ordinary shares

Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 17 : RESERVES AND ACCUMULATED LOSSES

	2007 $	2006 $
(a) Share options reserve		
Movements in share options reserve were as follows:		
Balance 1 July	**399,557**	91,569
Transfer to contributed equity (options exercised)	**(399,557)**	-
Options expensed (Draught Program)	**1,338**	-
Options expensed (KMP Remuneration)	**149,596**	307,988
Balance 30 June	**150,934**	399,557

The share options reserve is used to recognise the fair value of options issued but not exercised.

	2007 $	2006 $
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	**(3,364,300)**	(1,387,923)
Net loss for the year	**(3,071,324)**	(1,976,377)
Balance 30 June	**(6,435,624)**	(3,364,300)

NOTE 18 : SHARE-BASED PAYMENTS

Options Granted to Key Management Personnel - 23 December 2003

13,603,239 options in total were granted to the Key Management Personnel, Peter Nolin, Willem Hoedemaker and John Hoedemaker on 23/12/03. As with all issued shares of the Company, they were subject to a 1 for 10 held bonus issue and 1 for 2 held consolidation providing a balance of 7,481,782 options on the 30th November 2006 .

The options vested upon the receipt by the Company of conditional approval from the Australian Stock Exchange Limited to be admitted to the official list, and were exercised by the directors. Subsequently 7,481,781 ordinary shares were issued to the directors on the 8th December 2006. The fair value at grant date of $904,615 was calculated independently using a Binomial pricing model that took into account the term of the options, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Model inputs used to value the options granted included:

- exercise price is $0.00002;
- market price of option at grant date was $0.10, consistent with preference share issues;
- expected volatility of the company's shares is 40%; and
- risk-free interest rate used is 5.50%.

No dividend yield was projected and the options treated as being exercised at the date of crystalisation.

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities, and entities in similar industries at grant date. The value of the options has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. The remaining value of the options which was expensed to remuneration upon the exercise of the options and accounted for in contributed equity was $505,058 for the financial year ended 30 June 2007.

	Date options granted	Date options exercised	Exercise price	Numbers of shares issued
Peter Nolin	23-Dec-03	04-Dec-06	$0.00002	2,503,279
Willem Hoedemaker	23-Dec-03	04-Dec-06	$0.00002	2,489,251
John Hoedemaker	23-Dec-03	04-Dec-06	$0.00002	2,489,252
				7,481,782

NOTE 18 : SHARE-BASED PAYMENTS (CONTINUED)

Options Granted to Key Management Personnel - 4 December 2004

3,850,000 options in total were granted to the Key Management Personnel, Peter Nolin, Paul McKenzie, Willem Hoedemaker and John Hoedemaker on 04/12/06 having regard to the length of service and the past and potential contribution to the Company.

The options issued to Key Management Personnel vest and are exercisable over a period of 2 years, with 50% vesting and exercisable after 1 year and the other 50% vesting and exercisable after 2 years. The options are further subject to a number of conditions predominately being the achievement of share price hurdles and continuity of service during the vesting periods.

	Date options granted	Expiry date	Exercise price	Number under option
Peter Nolin	04-Dec-06	04-Dec-11	$0.50	1,100,000
Paul McKenzie	04-Dec-06	04-Dec-11	$0.50	550,000
Willem Hoedemaker	04-Dec-06	04-Dec-11	$0.50	1,100,000
John Hoedemaker	04-Dec-06	04-Dec-11	$0.50	1,100,000
				3,850,000

No options were exercised, forfeited or lapsed during the year ended 30 June 2007. No options were exercisable as at 30 June 2007.

The fair value at grant date of $403,865 was calculated independently using a Binomial pricing model that took into account the term of the options, the exercise price, the underlying value of the shares, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Model inputs used to value the options granted included:

- exercise price is $0.50; and
- market price of option at grant date, $0.40, consistent with listing price of shares as disclosed in the prospectus; and
- expected volatility of the company's shares is 30%; and
- risk-free interest rate used is 5.68%; and
- time to maturity, 5 years; and
- no dividend yield was projected during the term.

