

Brewtopia Limited
ABN: 85 099 912 044

Financial Statements

For the Year Ended 30 June 2008

Brewtopia Limited
ABN: 85 099 912 044
For the Year Ended 30 June 2008

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Brewtopia Limited

ABN: 85 099 912 044

For the Year Ended 30 June 2008

CHIEF EXECUTIVE OFFICER'S LETTER

30 September, 2008

Dear Shareholders,

The financial year ended 30 June 2008 has been a difficult year on balance for Brewtopia. Much of our retail offerings are subject to Australian economic conditions and as such the market for the sale and distribution of custom branded beer and wine has been softer. With the interest rate increases, share market tumbles, lower investment capital and general economic uncertainty, the Australian public we rely on for our high margin custom beer business has decreased and discretionary expenditure has definitely softened. This has resulted in the biggest decrease in custom beer purchasing and turnover business since beer's inception into our product mix.

While our total revenue increased, the beer revenue was 30% lower than we had anticipated it would be. Much of our margins are derived from the custom beer model and this has meant that the majority of revenue growth has come from our water business, albeit at a smaller margin.

The economic conditions, together with the changes to our product mix and the unavoidable and unfortunate write off of \$60,000 worth of beer inventory, because of decreased demand has meant that our loss for the financial year ended 30 June 2008 was higher than expected.

Our export efforts to USA were thwarted at the 11th hour with the unfavourable exchange rate and declining US economy making our proposed deal with Southern Wine and Spirits impossible for the 2007/2008 Financial year. We will attempt to revive this opportunity when both economies are more stable. We are working closely with Austrade on some specific opportunities for our custom beer product on both the east and west coast of the United States and will provide an update to shareholders when appropriate.

While we resign the year to the history books, the fact we were able to increase business in other areas and seal some large on-going deals with some of Australia's largest corporate vendors has been pleasing and will stand us in a great position for the new year ahead.

The state of the Australian economy in general forced us to look for other opportunities and adjust our product mix and revenue focuses. One of the gems to arise from this strategic review of our business has been the bottled water business. It now accounts for the majority of our beverage volume and we are the preferred supplier to a number major corporations and this has grown at double digit rates in the last 12 months.

This has also allowed us to expand our offerings in this corporate space and we are finding increased demand for cleanskin and labelled wines and in many cases taking business from incumbent suppliers.

We have secured on-going supply of water and labelling to scale with this increased turnover, that will now finally allow us to focus on the core competency of sales and marketing.

Indications are already of more favourable circumstances in 2008/9.

Yours faithfully,



Liam Mulhall
Chief Executive Officer

Brewtopia Limited

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For the Year Ended 30 June 2008

CORPORATE GOVERNANCE STATEMENT

BOARD COMPOSITION AND MEMBERSHIP

The number of directors must consist of no fewer than three and no more than seven.

As at the date of this report the board consisted of two executive directors (L A Mulhall - CEO, L G Hedges - Managing Director) and one non-executive director (I Bollen)

The directors have elected Mr Mulhall as Chairman. Individual details of directors, including their skills and experience, are set out in the Directors' Report.

DIRECTORS' ARRANGEMENTS

The Company's constitution provides that a director may hold office in any other entity that the Company deals with, with the exception of acting in the capacity of external auditor. Each director must disclose their interests in any other entities with whom the Company deals.

It is the practice of the board that when a conflict of interest or a potential conflict of interest exists, the director concerned withdraws from that part of the meeting whilst the matter is being considered. At the discretion of the other board members and depending on the degree to which a conflict exists, the director concerned may be able to be present during discussions but cannot vote or exert influence over other members of the board.

REMUNERATION OF DIRECTORS

The total remuneration of non-executive directors is determined at a general meeting. Any increase must be approved at a general meeting provided notice of any suggested increase has been given when the meeting was convened. Once total non-executive directors' fees have been determined at a general meeting, the directors determine the amount to be paid to each non-executive director. Executive directors are not entitled to receive directors' fees.

Any director who devotes special attention to the business of the Company, or who otherwise performs services, which in the opinion of other directors are outside the scope of ordinary duties, may be paid such extra remuneration as the directors may determine.

All directors are entitled to be reimbursed for any out-of-pocket expenses incurred by them whilst engaged on the business of the Company.

