



Oz Brewing Limited
(and Controlled Entities)
ABN 24 118 159 881

Interim Financial Statements
for the Half-Year Ended 31 December 2008

OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
ABN 24 118 159 881

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**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
ABN 24 118 159 881**

DIRECTORS' REPORT

The Directors present their half-year report on Oz Brewing Limited and its controlled entities ("Group") for the half year ended 31 December 2008.

Directors

The names and details of the Directors of Oz Brewing Limited during the whole of the half year, unless stated, and up to the date of this report are as follows.

David Wheeler	Non -Executive Chair, age – 52 (Appointed 15 April 2011)
Joe Graziano	Non-Executive Director, age – 45 (Appointed 15 April 2011)
Michal Safrata	Non-Executive Director, age – 35 (Appointed 15 April 2011)

Former Directors

Adam Roujaj	Non-Executive Director, age – 31 (appointed 15 September 2008, resigned 15 April 2011)
Robert Roget	Non-Executive Director, age – 70 (appointed 15 September 2008, resigned 15 April 2011)
Trevor Pugh	Non -Executive Chair, age – 48 (appointed 2 February 2006, appointed Executive Chair 29 August 2007, appointed Non-Executive Chair 30 July 2008, resigned 9 October 2009)
Michele Roget	Non-Executive Director, age – 30 (appointed 2 July 2008, resigned 5 September 2008)
Josh Wellisch	Non-Executive Director, age – 30 (appointed 30 July 2008, resigned 5 September 2008)
Linton Chapman	Non-Executive Director, age – 72 (appointed 3 August 2007, resigned 30 July 2008)

Administrator and Deed Administrator

Kevin Judge	age - 65 (appointed Administrator 17 September 2008, appointed Deed Administrator 8 December 2008, resigned 3 June 2011)
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Company Secretary

Nicki Farley	age – 35 (appointed 8 June 2011)
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Former Company Secretary

Kevin Hart	age - 48 (appointed 31 January 2007, resigned 18 August 2008)
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Review of Operations

The consolidated net loss after income tax for the half-year was \$593,295 (2007: \$702,923).

The loss for the period is stated after incurring non direct administration and employment expenses of \$318,763 and Deed Administrators costs and expenses of \$110,377.

At the end of the half-year the Company had \$6,412 (June 2008 \$33,867) in at call deposits.

Cash was raised during the half year by the issue of secured convertible notes for \$500,000. The funds were used to provide working capital for the Group's former flagship Mad Monk venue in Fremantle, Western Australia.

The Company terminated by mutual consent the executive employment agreement that it had entered into with Mr T Pugh.

**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
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DIRECTORS' REPORT

The Company agreed to vary the terms of the existing note to certain convertible note holders resulting in the conversion of 50% of the principal amount into shares in the Company at 5 cents each and the cash repayment of the remainder of the principal amount.

On 18 August 2008 the Company accepted an offer from Emem Management Pty Ltd (Emem) to purchase a 49% interest in the share capital of the Company's wholly owned subsidiary Mad Monk Pty Ltd (Mad Monk). The sale of the 49% interest was settled by the cancellation of unsecured convertible notes amounting to \$515,010. As part of the sale transaction Emem was also granted an option (Option) to acquire the remaining 51% interest in Mad Monk by providing 3 months notice to exercise. In addition, Emem took over full responsibility for the day to day operations of Mad Monk and was granted the right to retain all profits and losses from the business of Mad Monk and the Company would have no input whatsoever into the running of Mad Monk.

On 12 September 2008 Mr Tony Grego, a convertible note holder, petitioned the Federal Court of Australia for the winding up of the company. Prior to the petition being heard on 28 September 2008, the directors of the company appointed an Administrator pursuant to section 436A of the Corporations Act. This petition for the winding up was adjourned pending the outcome of statutory meetings of creditors convened by the Administrator.

On 17 September 2008 the directors of the Company appointed Kevin Judge of Judge Constable, Chartered Accountants, as Administrator of the Company.

On 8 December 2008 the Company executed a Deed of Company Arrangement (DOCA) with Trident Capital Pty Ltd as the proponent and appointed Kevin Judge as Deed Administrator. The DOCA provided for the reconstruction and recapitalization of the Company and for the payment of \$300,000 to pay Administrator's fees and costs, Deed Administrator's fees and costs and the balance to creditors in full and final satisfaction of their provable debts in accordance with section 439C of the Corporations Act.

