



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

Interim Financial Statements
for the Half-Year Ended 31 December 2010

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 2010.

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)

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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Review of Operations

The net loss after income tax for the half-year was \$15,484 (2009: \$4,176).

The loss for the period includes Administrator's expenses of \$15,484.

At the end of the half-year the Group had \$6,412 (June 2010 \$6,142) in at call deposits.

A Deed of Company Arrangement ("DOCA") was executed in December 2008 between the Administrator of the Company, Kevin Ernest Judge, and Trident Capital Pty Ltd to restructure and recapitalise the Company and seek reinstatement of the Company on the ASX.

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 4.

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 2010, 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
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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note	31 December 2010 \$	31 December 2009 \$
Other income	-	-
Financing expenses		55,644
Administrator's expenses	(15,484)	(59,820)
Profit / (Loss) from continuing operations before income tax	(15,484)	(4,176)
Income tax expense	-	-
Profit / (Loss) from continuing operations	(15,484)	(4,176)
Other comprehensive income for the year		
Profit / (Loss) for the year	(15,484)	(4,176)
Basic loss per share (cents)	(0.04)	(0.01)
Diluted loss per share (cents)	(0.04)	(0.01)

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

**OZ BREWING LIMITED
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**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

Note	31 December 2010 \$	30 June 2010 \$
Current assets		
Cash and cash equivalents	6,142	6,142
Total current assets	6,142	6,142
Non-current assets		
Total non-current assets	-	-
Total assets	6,142	6,142
Current liabilities		
Trade and other payables	519,092	503,609
Financial liabilities	1,034,990	1,034,990
Total current liabilities	1,554,082	1,538,599
Non-current liabilities		
Total non-current liabilities	-	-
Total liabilities	1,554,082	1,538,599
Net assets	(1,547,940)	(1,532,457)
Equity		
Issued capital	2,899,950	2,899,950
Equity compensation reserves	55,412	55,412
Accumulated losses	(4,503,302)	(4,487,819)
Total equity	(1,547,940)	(1,532,457)

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

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	31 December 2010 \$	31 December 2009 \$
Total equity at the beginning of the period		(1,532,456)	(1,526,632)
Loss for the period		(15,484)	(4,176)
Total recognised income and expense for the period		(15,484)	(4,176)
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity			
Transaction costs of equity issued			
Movement in equity compensation reserve			
Total equity/(deficiency) at the end of the financial year		(1,547,940)	(1,530,808)

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

**OZ BREWING LIMITED
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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note	31 December 2010 \$	31 December 2009 \$
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	-	-
Net cash provided by (used in) operating activities		
Cash flows from investing activities	-	-
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities	-	-
Net cash provided by (used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	-	-
Cash and cash equivalents at beginning of the period	6,142	6,412
Cash and cash equivalents at end of the period	6,142	6,412

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 2010**

1 **Basis of Preparation**

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 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.

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

OZ BREWING LIMITED
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

2 Financing activities during the period

During the period the Company was subject to a Deed of Company Arrangement and no additional funds were raised or spent.

3 Issued Capital

Share capital

	31 December 2010 No.	30 June 2010 No.	31 December 2010 \$	30 June 2010 \$
Fully paid ordinary shares	37,661,501	37,661,501	2,899,950	2,899,950
	<u>37,661,501</u>	<u>37,661,501</u>	<u>2,899,950</u>	<u>2,899,950</u>

Share movements during the period.

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

As at the balancing 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 Dividends

No dividends were paid or proposed during either reporting period.

**OZ BREWING LIMITED
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

The Group has no franking credits available as at 31 December 2010 or 31 December 2009

5 Contingencies

(i) Contingent liabilities

Bank Guarantee:

Oz Brewing Limited had provided a financial guarantee to Mad Monk Pty Ltd. At December 31 2010 Oz Brewing owned 51% in Mad Monk Pty Ltd. Mad Monk had however been placed in liquidation by Order of the Federal Court of Australia in October 2010. The financial guarantee was against Mad Monk's obligation under its bank bill facility. Prior to and since December 31 2010 the Administrator of Oz Brewing has requested all creditors make claim in the Deed of Company Arrangement of Oz Brewing. There was no such claim made by the beneficiary of the financial guarantee, and all outstanding provable debts of Oz Brewing were extinguished upon the effectuation of the DOCA on 3 June 2011.

The failure of any claims to be made against the guarantee during the course of the Administration of Oz Brewing, in spite of significant default events, together with the extinguishment of all of the company's provable creditors claims through the effectuation of the DOCA, results in the view of the Board that the financial guarantee no longer has effect.

Premises Lease Guarantee:

Oz Brewing Limited had provided a guarantee to Mad Monk Pty Ltd. At December 31 2010 Oz Brewing owned 51% in Mad Monk Pty Ltd. Mad Monk had however being placed in liquidation by Order of the Federal Court of Australia in October 2010. 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.

Prior to and since December 31 2010 the Administrator of Oz Brewing has requested all creditors make claim in the Deed of Company Arrangement of Oz Brewing. There was no such claim made by the beneficiary of the financial guarantee, and all outstanding provable debts of Oz Brewing were extinguished upon the effectuation of the DOCA on 3 June 2011.

The failure of any claims to be made against the premises lease guarantee during the course of the Administration of Oz Brewing, in spite of significant default events, together with the extinguishment of all of the company's provable creditors claims through the effectuation of the DOCA, results in the view of the Board that the premises lease guarantee no longer has effect.

(ii) Contingent assets

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

6 Significant changes

**OZ BREWING LIMITED
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

A Deed of Company Arrangement (“DOCA”) was executed in December 2008 between the Administrator of the Company, Kevin Ernest Judge, and Trident Capital Pty Ltd to restructure and recapitalise the Company and seek reinstatement of the Company on the ASX.

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

During the reporting period there were no other significant changes to the Company’s affairs.

7 Events occurring after balance sheet date

Since the end of the period:

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.

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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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DIRECTORS' 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 2010 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: 26th October 2011

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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 statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration

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 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 a 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 financial position as at 31 December 2010 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:

- The comparative figures in the financial report (as presented in the 30 June 2010 financial report and the 31 December 2009 half review report) were accompanied by a disclaimer of auditor's opinion in relation to the following matters:
 - As set out in note 13 to the 30 June 2009 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 the main trading entity, 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 2009 financial report and 31 December 2008 half year review report) were accompanied by a disclaimer of auditor's opinion in relation to the same matters as described above.
- The matters above have an impact upon the brought forward balances at 1 July 2010. Opening balances affect the determination of the performance of the Company for the period ended 31 December 2010.

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 audit evidence to enable us to carry out our review procedures in accordance with Australian Auditing Standards. In particular, we were unable to obtain sufficient evidence to provide an opinion as to the completeness of pre-administration creditor balances recorded by the Company.

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 Company's financial position as at 31 December 2010 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.



GRANT THORNTON (WA) PARTNERSHIP



J W Vibert
Partner

Perth, 26 October 2011