Further details regarding the Company's remuneration policy are dealt with in the Directors' Report.

SHARE TRADING POLICY

The Company's share trading policy regulates dealings by the Company's directors, employees and personally related entities of directors and employees in any securities issued by the Company.

The purpose of the policy is to ensure that the Company's directors and employees are aware of the legal restrictions on trading any securities issued by the Company while such a person is in possession of unpublished price sensitive information. Additionally, the policy is intended to minimise the chance that misunderstandings or suspicions may arise if the Company's directors or employees are trading in securities while it is reasonable to assume that they may be in possession of price sensitive information. The policy recognises that it may be illegal to trade in the Company's securities while in possession of unpublished price sensitive information.

CORPORATE GOVERNANCE STATEMENT AUDIT COMMITTEE

The company has not established an audit committee at 30 June 2008 due to the current size of the company. Any matters of an audit nature are discussed with the external auditors. It is the intention of the board to establish an audit committee when the company reaches a size for the establishment to be cost effective.

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For the Year Ended 30 June 2008

CORPORATE GOVERNANCE STATEMENT

RISK MANAGEMENT

The board is ultimately responsible for the management and performance of the Company. The board considers the management of risk as one of its key responsibilities. The following processes or procedures have been established to curtail or prevent the occurrence of risks within the Company's operations.

- The establishment of a Credit Management Cell which approves all finance applications. As part of this process, staff cannot unilaterally approve finance applications. Sales functions are separated from credit functions which further strengthens the approval process.
- The establishment of a detailed Credit Policy which stipulates the type of financing activities the Company will participate in. This policy is regularly reviewed to ensure it remains relevant.
- The establishment of a Security Register that details specific information in relation to certain types of securities that are held.
- Periodic audit of our information technology systems which includes the identification and rectification of any potential weaknesses that may exist within the constraints of an organisation of this size.

AUDIT

The board is responsible for the selection and appointment of the external auditor. To ensure the independence of the auditor, the Company will not use the services of the external auditor in a capacity that may jeopardize this independence.

CONTINUOUS DISCLOSURE AND REPORTING

The Company is aware of its responsibilities in relation to continuous disclosure as required by the Corporations Act 2001. Directors are also aware of their disclosure obligations at board meetings to keep the Company informed of any matters that are of a serious or significant nature that other directors should be aware of. The outcomes of discussions at board meeting are recorded in the Company's minutes.

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Directors' Report 30 June 2008

Your directors present their report on the company for the financial year ended 30 June 2008.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Liam Anthony Mulhall
Lawrence Hedges
Ian Bollen

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

Principal Activities

The principal activities of Brewtopia Limited during the financial year was marketing and distribution of beer and beer related merchandise, and custom branded beverages.

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

Company Secretary

Mr Andrew Whitten was appointed company secretary on 27 October 2006. Mr Whitten replaced Mr Liam Mulhall as company secretary. Mr Whitten holds a Bachelor of Arts (Economics), Master of Law and Legal Practice (Corporate Finance and Securities Law), Graduate Diploma in Applied Corporate Governance and is an Affiliate of the Institute of Chartered Secretaries (ACIS) (membership pending). Mr Whitten is a Senior Associate with Whittens Lawyers and Consultants.

Operating Results

The net loss of Brewtopia Limited for the financial year after providing for income tax amounted to \$198,500 (2006: 117,706).

Dividends Paid or Recommended

There were no dividends paid or recommended during or since the end of the financial year.

Significant Changes in State of Affairs

No significant changes in Brewtopia Limited's state of affairs occurred during the financial year.

After Balance Date Events

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

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Directors' Report 30 June 2008

Future Developments

Likely developments in the operations of Brewtopia Limited and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to Brewtopia Limited.

Environmental Issues

Brewtopia Limited's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 6.

Non-audit services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008.

	2008	2007
	\$	\$
Review of Interim Financial reports	7,000	6,500
GST and Taxation Advice	-	1,100
General Accounting Advice	400	-
	<u>7,400</u>	<u>7,600</u>

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Brewtopia Limited

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Directors' Report 30 June 2008

Meetings of Directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Liam Anthony Mulhall	4	4
Lawrence Hedges	4	4
Ian Bollen	4	1

Information on Directors

Liam Anthony Mulhall

Qualifications

Experience

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

Director

Bachelor of Business

Founder of the company, Mr Mulhall also co-founded Mustangs Alley, an Australian importer of sports and classic cars. He also established the first channel and technical training partners for Cisco Systems.