On 16 December 2008 the petition for the winding up of the company was discontinued due to the execution of the DOCA.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 5.

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

DATED at Perth this 26th day of October 2011.



David Wheeler
Chairman

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**Auditor's Independence Declaration
To The Directors of Oz Brewing Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Oz Brewing Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants



J W Vibert
Partner

Perth, 26 October 2011

**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
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**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31 December 2008 \$	31 December 2007 \$
Trading income		-	827,072
Purchases and changes in inventory		(134)	(315,258)
Other income		24,298	34,745
Employee benefits expense		(149,055)	(650,439)
Occupancy expenses		-	(96,203)
Marketing expenses		8	(65,723)
Corporate expenses		(129,371)	(100,427)
Financing expenses		(44,454)	(33,231)
Administrative Expenses		(40,337)	(230,820)
Depreciation and amortisation expenses		(15,782)	(72,639)
Administrator's expenses		(110,377)	-
Gain on deconsolidation of controlled entity	4	3,309,701	-
Impairment of loan to former controlled entity		(3,437,792)	-
Profit / (Loss) before income tax		(593,295)	(702,923)
Income tax expense		Nil	Nil
Profit / (Loss) for the year		(593,295)	(702,923)
Represented by:			
Loss from continuing operations (net of tax)		(278,065)	(329,733)
Loss from discontinuing operations (net of tax)	4	(315,230)	(373,190)
Earnings per share from continuing and discontinued operations for loss attributed to the ordinary equity holders of the company:			
Basic loss per share (cents)		(1.58)	(1.87)
Diluted loss per share (cents)		(1.58)	(0.65)
From continuing operations			
Basic and diluted earnings / (loss) per share (cents)		(0.74)	(0.88)
From discontinued operations (cents)		(0.84)	(0.99)

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

**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
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**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**

Note	31 December 2008 \$	30 June 2008 \$
Current assets		
Cash and cash equivalents	6,412	57,529
Trade and other receivables	-	25,000
Inventories	-	82,084
Total current assets	6,412	164,613
Non-current assets		
Property, plant and equipment	-	1,069,793
Total non-current assets	-	1,069,793
Total assets	6,412	1,234,406
Current liabilities		
Trade and other payables	476,606	646,962
Financial liabilities	1,034,990	1,139,400
Total current liabilities	1,511,596	1,786,362
Non-current liabilities		
Financial liabilities	-	362,733
Total non-current liabilities	-	362,733
Total liabilities	1,511,596	2,149,095
Net assets	(1,505,184)	(914,689)
Equity		
Issued capital	3 2,899,950	2,897,150
Equity compensation reserves	55,412	55,412
Accumulated losses	(4,460,546)	(3,867,251)
Total equity	(1,505,184)	(914,689)

The above condensed balance sheet should be read in conjunction with the accompanying notes

**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31 December 2008 \$	31 December 2007 \$
Total equity at the beginning of the period		<u>(914,689)</u>	2,406,498
Loss for the period		<u>(593,295)</u>	(702,923)
Total recognised income and expense for the period		(593,295)	(702,923)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity		-	-
Transaction costs of equity issued		2,800	(2,800)
Movement in equity compensation reserve			27,706
Total equity/(deficiency) at the end of the financial year		<u><u>(1,505,184)</u></u>	<u>1,728,481</u>

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes

**OZ BREWING LIMITED
(AND CONTROLLED ENTITIES)
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**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Note	31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities		
Receipts from customers	33	883,934
Payments to suppliers and employees	(94,396)	(1,154,606)
Interest received	(1,034)	34,745
Finance costs	(11,831)	(27,946)
Net cash provided by (used in) operating activities	(107,228)	(263,873)
Cash flows from investing activities		
Payments for assets acquired on behalf of subsidiaries	-	(1,615,160)
Loans to related parties		
- payments made	(468,647)	-
Net cash provided by (used in) investing activities	(468,647)	(1,615,160)
Cash flows from financing activities		
Payments for transaction costs relating to share issues	2,800	(2,800)
Proceeds from issue of convertible notes	550,000	675,000
Repayment of hire purchase finance	(4,380)	(10,170)
Proceeds from loan agreements	-	500,000
Repayment of loan liabilities	-	(12,549)
Net cash provided by (used in) financing activities	548,420	1,149,481
Net increase/(decrease) in cash and cash equivalents held	(27,455)	(729,552)
Cash and cash equivalents at beginning of the period	33,867	1,591,505
Cash and cash equivalents at end of the period	6,412	861,953

