

SECTION 2A: APPENDIX 3

HALF YEAR REPORT

FORM: Half yearly/preliminary final report

Name of issuer

BREWTOPIA LIMITED

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended (‘Current period’)
099 912 044	✓		31 DECEMBER 2005

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A,000
Sales (or equivalent) operating revenue (item 1.1)	up	266%	168,175	to	615,710
Operating profit (loss) before abnormal items and tax (item 1.4)	up	182%	(30,311)	to	24,955
Abnormal items before tax (item 1.5)		gain (loss) of	-	to	-
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up	182%	(30,311)	to	24,955
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	-	to	-
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/do wn	182%	(30,311)	to	24,955
Exploration and evaluation expenditure incurred (item 5.2)	up/do wn	%		to	
Exploration and evaluation expenditure written off (item 5.3)	up/do wn	%		to	
Dividends Franking rate applicable					
Current period		NIL¢	N/A	¢	N/A
Previous corresponding period		NIL¢	¢	¢	¢
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)					N/A
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:					

Refer to Financial Accounts covering the Half Year Ended 31 December 2005 for the Income Statement, Balance Sheet, Statement of Cash Flow and associated notes

Ratios

		Current period	Previous corresponding period
	Profit before abnormals and tax/sales		
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	4.05%	(18.02%)
	Profit after tax/equity interests		
9.2	Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	29.34%	(35.63%)

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a)	Basic EPS	\$0.013	\$(0.0168)
(b)	Diluted EPS (if materially different from (a))	\$0.013	\$(0.0168)

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	\$(0.02)	\$0.11

No Control was gained over entities having a material effect during the reported period

The company does not have any material interests in entities which are not controlled entities

No additional shares were issued in this reporting period

The *issuer* does not have a formally constituted audit committee.

Sign here: Date:
(Director/Company secretary)

Print name:

BREWTOPIA LIMITED
ACN 099 912 044

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2005

This 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 2005 and any public announcements made by Brewtopia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

BREWTOPIA LIMITED
ACN 099 912 044

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BREWTOPIA LIMITED
ACN 099 912 044

DIRECTORS' REPORT

Directors

Your directors present their report on the company for the financial period ended 31 December 2005. The names of the directors in office at any time during or since the end of the period are:

A P Moran
L A Mulhall
L Hedges
G M Bunt

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

Results

The profit of the company for the six months ended 31 December 2005 after providing for income tax amounted to \$24,956.

Principal activity

The principal activities of the company during the financial period were that of marketing and distribution of beer.

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

Subsequent events

On the 20 February 2006 the company successfully listed on the Newcastle Stock Exchange issuing 1,454,500 shares raising gross proceeds before listing costs of \$727,247.

The company has also relocated its bottle labelling operations to the Camden brewing site to streamline distribution channels.

The head office has also been relocated to larger premises to accommodate a new sales and marketing team.

Likely developments

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

Environmental issues

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

Dividends

No dividends were paid during the period and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

Shares under option

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

BREWTOPIA LIMITED
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DIRECTORS' REPORT

Indemnification and insurance of officers and auditors

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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

Director:

L A Mulhann

Director:

L Hedges

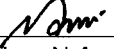
Dated this 22 day of March 2006

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
BREWTOPIA LIMITED**

We declare that, to the best of our knowledge and belief, during the period ended 31 December 2005 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.

Name of Firm: Allworths
Chartered Accountants

Name of Partner: 
Stephen N Armstrong FCA

Address: Level 9, 31 Market Street, Sydney.

Dated this day of 22 March 2006

BREWTOPIA LIMITED
ACN 099 912 044

BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	31 DECEMBER 2005 \$	30 JUNE 2005 \$
CURRENT ASSETS			
Cash assets	4	119,908.94	44,719.70
Receivables	5	32,280.81	11,835.98
Inventories	6	14,374.89	5,070.40
Other assets	7	2,591.22	-
TOTAL CURRENT ASSETS		<u>169,155.86</u>	<u>61,626.08</u>
NON-CURRENT ASSETS			
Plant and equipment	8	58,808.42	64,037.51
Intangible assets	9	28,306.67	7,558.49
TOTAL NON-CURRENT ASSETS		<u>87,115.09</u>	<u>71,596.00</u>
TOTAL ASSETS		<u>256,270.95</u>	<u>133,222.08</u>
CURRENT LIABILITIES			
Payables	10	231,898.41	94,257.62
Interest bearing liabilities	11	5,434.03	5,163.86
Provisions	12	4,288.00	2,199.00
Other liabilities	13	1,878.07	39,750.00
TOTAL CURRENT LIABILITIES		<u>243,498.51</u>	<u>141,370.48</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	38,707.52	41,867.33
Other liabilities	13	21,906.36	22,781.36
TOTAL NON-CURRENT LIABILITIES		<u>60,613.88</u>	<u>64,648.69</u>
TOTAL LIABILITIES		<u>304,112.39</u>	<u>206,019.17</u>
NET ASSETS (LIABILITIES)		<u>(47,841.44)</u>	<u>(72,797.09)</u>
EQUITY			
Contributed equity	14	85,051.31	85,051.31
Accumulated losses		<u>(132,892.75)</u>	<u>(157,848.40)</u>
TOTAL EQUITY		<u>(47,841.44)</u>	<u>(72,797.09)</u>

The accompanying notes form part of these financial statements.