898,961 ordinary shares

Chief Executive Officer

None

Lawrence Hedges

Qualifications

Experience

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

Director

Bachelor of Electrical Engineering

Mr Hedges ran his own contracting firm in the UK. He then moved to Australia where he took up the position of Regional Vice President of Storage/Security with Computer Associates.

899,960 ordinary shares

Managing Director

None

Ian Bollen

Qualifications

Experience

Interest in Shares and options

Special Responsibilities

Directorships held in other listed entities

Director

Bachelor of Commerce

Having spent over 15 years with senior positions of supply and logistics companies, Mr Bollen brings a depth of experience in both the supply of products to large businesses and the logistical distribution of products throughout Australia and worldwide. He has exceptional credentials as a strategic leader and a track record of identifying and successfully executing a number of substantial business partnerships. Mr Bollen brings to Brewtopia a breadth of financial, strategic and operational relationships internationally.

68,000 ordinary shares

Non-executive Director

None

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Directors' Report 30 June 2008

Remuneration Report

This report details the nature and amount of remuneration for each director of Brewtopia Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Brewtopia Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting Brewtopia Limited's financial results. The board of Brewtopia Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage Brewtopia Limited, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for the board members and senior executives of Brewtopia Limited is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The remuneration committee reviews executive packages annually by reference to the Brewtopia Limited's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of Brewtopia Limited's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The executive directors receive their remuneration through management fees paid to related entities and therefore the company is not required to provide the superannuation guarantee contribution. All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of Brewtopia Limited. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

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Directors' Report 30 June 2008

Details of remuneration for year ended 30 June 2008

The remuneration for each director and each of the five executive officers of the Brewtopia Limited receiving the highest remuneration during the year was as follows:

	Salary, Fees and Commissions \$	Super-annuation Contribution \$	Cash Bonus \$	Non-Cash Benefits \$	Options \$	Total \$
Directors						
Liam Anthony Mulhall	50,909	-	-	-	-	50,909
Lawrence Hedges	50,909	-	-	-	-	50,909
Ian Bollen	-	-	-	-	-	-
	101,818	-	-	-	-	101,818

Indemnifying Officers or Auditors

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

Proceedings on Behalf of Company

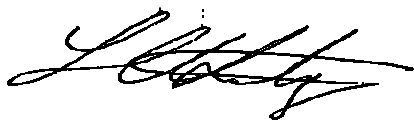
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Signed in accordance with a resolution of the Board of Directors:



Liam Anthony Mulhall



Lawrence Hedges

Dated: 30 September, 2008

Sydney

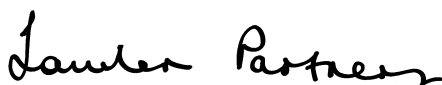
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**Auditors Independence Declaration under Section 307C of the
Corporations Act 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



LAWLER PARTNERS
Chartered Accountants

Sydney

Dated: 30 September, 2008



CLAYTON HICKEY
Partner

Brewtopia Limited
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Income Statement
For the Year Ended 30 June 2008

		2008	2007
	Note	\$	\$
Revenue	2	1,352,139	1,298,704
Changes in inventories of finished goods and work in progress	3	13,480	(18,872)
Raw materials and consumables used	3	(805,293)	(724,400)
Employee benefits expense		(206,054)	(226,877)
Depreciation, amortisation and impairments		(56,510)	(31,216)
Advertising expense		(45,628)	(91,844)
Auditors' remuneration and accounting fees		(21,294)	(10,806)
Directors' fees		(101,818)	(36,555)
Other administrative expenses		(327,522)	(269,834)
Finance costs	3	-	(6,006)
Profit before income tax		(198,500)	(117,706)
Income tax expense	6(a)	-	-
Profit attributable to members		(198,500)	(117,706)
Earnings Per Share:			
Overall operations:			
Basic earnings per share (cents per share)	24	(0.05)	(0.03)
Diluted earnings per share (cents per share)	24	(0.05)	(0.03)