The above condensed cash flow statement should be read in conjunction with the accompanying notes

**OZ BREWING LIMITED
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

1 Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 that has been prepared in accordance with Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 and was authorised for issue by the directors on 26th October 2011.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Oz Brewing Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

For the purpose of preparing this half-year financial report, the half-year has been treated as a discrete reporting period.

The directors are of the opinion that the basis upon which this interim financial report is presented is appropriate in the circumstances.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation

Basis of preparation

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 and financial instruments for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars which is the Company's functional and presentation currency, unless otherwise noted.

Adoption of new and revised accounting standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current interim reporting period. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the company.

AASB 101 *Presentation of Financial Statements*
(revised September 2007)

Effective for annual reporting periods beginning
on or after 1 January 2009

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

The Directors have considered new pronouncements and amendments to the Accounting Standards which are issued, but not yet effective and are not aware of any that will have a material impact on the Company's financial statements.

Management anticipate that all new pronouncements and amendments will be adopted in the company's financial statements for the first period beginning after the effective date of the pronouncement, with none being early adopted.

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

2 Financing activities during the period

During the period Oz Brewing Limited raised \$500,000 on the issue of convertible notes subject to conversion into ordinary shares by the note-holder within a six month term from receipt of shareholder approval. The notes are convertible at 1 cent each and bear interest of 10% per annum.

In addition, during the period Oz Brewing Limited issued convertible notes for \$50,000 in satisfaction of amounts due for services provided to the Company. The notes are convertible at 13 cent each and bear interest of 10% per annum.

3 Issued Capital

Share capital

	31 December 2008 No.	30 June 2008 No.	31 December 2008 \$	30 June 2008 \$
Fully paid ordinary shares	37,661,501	37,661,501	2,899,950	2,897,150
	<u>37,661,501</u>	<u>37,661,501</u>	<u>2,899,950</u>	<u>2,897,150</u>

Share movements during the period.

At the beginning of the period	37,661,501	37,661,501	2,897,150	2,899,950
Shares issued during the period				
Less: costs related to shares issued			2,800	(2,800)
	<u>37,661,501</u>	<u>37,661,501</u>	<u>2,899,950</u>	<u>2,897,150</u>

By resolution of Shareholders dated 1 June 2011, the existing securities in the Company were consolidated on a 1 for 2 basis on 7 June 2011. The consolidation reduced the number of fully paid ordinary shares on issue to 18,830,751 and did not result in any change to the substantive rights and obligations of existing shareholders.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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As at the balance date the Group has on issue 26,830,750 unlisted options over unissued ordinary shares. The options are exercisable at \$0.20 each prior to an expiry date of 31 December 2012.

By resolution of Shareholders dated 1 June 2011 the existing securities in the Company were consolidated on a 1 for 2 basis on 7 June 2011. The consolidation reduced the number of Options on issue to 13,415,372. The exercise price of issued options was increased to two times the then current exercise price (i.e. an increase in the exercise price of the existing options from \$0.20 to \$0.40 each).

All options have vested prior to 31 December 2008.

4 Discontinued Operations

In August 2008, Oz Brewing Limited announced to the ASX that it had reached agreement to sell 49% of its 100% holding in Mad Monk Pty Ltd to Emem Management Pty Ltd, a consortium of Oz Brewing's unsecured convertible note-holders, through a Share Purchase and Option Agreement.

The sale agreement included an option granted to Emem Management Pty Ltd to acquire the remaining 51% of Oz Brewing's interest in Mad Monk by giving three months notice and was subject to shareholder approval.

In addition, Emem Management Pty Ltd was granted a management services agreement whereby they would retain all profits and losses resulting from Mad Monk and Oz Brewing would have no input in the day to day running of Mad Monk.