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities, and entities in similar industries at grant date.

The value of the options has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. The proportion of the value of the options which was expensed to remuneration and accounted for in the share option reserve was $149,596 for the financial year ended 30 June 2007.

Options granted to participating venues - Draught Option Program - Feb to June 07

255,000 options in total were granted to participating venues under the Draught Option Program. In January the Company commenced its Draught Option Program. The program seeks to overcome barriers to entry in the draught market and reward committed relationships by ensuring that hoteliers, whose efforts are instrumental in helping grow the Gage Roads brand, share in the benefits of that growth. Under the program a number of venues have committed to a three year draught relationship.

Each option entitles the holder to subscribe for and be allotted one share at an exercise price of $0.40 per share. The options are only capable of being exercised if the outlet achieves sales targets in each of the 1st, 2nd, and 3rd years of the program.

Date options granted	Term	Exercise Price	Number under option
Feb - June 2007	1.5 Years	$0.40	85,000
Feb - June 2007	2.5 Years	$0.40	85,000
Feb - June 2007	3.5 Years	$0.40	85,000
			255,000

No options were exercised, forfeited or lapsed during the year ended 30 June 2007. No options were exercisable as at 30 June 2007.

The fair value for each venue's options at grant date was calculated internally using the higher of the Black Scholes pricing model and the Binomial pricing model that took into account the term of the options, the exercise price, the underlying value of the shares, the expected dividend yield, the impact of dilution and the risk-free interest rate. The total fair value calculated for all options granted to venues at the 30 June 2007 is $19,357.

Model inputs used to value the options granted included:
- exercise price is $0.40 cents; and
- market price of option at grant dates ranged from $0.20 to $0.32; and
- expected volatility of the company's shares is 55%; and
- risk-free interest rate used ranged from 6.395% to 6.465%; and
- time to maturity ranged from, 1.5 years to 3.5 years; and
- no dividend yield was projected during the terms.

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities, and entities in similar industries at grant date.

The value of the options is allocated over the term of the options being adjusted by the probability of each venue achieving the sales targets as determined by the company at each half year and full year. The proportion of the value of the options which was expensed and accounted for in the share option reserve was $1,338 for the financial year ended 30 June 2007.

Options issued to employees subsequent to the end of the financial year

Since the end of the financial year 750,000 options over unissued ordinary shares granted to three employees of the Company in accordance with the Company's Incentive Option Scheme as part of their remuneration and having regard for their the past and the potential contribution to the Company.

Each option entitles the holder to subscribe for and be allotted one share at an exercise price of $0.40 per share. The options are only capable of being exercised if the holder is in the current employ of the company (with an additional 30 day grace period). The options vest at grant date and have a term of 5 years.

Date options granted	Expiry date	Exercise Price	Number under option
12 - July - 07	12 - July - 12	$0.40	750,000

No options were exercised, forfeited or lapsed since the year ended 30 June 2007.

The fair value at grant date of $39,450 was calculated internally using the Black Scholes pricing model that took into account the term of the options, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

NOTE 18 : SHARE-BASED PAYMENTS (CONTINUED)

Model inputs used to value the options granted included:
- exercise price is $0.40; and
- market price of option at grant date, $0.215; and
- expected volatility of the company's shares is 55%; and
- risk-free interest rate used is 6.40%; and
- time to maturity, 5 years; and
- no dividend yield was projected during the term.

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities, and entities in similar industries at grant date.

The total value of the options of $39,450 will be expensed to remuneration and accounted for in the share option reserve in the financial year ending 30 June 2008.

Shares issued to other employees subsequent to the end of the financial year

Since the end of the financial year 70,000 ordinary shares have been issued to employees of the Company as a gift.

All eligible employees at of the Company (other than directors) received a gift of 5,000 shares in recognition of their extraordinary contribution to date. The shares were issued on the 26th July 2007 for nil consideration in accordance with a resolution of the Board.

Dates shares issued	Number shares issued
26 - July - 07	70,000

The fair value at issue date of $16,800 was calculated internally using the closing market price of shares at issue date $0.24.