The accompanying notes form part of the financial statements

Brewtopia Limited

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Balance Sheet 30 June 2008

	Note	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	115,155	155,052
Trade and other receivables	8	86,121	48,127
Inventories	9	59,581	46,101
Other current assets	10	-	6,942
Total current assets		260,857	256,222
Non-current assets			
Property, plant and equipment	11	144,345	207,963
Intangible assets	12	35,331	19,380
Total non-current assets		179,676	227,343
TOTAL ASSETS		440,533	483,565
LIABILITIES			
Current liabilities			
Trade and other payables	13	107,996	86,582
Financial liabilities	14	23,003	62,125
Short-term provisions	15	3,780	4,083
Other current liabilities	16	7,222	(44)
Total current liabilities		142,001	152,746
Non-current liabilities			
Financial liabilities	14	65,824	82,839
Total non-current liabilities		65,824	82,839
TOTAL LIABILITIES		207,825	235,585
NET ASSETS		232,708	247,980
EQUITY			
Issued capital	17	839,611	656,383
Retained earnings		(606,903)	(408,403)
TOTAL EQUITY		232,708	247,980

The accompanying notes form part of the financial statements

Brewtopia Limited

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Statement of Changes in Equity For the Year Ended 30 June 2008

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2007	656,383	(408,403)	247,980
Shares issued during the year	183,228	-	183,228
Loss for the year	-	(198,500)	(198,500)
Balance at 30 June 2008	839,611	(606,903)	232,708
Balance at 1 July 2006	656,383	(290,697)	365,686
Loss for the year	-	(117,706)	(117,706)
Balance at 30 June 2007	656,383	(408,403)	247,980

The accompanying notes form part of the financial statements

Brewtopia Limited
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Cash Flow Statement
For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Cash from operating activities:			
Receipts from customers		1,431,588	1,390,240
Payments to suppliers and employees		(1,585,221)	(1,532,206)
Interest received		5,479	7,282
Net cash provided by (used in) operating activities	22(a)	<u>(148,154)</u>	<u>(134,684)</u>
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		17,750	-
Acquisition of property, plant and equipment		(19,845)	(45,555)
Payments for intangible assets		(22,350)	(6,364)
Net cash provided by (used in) investing activities		<u>(24,445)</u>	<u>(51,919)</u>
Cash flows from financing activities:			
Proceeds from issue of shares		183,228	-
Repayment of borrowings		(45,479)	(70,610)
Net cash provided by (used in) financing activities		<u>137,749</u>	<u>(70,610)</u>
Net increase (decreases) in cash held		(34,850)	(257,213)
Cash at beginning of financial year		150,005	407,218
Cash at end of financial year	7(a)	<u>115,155</u>	<u>150,005</u>

The accompanying notes form part of the financial statements

Brewtopia Limited

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Statement of Significant Accounting Policies For the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies

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

The financial report covers Brewtopia Limited as an individual entity. Brewtopia Limited is a company limited by shares, incorporated and domiciled in Australia

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

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

(a) Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Income Tax

Current Income Tax expense

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

Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Accounting for deferred tax

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

Deferred tax calculation

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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Notes to the Financial Statements For the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies (Cont'd)

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises the purchase price, it does not include any direct labour or any absorption of any variable or fixed overhead expenditure.

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use.

Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	15 - 40%
Motor Vehicles	15%

(e) Intangibles

Web Site Development

Web Site development costs are recorded as an intangible asset, as the Web Site has been developed primarily to enable the company to transact on-line with its customers. Costs are capitalised as an intangible asset, where such costs will derive future economic benefits. The Web Site is amortised over its useful life, as it is deemed to be an intangible asset with a finite useful life.

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Notes to the Financial Statements For the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies (Cont'd)

(f) Leases

Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Financial Instruments

Recognition

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Brewtopia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies (Cont'd)

(g) Financial Instruments (Cont'd)

Financial liabilities

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

Fair value

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

Impairment

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

(h) Employee Benefits

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

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Revenue

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

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

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

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

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

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Notes to the Financial Statements For the Year Ended 30 June 2008

Note 1 Statement of Significant Accounting Policies (Cont'd)

(k) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative Figures

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

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 2 Revenue

(a) Operating activities

- Sale of goods	1,328,873	1,279,373
- Interest received - other persons	5,479	7,282
- Other revenue	17,787	12,049
Total Revenue	<u>1,352,139</u>	<u>1,298,704</u>

Note 3 Profit from Ordinary Activities

(a) Expenses

Cost of sales	791,813	743,272
Finance Costs:		
External parties	-	6,006
Bad and doubtful debts:		

Note 4 Auditors' Remuneration

Remuneration of the auditor of the company for:

- Auditing and reviewing the financial report - current auditor	15,000	12,000
- Other services - current auditor	7,400	7,600
	<u>22,400</u>	<u>19,600</u>

Note 5 Dividends

There were no dividends paid or declared during or since the end of the financial year.