This report is to be read in conjunction with the attached Independent Review Report.

BREWTOPIA LIMITED
ACN 099 912 044

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 2005 \$	DECEMBER 2004 \$
Total equity at the beginning of the half year	(72,797.09)	10,840.41
Profit for the half year	24,955.65	(30,311.91)
Total recognised income and expenses for the half year	<u>24,955.65</u>	<u>(30,311.91)</u>
Total equity at the end of the half year	<u>(47,841.44)</u>	<u>(19,471.50)</u>

BREWTOPIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

		DECEMBER 2005	DECEMBER 2004
		\$	\$
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		557,318.86	169,575.35
Interest received		74.94	152.38
Payment to suppliers and employees		(456,370.83)	(163,916.82)
Net cash provided by (used in) operating activities	20 b	<u>101,022.97</u>	<u>5,810.91</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(1,090.91)	(69,409.00)
Payment for website development		(20,748.18)	(4,362.49)
Net cash provided by (used in) investing activities		<u>(21,839.09)</u>	<u>(73,771.49)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	20,120.12
Repayment of borrowings		(3,994.64)	-
Proceeds from Hire Purchase		-	49,736.98
Net cash provided by (used in) financing activities		<u>(3,994.64)</u>	<u>69,857.10</u>
Net increase (decrease) in cash held		75,189.24	1,896.52
Cash at beginning of financial year		44,719.70	8,691.57
Cash at end of year	20 a	<u>119,908.94</u>	<u>10,588.09</u>

The accompanying notes form part of these financial statements.

This report is to be read in conjunction with the attached Independent Review Report.

BREWTOPIA LIMITED
ACN 099 912 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2005

1 Statement of Significant Accounting Policies

This general purpose financial report for the interim half year reporting period ended 31 December 2005 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This 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 2005 and any public announcements made by Brewtopia Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

Going Concern

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the directors have received guarantee of continued financial support and the directors believe that such financial support will continue to be made available.

The company also successfully listed on the Newcastle Stock Exchange in February 2006 which has returned the company to a solvent position.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

Property, Plant and Equipment

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

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2005

Plant and Equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount 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 not been discounted to present values in determining the recoverable amount.

Depreciation

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

Website Development Costs

Website development costs are valued at cost in the financial accounts and are tested for impairment annually by the directors. Reference should be made to the impairment of assets note on page 11 and Note 19 Impact of Adoption of Australian Equivalents to International Financial Reporting Standards.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2005

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 transferred to the company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduce the liability.

Cash

For purposes of the Statement of Cash Flows, cash includes deposits at call with financial institutions and other highly liquid investments with maturity within less than 3 months which are readily convertible to cash on hand at the investor's opinion and are subject to an insignificant risk of changes in value, and borrowings which are integral to the cash management function and which are not subject to a term facility.

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.

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

Goods and Services Tax (GST)

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

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

DECEMBER 2005	DECEMBER 2004
\$	\$

Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report is the first interim financial report to be prepared in accordance with AIFRS. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

The financial statements until 30 June 2005 have been prepared in accordance with previous Australian Generally Accepted Accounting Principals (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the interim financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparatives were restated to reflect these adjustments. The company has taken the exemption available under AASB 1 to only apply AASB 139 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005.

Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows, which are largely independent of the cash inflows from other assets or group of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal.

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 2005	DECEMBER 2004
	\$	\$
2 Revenue		
Operating activities		
Sale of goods	615,566.62	168,089.35
Interest	143.94	86.02
	<u>615,710.56</u>	<u>168,175.37</u>
3 Profit from Ordinary Activities		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses:		
Cost of sales	354,127.84	125,938.64
Depreciation of non-current assets		
Depreciation	6,320.00	4,533.00
Total depreciation	<u>6,320.00</u>	<u>4,533.00</u>
Bad and doubtful debts		
Bad Debts Written Off	55.45	-
Total bad and doubtful debts	<u>55.45</u>	<u>-</u>
Remuneration of auditor		
Audit	2,000.00	-
Other Services	7,875.00	-
	<u>9,875.00</u>	<u>-</u>

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 05	JUNE 05
	\$	\$
4 Cash Assets		
Cash on Hand	51.31	51.31
Deposits	-	3,385.91
Cash at Bank	119,857.63	41,282.48
	<u>119,908.94</u>	<u>44,719.70</u>
5 Receivables		
Current		
Sundry Debtors	270.36	201.36
Trade Debtors	32,010.45	11,634.62
	<u>32,280.81</u>	<u>11,835.98</u>
6 Inventories		
Stock on Hand	14,374.89	5,070.40
	<u>14,374.89</u>	<u>5,070.40</u>
7 Other Assets		
Current		
Prepayments	2,591.22	-
	<u>2,591.22</u>	<u>-</u>
8 Plant and Equipment		
Plant & Equipment	11,976.24	10,885.33
Less: Accumulated Depreciation	(4,928.00)	(3,678.00)
	<u>7,048.24</u>	<u>7,207.33</u>
Motor Vehicles	65,372.18	65,372.18
Less: Accumulated Depreciation	(13,612.00)	(8,542.00)
	<u>51,760.18</u>	<u>56,830.18</u>
Total Plant and Equipment	<u>58,808.42</u>	<u>64,037.51</u>