The settlement of the disposal of the 49% interest in the subsidiary occurred on 18 August 2008. Accordingly, it is considered that from 18 August 2008 Oz Brewing no longer exercised control or significant influence over Mad Monk Pty Ltd. From that point forward Oz Brewing has accounted for Mad Monk as an investment rather than as a subsidiary.

The financial performance of the discontinued operation ended 18 August 2008 which is included in the loss from discontinued operations per the Income Statement is as follows:

	31 December 2008 \$	31 December 2007 \$
Revenue	292,639	827,072
Expenses	(607,869)	(1,200,262)
Profit / (Loss) before income tax	(315,230)	(373,190)
Income tax expense	-	-
Profit / (Loss) attributable to the discontinued operations	(315,230)	(373,190)
Profit / (Loss) from discontinued operations attributable to minority interests	-	-
Profit / (Loss) attributable to members of the parent entity	(315,230)	(373,190)

The net cash flows of the discontinued division which have been incorporated into the statement of cash flows are as follows:

Net cash inflow from operating activities	(275,102)	(300,551)
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Net cash inflow from investing activities	-	-
Net cash increase in cash generated by discontinued division	<u>(275,102)</u>	<u>(300,551)</u>
Details of the disposal of Mad Monk Pty Ltd are as follows:		
Consideration received:		
Forgiveness of unsecured convertible notes	<u>515,010</u>	
Major classes of assets and liabilities at disposal date:		
Cash and cash equivalents	100	
Receivables		
Inventories	56,740	
Intangible assets		
Property, plant and equipment	1,000,000	
Payables	<u>(3,851,580)</u>	
Total net assets	<u>(2,794,740)</u>	
Less impairment of non-current assets	-	
Net book value of assets disposed	<u>(2,794,740)</u>	
Net book value of assets disposed excluding minority interests	(2,794,740)	
Net gain on disposal of interest in controlled entity	3,309,701	

5 Dividends

No dividends were paid or proposed during either reporting period.

The Group has no franking credits available as at 31 December 2008 or 31 December 2007

6 Contingencies

(i) Contingent liabilities

Bank Guarantee:

Oz Brewing Limited had provided a financial guarantee to Mad Monk Pty Ltd in which during the period ended December 31 2008 Oz Brewing owned 51%. The financial guarantee was against Mad Monk's obligation under its bank bill facility. The purpose of the bank bill facility was to finance the purchase of goods and chattels for Mad Monk's business operated at South Terrace, Fremantle. At December 31 2008, the maximum exposure that Oz Brewing Limited had in the event of a default by the guaranteed party was \$500,000. Oz Brewing had been placed into Administration in September 2008 which was a default event, but at the balance date of December 31 2008 there had been no claim against Oz Brewing on this financial guarantee.

Significant events subsequent to this balance date are:

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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- The landlord seized control of the Mad Monk facilities under the terms of the lease deed in April 2010;
- In October 2010 Mad Monk was placed into liquidation by Order of the Federal Court of Australia;
- The Deed of Company Arrangement (DOCA) through which Oz Brewing was controlled was effectuated in June 2011, and control of the Company returned to the Directors.

The Directors note that all of the above were further defaults under the guarantee arrangements and that no claim was made under the financial guarantee. It is also noted that the facility in Fremantle continues to trade utilising the goods and chattels originally funded by the bank bill facility guaranteed by Oz Brewing.

The Board is of the opinion that the guarantee no longer has effect through the failure of any claims to be made through the DOCA and that any such claim made would be vigorously defended and unlikely to result in a material financial loss to the Company.

Premises Lease Guarantee:

Oz Brewing Limited had provided a guarantee to Mad Monk Pty Ltd in which during the period ended December 31 2008 Oz Brewing owned 51%. The guarantee was provided to support Mad Monk's lease arrangements at its facilities at South Terrace Fremantle, WA. The lease exposure was potentially for a 20 year period, as a result of which the maximum exposure to Oz Brewing at June 30 2008 was \$3.4M.

Oz Brewing had been placed into Administration in September 2008 which was a default event, but at the balance date of December 31 2008 there had been no claim against Oz Brewing on this financial guarantee.