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 6 Income Tax Expense

- (a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2007: 30%)	(59,550)	(35,312)
Tax losses not brought to account	59,550	35,312
Income tax attributable to entity	-	-

(b) Tax Losses

Tax losses have not been brought to account as the recognition criteria outlined in Note 1(b) has not been met.

Note 7 Cash and Cash Equivalents

Cash on hand	51	51
Cash at bank	115,104	155,001
	115,155	155,052

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	115,155	155,052
Bank overdraft	-	(5,047)
	115,155	150,005

Note 8 Trade and Other Receivables

CURRENT		
Trade receivables	78,423	44,541
Other receivables	7,698	3,586
	86,121	48,127

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 9 Inventories

CURRENT

Stock on hand

59,581	46,101
--------	--------

Note 10 Other Assets

CURRENT

Prepayments

-	6,942
---	-------

Note 11 Property Plant and Equipment

PLANT AND EQUIPMENT

Plant and equipment - at cost

174,563	162,812
---------	---------

Less: accumulated depreciation

(64,700)	(27,596)
----------	----------

Total plant and equipment

109,863	135,216
---------	---------

Motor vehicles - at cost

42,422	102,794
--------	---------

Less: accumulated depreciation

(7,940)	(30,047)
---------	----------

Total motor vehicles

34,482	72,747
--------	--------

Total plant and equipment

34,482	72,747
--------	--------

Total property, plant and equipment

144,345	207,963
---------	---------

(a) Movements in Carrying Amounts

	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$
Balance at the beginning of year	135,216	72,747	207,963
Additions	14,845	5,000	19,845
Disposals	(468)	(32,884)	(33,352)
Depreciation and amortisation expense	(39,730)	(10,381)	(50,111)
Carrying amount at the end of year	109,863	34,482	144,345

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 12 Intangible Assets

NON-CURRENT

Web Site development costs

Cost

46,029	23,679
--------	--------

Accumulated amortisation and impairment

(10,698)	(4,299)
----------	---------

Net carrying amount

35,331	19,380
--------	--------

Total Intangibles

35,331	19,380
--------	--------

(a) Reconciliation of movements

	Web Site development costs	Total
	\$	\$
Year ended 30 June 2007		
Opening balance	17,315	17,315
Additions	6,364	6,364
Disposals	(4,299)	(4,299)
Amortisation	-	-
Balance at 30 June 2007	19,380	19,380
Year ended 30 June 2008		
Opening balance	19,380	19,380
Additions	22,350	22,350
Amortisation	(6,399)	(6,399)
Balance at 30 June 2008	35,331	35,331

(b) Useful Lives

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense in the income statement.

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 13 Trade and Other Payables

CURRENT

Unsecured liabilities

Trade payables

69,665	32,057
--------	--------

GST payable

(26,831)	1,287
----------	-------

Sundry payables and accrued expenses

38,742	39,034
--------	--------

Payroll liabilities

26,420	14,204
--------	--------

107,996	86,582
---------	--------

Note 14 Borrowings

CURRENT

Unsecured liabilities

Other financial liabilities

5,987	5,987
-------	-------

5,987	5,987
-------	-------

Secured liabilities

Bank overdraft

-	5,047
---	-------

Finance lease obligation

17,016	51,091
--------	--------

17,016	56,138
--------	--------

23,003	62,125
--------	--------

NON-CURRENT

Secured liabilities

Finance lease obligation

65,824	82,839
--------	--------

65,824	82,839
--------	--------

(a) Total current and non-current secured liabilities

Bank overdraft

-	5,047
---	-------

Finance lease obligations

82,840	133,930
--------	---------

82,840	138,977
--------	---------

Finance lease liabilities are secured by the assets to which the finance relates.