The total value of the shares of $16,800 will be expensed to remuneration and accounted for in contributed equity in the financial year ending 30 June 2008.

NOTE 19 : RELATED PARTY TRANSACTIONS

(a) **Key management personnel**

Key management personnel as defined by AASB 124 Related Party Transactions are listed as follows:

(i) *Executive directors*

Peter Nolin	Managing director, marketing director, brewmaster
Willem Hoedemaker	Director operations, brewmaster
John Hoedemaker	Director sales & distribution, chief financial officer, company secretary

(ii) *Non-executive directors*

Michael Perrott (appointed 27 October 2006)
Paul McKenzie

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

No other employees has authority or responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, during the financial year.

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remunerationreport on pages 15 to 18.

(b) Key management personnel compensation

	2007 $	2006 $
Short-term employment benefits - executive directors	**398,690**	246,250
Short-term employment benefits - non-executive directors	**60,000**	12,000
Post-employment benefits	**30,081**	21,600
Share-based payments (note 18)	**654,654**	307,988
	1,143,425	587,838

(c) Transactions with related parties

There have been no transactions with related parties during the current or prior year.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 15 to 18.

(ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Gage Roads Brewing Limited, including their personally related parties, are set out below:

	Balance at start of the year	Granted	Exercised	Balance at end of the year
2007				
Directors				
Peter Nolin	2,503,279	1,100,000	(2,503,279)	1,100,000
Bill Hoedemaker	2,489,251	1,100,000	(2,489,251)	1,100,000
John Hoedemaker	2,489,252	1,100,000	(2,489,252)	1,100,000
Michael Perrott	-	-	-	-
Paul McKenzie	-	550,000	-	550,000
	7,481,782	3,850,000	(7,481,782)	3,850,000
2006				
Directors				
Peter Nolin	2,503,279	-	-	2,503,279
Bill Hoedemaker	2,489,251	-	-	2,489,251
John Hoedemaker	2,489,252	-	-	2,489,252
Paul McKenzie	-	-	-	-
	7,481,782	-	-	7,481,782

NOTE 19 : RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Share holdings

The number of shares in the company held during the financial year by each director of Gage Roads Brewing Limited, including their personally related entites, are set out below. There were no shares granted during the reporting period as compensation.

	Balance at start of the year	Adjustment on purchase, bonus issue and consolidation of shares	Received on exercise of options	Balance at end of the year
2007				
Directors				
Peter Nolin	493,070	(221,881)	2,503,279	2,774,468
Bill Hoedemaker	490,307	(220,638)	2,489,252	2,758,921
John Hoedemaker	490,307	(220,638)	2,489,251	2,758,920
Michael Perrott	933,334	(420,000)	-	513,334
Paul McKenzie	1,600,001	(500,000)	-	1,100,001
	4,007,019	(1,583,157)	7,481,782	9,905,644
2006				
Directors				
Peter Nolin	493,070	-	-	493,070
Bill Hoedemaker	490,307	-	-	490,307
John Hoedemaker	490,307	-	-	490,307
Paul McKenzie	1,333,334	266,667	-	1,600,001
	2,807,018	266,667	-	3,073,685

NOTE 20 : REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2007 $	2006 $
(a) Assurance services		
BDO Kendalls Audit & Assurance (WA) Pty Ltd (formerly Horwath Audit (WA) Pty Ltd)		
Audit and review of financial reports and other audit work under the Corporations Act 2001	**25,797**	10,000
IFRS related review	**-**	2 ,000
Total remuneration for assurance services	**25,797**	12,000
(b) Non-audit services		
Horwath Securities (WA) Pty Ltd		
Investigating Accountant's report for the prospectus dated 8 November 2006	**5,010**	-
Total remuneration for assurance services	**5,010**	-

NOTE 21 : COMMITMENTS

(a) Lease commitments - Company as lessee

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**108,944**	96,960
Later than one year but not later than five years	**101,746**	193,865
	210,690	290,825
Representing:		
Operating leases as per (i) below	**192,345**	282,800
Future finance charges on finance leases as per (ii) below	**4,869**	8,025
	197,214	290,825

(i) Operating leases

The Company leases its premises under an operating lease expiring 1 May 2009. The lease has varying terms, CPI and Market Review escalation clauses and options of renewal. The commitments below relate to the primary lease agreement period. The company has the option to extend the lease for two further periods of 5 years each.

Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Within one year	**100,354**	96,960
Later than one year but not later than five years	**91,991**	185,840
	192,345	282,800

(ii) Finance leases

The Company has financed various motor vehicles with a carrying amount of $57,396 (2006: $68,928) under hire purchase agreements expiring within 2 to 4 years. Under the terms of the agreements, the Company has the option to acquire the hire purchase assets at pre-determined balloon amounts on the expiry of the agreements.

Commitments in relation to finance leases are payable as follows:		
Within one year	**17,937**	20,293
Later than one year but not later than five years	**48,246**	64,596
Minimum lease payments	**66,183**	84,889
Future finance charges	**(4,869)**	(8,025)
Total lease liabilities	**61,314**	76,864
Representing lease liabilities:		
Current (note 13)	**17,450**	13,680
Non-current (note 15)	**43,864**	63,184
	61,314	76,864

The weighted average interest rate implicit in the leases is 7.5% (2005 - 7.5%).

(b) Capital Commitments

The Company has no contractual commitment to purchase capital items at the 30 June 2007.

(c) Other commitments

The Company has a contractual commitment of $403,200 to purchase bottles during the 2007/08 financial year.

NOTE 22 : EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On the 12 July 2007 in accordance with the Company's Incentive Option Scheme, the Company issued 750,000 options to three employees. Please see Note 18 to the Financial Statements.

On the 26 July 2007 in recognition of their extraordinary contibution all eligible employees were issued a once off gift of 5,000 ordinary shares each. The value of the 70,000 shares gifted amounted to $16,800 at the date of issue. Please see Note 18 to the Financial Statements.

No other matter or circumstance has arisen since 30 June 2007, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

NOTE 23 : RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 $	2006 $
Loss for the year	**(3,071,324)**	(1,976,377)
Depreciation and amortisation	**118,578**	107,599
Share option expense	**655,991**	307,988
Changes in operating assets and liabilities		
Increase in trade debtors	**(92,176)**	(101,852)
(Increase) decrease in other debtors	**(21,571)**	108,623
Increase in inventories	**(47,859)**	(132,567)
Increase (decrease) in trade creditors	**135,909**	(33,669)
Increase in other operating liabilities	**36,724**	10,543
Increase (decrease) in other provisions	**23,301**	(1,040)
Net cash outflow from operating activities	**(2,262,428)**	(1,710,752)

NOTE 24 : EARNINGS PER SHARE

	2007 Cents per share	2006 Cents per share
Basic earnings per share	**(10.01)**	(121.72)
Diluted earnings per share	**(6.31)**	(3.77)

(a) Basic earnings per share

Loss used in calculating basic EPS	**(3,071,324)**	(1,976,377)
Weighted average number of ordinary shares used in calculating basic EPS	**30,678,502**	1,623,684

The loss used in the calculation in basic earnings per share equates to the net loss in the income statement. The weighted average number of ordinary shares used in calculating basic earnings per share does not include potential ordinary shares such as shares under option or preference shares before their coversion to ordinary shares on the 30 November 2006.

(b) Diluted earnings per share

Loss used in calculating basic EPS	**(3,071,324)**	(1,976,377)
Weighted average number of ordinary shares used in calculating Diluted EPS	**48,698,673**	52,392,494

The loss used in the calculation in basic earnings per share equates to the net loss in the income statement. The weighted average number of ordinary shares used in calculating diluted earnings per share includes potential ordinary shares which are dilutive such as shares under option or preference shares before their conversion to ordinary shares on the 30 November 2006. Options issued to directors on the 4 December 2006 and options issued under the Draught Option Program in February through to June 2007 are not included in the diluted earnings per share calculation as the exercise price was above the share price at 30 June 2007.