Significant events subsequent to this balance date are:

- The landlord seized control of the Mad Monk facilities under the terms of the lease deed in April 2010;
- In October 2010 Mad Monk was placed into liquidation by Order of the Federal Court of Australia;
- The Deed of Company Arrangement (DOCA) through which Oz Brewing was controlled was effectuated in June 2011, and control of the Company returned to the Directors.

The Directors note that all of the above were defaults under the guarantee arrangements and that no claim was made under the premises lease guarantee. It is also noted that the facility in Fremantle continues to trade utilising the premises and is under the management of the lessor.

The Board is of the opinion that the guarantee no longer has effect through the failure of any claims to be made through the DOCA and that any such claim made would be vigorously defended and unlikely to result in a material financial loss to the Company.

(ii) Contingent assets

There were no material contingent assets as at the reporting dates.

7 Significant changes

During the reporting period:

**OZ BREWING LIMITED
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

On 31 July the Company announced that it had raised \$500,000 on the issue of convertible notes subject to conversion into ordinary shares by the note-holder within a six month term from receipt of shareholder approval. The notes are convertible at 1 cent each and bear interest of 10% per annum.

On 31 July the Company announced that it had terminated by mutual consent the executive employment agreement that it had entered into with Mr T Pugh. Mr Pugh will continue to act as the Non-Executive Chairman of the Company and will continue to provide consultancy services to the Company.

On 31 July the Company announced that, subject to shareholder approval, it had agreed to vary the terms of the existing note to certain convertible note holders resulting in the conversion of 50% of the principal amount into shares in the Company at 5 cents each and the cash repayment of the remainder of the principal amount.

On 18 August 2008 the Company announced that it had accepted an offer from Emem Management Pty Ltd (Emem) to purchase a 49% interest in the share capital of the Company's wholly owned subsidiary Mad Monk Pty Ltd (Mad Monk). The sale of the 49% interest was settled by the cancellation of unsecured convertible notes amounting to \$515,010. As part of the sale transaction Emem was also granted an option (Option) to acquire the remaining 51% interest in Mad Monk by providing 3 months notice to exercise. In addition, Emem took over full responsibility for the day to day operations of Mad Monk and was granted the right to retain all profits and losses from the business of Mad Monk and the Company would have no input whatsoever into the running of Mad Monk.

On 12 September 2008 Mr Tony Grego petitioned the Federal Court of Australia for the winding up of the company. Prior to the petition being heard on 28 September 2008, the directors of the company appointed an Administrator pursuant to section 436A of the Corporations Act. This petition for the winding up was adjourned pending the outcome of statutory meetings of creditors convened by the Administrator.

On 17 September 2008 the Company announced that the directors had appointed Kevin Judge of Judge Constable, Chartered Accountants, as Administrator of the Company

On 8 December 2008 the Company announced that it had executed a Deed of Company Arrangement (DOCA) with Trident Capital Pty Ltd as the proponent and appointed Kevin Judge as Deed Administrator. The DOCA provided for the reconstruction and recapitalization of the Company and for the payment of \$300,000 to pay Administrator's fees and costs, Deed Administrator's fees and costs and the balance to creditors in full and final satisfaction of their provable debts in accordance with section 439C of the Corporations Act

On 16 December 2008 the petition for the winding up of the company was discontinued due to the execution of the DOCA

8 Events occurring after balance sheet date

Since the end of the period:

On 6 October 2010 Mad Monk Pty Ltd was placed into liquidation by Order of the Federal Court of Australia

On 31 January 2011 the Company entered into a Heads of Agreement with Ironbark Brewery Australia Pty Ltd to produce and sell "Mad Monk" branded range of beers under a joint venture arrangement.

During April 2011 the Company raised \$400,000 on the issue of unsecured convertible notes to fund the payment to effectuate the DOCA and meet the costs of convening and conducting a shareholders meeting. The notes convert at the rate of 0.5 cents per share.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

On 1 June 2011 the Company convened and conducted a meeting of its shareholders at which resolutions were passed to facilitate the reconstruction and recapitalization of the company. Shareholder resolutions were passed approving