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 15 Provisions

(a) Movement in carrying amounts

	Employee entitlements	Total
	\$	\$
Opening balance at 1 July 2007	4,083	4,083
Additional provisions	7,879	7,879
Amounts used	(8,182)	(8,182)
Balance at 30 June 2008	<u>3,780</u>	<u>3,780</u>

(b) Analysis of Total Provisions

Current	3,780	4,083
Non-current	-	-
	<u>3,780</u>	<u>4,083</u>

Note 16 Other Liabilities

CURRENT

Customer deposits	<u>7,222</u>	<u>(44)</u>
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Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 17 Issued Capital

4,294,669 (2007: 3,737,745) fully paid ordinary shares	839,611	656,383
Total	839,611	656,383

(a) Ordinary Shares

	2008 No.	2007 No.
At the beginning of reporting period	3,737,745	3,737,745
Shares issued during the year 13 March 2008	556,924	-
At reporting date	4,294,669	3,737,745

Note 18 Capital and Leasing Commitments

(a) Operating Lease Commitments

The company is currently committed to the lease of its office premises at Gladesville. The lease term runs until 11 April 2009.

- not later than 12 months	47,836	34,667
	47,836	34,667

(b) Capital Expenditure Commitments

There are no capital expenditure commitments contractually committed for at the balance date, that have not been otherwise disclosed in the financial statements.

(c) Finance Lease Commitments

Payable - minimum lease payments		
- no later than 12 months	25,025	61,330
- between 12 months and 5 years	76,311	101,336
Minimum lease payments	101,336	162,666
Less future finance changes	(18,496)	(28,735)
Present value of minimum lease payments	82,840	133,931

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 19 Related Party Transactions

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

Transaction with related parties:

(a) Director and Director-related entities

Management fees are paid to a related entity controlled by Mr Liam Mulhall. The management fees are paid in lieu of salaries and wages, and relate to service provided by Mr Mulhall to the company.	50,909	31,721
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------	--------

Management fees are paid to a related entity controlled by Mr Lawrence Hedges. The management fees are paid in lieu of salaries and wages, and relate to service provided by Mr Hedges to the company.	50,909	31,721
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------	--------

During last financial year, the company paid lease payments to the wife of Mr Lawrence Hedges, for the use of a motor vehicle for a short term.	-	2,628
-------------------------------------------------------------------------------------------------------------------------------------------------	---	-------

During the year, the company purchased a motor vehicle from the wife of Mr Larry Hedges.	5,000	-
------------------------------------------------------------------------------------------	-------	---

(b) Director and Director-related entity shareholdings

2008	2007
No.	No.

Shares and share options held at end of financial year - Ordinary shares	1,866,921	1,847,921
--------------------------------------------------------------------------	-----------	-----------

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 19 Related Party Transactions (Cont'd)

(c) Key Management Personnel Remuneration

Remuneration relating to the Key Management Personnel outlined in Note 20 is outlined below:

	Salary and Fees \$	Super- annuation Contributions \$	Total \$
2008			
Total compensation	101,818	-	101,818
2007			
Total compensation	63,443	2,420	65,863

Note 20 Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Liam Anthony Mulhall	Director and CEO
Lawrence Hedges	Managing Director
Ian Bollen	Director

Note 21 Financial Instruments

(a) Financial Risk Management

Brewtopia Limited's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and bank bills..

The main purpose for non-derivative financial instruments is to raise finance for group operations.

The company does not have any derivative financial instruments at the end of the financial year.

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Brewtopia Limited

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Notes to the Financial Statements For the Year Ended 30 June 2008

Note 21 Financial Instruments (Cont'd)

(b) Credit Risk (Cont'd)

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

(c) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Non-interest Bearing		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	1.00	1.00	115,104	155,001	-	-	-	-	51	51	115,155	155,052
Trade and other receivables	-	-	-	-	-	-	-	-	86,121	48,127	86,121	48,127
Total Financial Assets			115,104	155,001	-	-	-	-	86,172	48,178	201,276	203,179
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	69,665	32,057	69,665	32,057
Finance lease obligations	11.00	10.00	-	-	17,016	51,091	65,824	82,839	-	-	82,851	133,940
Other financial liabilities	-	-	-	-	-	-	-	-	5,987	5,987	5,987	5,987
Total Financial Liabilities			-	-	17,016	51,091	65,824	82,839	75,652	38,044	158,503	171,984

(d) Net Fair Value

The net fair value approximates the carrying value of financial assets and liabilities of the economic entity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

(e) Sensitivity analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk and has determined that any fluctuations would not have a material impact on profit or equity. The company is exposed to interest rate risk on its finance leases and cash at bank however any changes affecting these would be minimal.