	2007 Cents per share	**2006 Cents per share**
Reconciliation of Diluted to Basic weighted average ordinary shares		
Weighted average number of ordinary shares used in calculating basic EPS	**30,678,502**	1,623,684
Add: Weighted average effect of options	**3,300,183**	13,603,239
Add: Weighted average effect of preference shares	**14,719,987**	37,165,571
Weighted average number of ordinary shares used in calculating Diluted EPS	**48,698,673**	52,392,494

NOTE 25 : NON-CASH INVESTING AND FINANCING ACTIVITIES

	2007 $	**2006 $**
Acquisition of plant and equipment by means of hire purchase agreements	-	102,251

NOTE 26 : SEGMENT REPORTING

The Company operates in one business segment, being the manufacture and sale of beer, and in one geographical segment, being Australia.

12 | Independent auditor's report

Independent auditor's report

BDO Kendalls

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF GAGE ROADS BREWING CO LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Gage Roads Brewing Co Limited (the company), for the year ended 30 June 2007.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

BDO Kendalls

Independence

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

The independence declaration given to the directors in accordance with section 307C would be in the same terms if it had been given at the date of this report.

Audit Opinion

In our opinion, the financial report of Gage Roads Brewing Co Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Chartered Accountants

BDO Kendalls

Glyn O'Brien

Glyn O'Brien
Director

Signed at Perth this 31st day of July 2007.

13 | Additional ASX information for the year ended 30 June 2007

Additional ASX information for the year ended 30 June 2007

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in the annual report is as follows. This information is as at 20 September 2007.

Substantial Shareholders (holding more than 5%)

Shareholder	Ordinary Shares	Percentagee
Pieter Hoedemaker	5,528,503	12.38%
Top Nominees Pty Ltd	4,466,395	10.01%
Ruralaus Investments Limited	2,525,000	5.66%
Jane Linda Nolin	2,503,279	5.61%
Jove Pty Ltd	2,310,000	5.17%

Top 20 Shareholders

(a) Fully Paid Ordinary Shares

Shareholder	Ordinary Shares	Percentagee
Pieter Hoedemaker	5,528,503	12.38%
Top Nominees Pty	4,466,395	10.01%
Ruralaus Investments Limited	2,525,000	5.66%
Jane Linda Nolin	2,503,279	5.61%
Jove Pty Ltd	2,310,000	5.17%
JP Morgan Nominees Australia Ltd	1,806,200	4.05%
National Nominees Limited	1,554,700	3.48%
Paul Randell Camerer	1,026,667	2.30%
Andrew Clarke	990,000	2.22%
John Stuart D'Espeissis and Dianne Enid D'Espeissis	805,000	1.80%
Steven John Pawelski	733,333	1.64%
Timothy Peter Pawelski	733,333	1.64%
Brett Francis Fraser	724,167	1.62%
Nicholas Rea	605,000	1.36%
Paul Lawrence McKenzie & Sally Mary McKenzie	586,667	1.31%
Senatus Pty Ltd	577,500	1.29%
Rokadarj Pty Ltd	553,250	1.24%
Aminac Pty Ltd	513,334	1.15%
Duncraig Investments Services Pty Ltd	513,334	1.15%
David Grant Sanders	489,500	1.10%

(b) Unlisted Options over Fully Paid Ordinary Shares

Option Holder	Ordinary Shares	Percentagee
Pieter Hoedemaker	2,200,000	53.59%
Jane Linda Nolin	1,100,000	26.80%
Aminac Pty Ltd	550,000	13.40%
Draught Option Program Participants	255,000	6.21%
Total	4,105,000	100.00%

Distribution of Holders of Ordinary Fully Paid Shares

Range	Total Holders	Units	Percentage
1-1000	2	1,238	0.00%
1001-5000	137	608,910	1.36%
5001-10000	138	1,169,557	2.62%
10001-100000	129	4,341,407	9.73%
100001-9999999	62	38,519,346	86.29%
Total	468	44,640,458	100.00%

As at 20 September 2007, there were 16 shareholders with less than marketable parcels.

Voting rights

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Shares and Options subject to escrow

As at 30 June 2006, there are 8,901,474 ordinary shares and the shares that may be made available from 3,850,000 options held in escrow untill 13 December 2008.

Notes

Notes