- The consolidation of the existing securities in the Company on a 1 for 2 basis
- The capital of the Company being reduced by applying an amount equal to a portion of the accumulated losses of the Company against the share capital which is considered permanently lost
- The issue of 80 million new shares to the unsecured note-holders on the conversion of the 2011 unsecured notes
- The issue of 50 million new shares to the secured note-holders on the conversion of the 2008 secured notes
- The issue of 5 million new shares for nil consideration and 5 million new options with an exercise price of 1 cent and an expiry date of 31 December 2014 to Mr Tony Grego under the prospectus to be issued
- The issue of up to 250 million new shares at an issue price of 1 cent each to raise up to \$2.5 million under the prospectus to be issued
- To issue up to 15 million new shares as follows:
 - Up to 5 million new shares to Mr Michal Safrata (and or his nominee)
 - Up to 5 million new shares to Mr David Wheeler (and or his nominee)
 - Up to 5 million new shares to Mr Joe Graziano (and or his nominee)Under the prospectus to be issued
- To issue up to 6 million new options as follows:
 - Up to 2 million new options to Mr Michal Safrata (and or his nominee)
 - Up to 2 million new options to Mr David Wheeler (and or his nominee)
 - Up to 2 million new options to Mr Joe Graziano (and or his nominee)Under the prospectus to be issued with an exercise price of 1 cent and expiring on 31 December 2014

On 3 June 2011 the DOCA was fully effectuated and Kevin Judge resigned from being the Deed Administrator

On 16 June 2011 the Company announced the capital consolidation on a 1 for 2 had been completed.

On 30 June 2011 the Company announced that it had issued 50 million shares on the conversion of the 2008 secured convertible notes and 80 million shares on the conversion of the 2011 unsecured convertible notes

On 3 August 2011 the Company issued 10 million shares to a consultant for general accounting and corporate advisory services.

On 31 August 2011 the Company issued 5 million shares and 5 million options with an exercise price of 1 cent and an expiry date of 31 December 2014 to Mr Tony Grego.

On 30 September 2011 the Company issued 250,000,000 shares at an issue price of 1 cent raising \$2.5 million pursuant to the Company's prospectus dated 5 August 2011.

On 30 September 2011 the Company issued 6 million options with an exercise price of 1 cent and an expiry date of 31 December 2014 to the Directors.

**OZ BREWING LIMITED
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DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The accompanying interim financial statements and notes are in accordance with the Corporations Act 2001, including:
 - a complying with Accounting Standards and the Corporations Regulations 2001; and
 - b give a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of the Company and
 - c complies with International Financial Reporting Standards as disclosed in Note 1
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.



David Wheeler
Chairman

Dated this 26th day of October 2011

Grant Thornton (WA) Partnership
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Independent Auditor's Review Report To the Members of Oz Brewing Limited

We have reviewed the accompanying half-year financial report of Oz Brewing Limited ("Company"), which comprises the consolidated financial statements being the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Oz Brewing Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Basis for Disclaimer of Conclusion

The following scope limitations occurred during the course of our review:

- As set out in note 4 to the half year financial report, the Company sold a 49% interest in its subsidiary and main operating entity, Mad Monk Pty Ltd on 18 August 2008. The terms of this sale included, inter-alia, a transfer of control of the business and its books and records to the purchaser;
- The Company was placed into voluntary administration on 17 September 2008. The administrator was only appointed in relation to the Company and not in relation to subsidiary entities including Mad Monk Pty Ltd;
- On 5 October 2010, Mad Monk Pty Ltd was placed into liquidation by order of the Federal Court of Australia;
- The comparative figures in the financial report (as presented in the 30 June 2008 financial report) were accompanied by a disclaimer of auditor's opinion in relation to the same matters as described above. Opening balances affect the determination of the performance of the Company for the half year ended 31 December 2008.

As a result of the matters set out in the preceding paragraphs, and the resultant unavailability of certain books and records of the Company and its subsidiaries, we were unable to obtain sufficient and appropriate evidence to enable us to carry out our review procedures in accordance with Australian Auditing Standards.

Disclaimer of Conclusion

Based on our review, which is not an audit, because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs above, we have not been able to obtain sufficient appropriate evidence to provide a basis to form a conclusion. Accordingly we are not able to provide a conclusion as to whether we have become aware of any matter that makes us believe that the half year financial report of Oz Brewing Limited is in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

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GRANT THORNTON (WA) PARTNERSHIP

J W Vibert

J W Vibert
Partner

Perth, 26 October 2011