The company is not exposed to any other market rate fluctuations.

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 22 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

Net income/loss for the period	(198,500)	(117,706)
Non-cash flows in profit		
Depreciation and amortisation	56,510	31,216
Interest expense on borrowings	10,717	6,007
Net gain on disposal of property, plant and equipment	(726)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(37,994)	(19,246)
(Increase)/decrease in prepayments	6,942	4,344
(Increase)/decrease in inventories	(13,480)	18,872
Increase/(decrease) in trade payables and accruals	21,414	(57,067)
Increase/(decrease) in other liabilities	7,266	(899)
Increase/(decrease) in provisions	(303)	(205)
Cashflow from operations	<u>(148,154)</u>	<u>(134,684)</u>

(b) Non-cash Financing and Investing Activities

Assets purchased by finance lease

During the 2007 year, the company purchased plant and equipment to the value of \$100,884 by way of finance lease. These transactions are not reflected in the cash flow statement. No such transactions occurred during the 2008 financial year.

Note 23 Segment Reporting

The company operates in one business segment that being the marketing and distribution of beer and beer related merchandise and custom branded beverages. The company operates predominately in one geographical segment that being Australia.

Brewtopia Limited

ABN: 85 099 912 044

Notes to the Financial Statements For the Year Ended 30 June 2008

2008	2007
\$	\$

Note 24 Earnings Per Share

(a) Earnings Used in Calculation of EPS

Profit for the year	(198,500)	(117,706)
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(b) Weighted Average Number of Shares Used in Calculation of EPS

	2008 No.	2007 No.
Ordinary EPS	3,904,059	3,737,745
Diluted EPS	3,904,059	3,737,745

Potential ordinary shares have not been included in the calculation of Diluted EPS, as their effect would be to increase the loss per share.

Note 25 Company Details

The registered office and principal place of business of the company is:

Brewtopia Limited
3/46 Buffalo Road
GLADESVILLE NSW 2111

Brewtopia Limited

ABN: 85 099 912 044

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set in the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

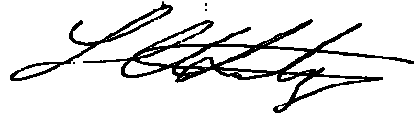
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Liam Anthony Mulhall

Director:



Lawrence Hedges

Dated: 30 September, 2008

Sydney

Independent Audit Report to the Members of Brewtopia Limited

Scope

We have audited financial report of Brewtopia Limited for the financial year ended 30 June 2008 as set out on pages 1 to 28.

The financial report includes the financial statements at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows. The audit opinion expressed in this report has been formed on the above basis.

Independence

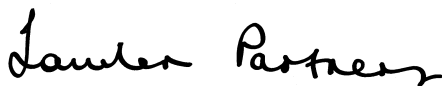
In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration as set out in the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

In our opinion, the financial report of Brewtopia 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 2008 and of their 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 professional reporting requirements in Australia.



LAWLER PARTNERS
Chartered Accountants

Sydney

Dated: 30 September, 2008



CLAYTON G HICKEY
Partner

Brewtopia Limited

ABN: 85 099 912 044

Additional information for Listed Public Companies For the Year Ended 30 June 2008

The following additional information is required by the National Stock Exchange of Australia in respect of listed public companies only.

10 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Palm Leaf Pty Limited	897,961	20.909
2	Sterling Growth Pty Limited	897,960	20.909
3	Springfresh Marketing Pty Limited	440,000	10.245
4	Mr Greg Mark Bunt	90,042	2.097
5	Mr Anthony Paul Moran	90,042	2.097
6	Shirley David	66,196	1.541
7	Mr Ian Edward Bollen & Ms Susan Patricia Kelly	50,000	1.164
8	Samuel Clarke Investments	50,000	1.164
9	Donscape Pty Ltd	50,000	1.164
10	Mr Gifford Bunt	49,646	1.164