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 05	JUNE 05
	\$	\$
9 Intangible Assets		
Website Design Costs	28,306.67	7,558.49
Total Intangible Assets	<u>28,306.67</u>	<u>7,558.49</u>
10 Payables		
Current		
Payroll Liability	21,142.34	5,985.54
Trade Creditors	117,762.20	7,016.22
Unsecured Loans	62,162.44	62,392.44
GST Payable	30,831.43	18,863.42
	<u>231,898.41</u>	<u>94,257.62</u>
11 Interest Bearing Liabilities		
Current		
Hire Purchase Liability	9,664.44	9,664.44
Less: Unexpired Hire Purchase Liability	<u>(4,230.41)</u>	<u>(4,500.58)</u>
	<u>5,434.03</u>	<u>5,163.86</u>
Non-Current		
Hire Purchase Liability	41,137.59	46,330.86
Less Unexpired Hire Purchase Liability	<u>(2,430.07)</u>	<u>(4,463.53)</u>
	<u>38,707.52</u>	<u>41,867.33</u>

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 05	JUNE 05
	\$	\$
12 Provisions		
Current		
Provision for Leave	4,288.00	2,199.00
	<u>4,288.00</u>	<u>2,199.00</u>
Number of employees at year end	<u>2</u>	<u>2</u>
13 Other Liabilities		
Current		
Income in Advance	1,878.07	39,750.00
	<u>1,878.07</u>	<u>39,750.00</u>
Non Current		
Loans - Unsecured	21,906.36	22,781.36
	<u>21,906.36</u>	<u>22,781.36</u>
14 Contributed Equity		
Paid Up Capital		
Issued Capital	85,051.31	85,051.31
	<u>85,051.31</u>	<u>85,051.31</u>
15 Capital and Leasing Commitments		
Hire Purchase Commitments		
Payable:		
Not later than one year	9,664.44	9,664.44
Later than one year but not later than two years	41,137.59	46,330.86
Minimum payments	50,802.03	55,995.30
Less future finance charges	6,660.48	8,964.11
Total hire purchase liability	<u>44,141.55</u>	<u>47,031.19</u>
Hire Purchase of Vehicles		

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

16	Contingent Liabilities	DECEMBER 05	JUNE 05
	Estimates of the potential financial effect of contingent liabilities that may become payable: The directors have waived their rights to Management Fees in prior years, until the successful listing on the Newcastle Stock Exchange. Subsequent to the year end two director related entities were both issued with 241,200 Ordinary Shares at a value of \$0.50.	<u>241,200.00</u> <u>241,200.00</u>	<u>241,200.00</u> <u>241,200.00</u>
17	Events Subsequent to Reporting Date		
	On the 20 February 2006 the company successfully listed on the Newcastle Stock Exchange issuing 1,454,500 shares raising gross proceeds before listing costs of \$727,247. The company has also relocated its bottle labelling operations to the Camden brewing site to streamline distribution channels. The head office has also been relocated to larger premises to accommodate a new sales and marketing team.		
18	Segment Reporting		
	The company operates as a marketing and distribution entity for beer and beer related merchandise only. All of the revenue from beer is derived within Australia, however the Company does have international members who are only able to purchase merchandise.		

BREWTOPIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

19 Impact of adoption of Australian equivalents to the International Financial Reporting Standards

The company changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (AIFRS). The transition to AIFRS is accounted for in accordance with Accounting Standards AASB 1 "First time adoption Equivalents to International Reporting Standards as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

- a) Reconciliation of equity as reported under previous AGAAP to that under AIFRS. The adoption of AIFRS has not resulted in any material adjustments to the balance sheet presented under AGAAP

	30 June 2005	31 Dec 2004	1 July 2004
Total equity under AGAAP	(75,820.49)	20,346.50	10,840.41
Changes from AGAAP to AIFRS's	1 3,023.40	875.00	-
Total Equity under AIFRS	<u>(72,797.09)</u>	<u>21,221.50</u>	<u>10,840.41</u>

- 1 The Website costs were previously amortised under AGAAP. Under AASB 136 the value is tested for impairment.

- b) Reconciliation of profit under previous AGAAP to that under AIFRS. The adoption of AIFRS has not resulted in any material adjustments to the income statement presented under AGAAP

	30 June 2005	31 Dec 2004
Profit/(Loss) after tax as previously reported	(86,660.90)	(31,186.91)
Changes from AGAAP to AIFRS's	<u>3,023.40</u>	<u>875.00</u>
Total profit after tax under AIFRS	<u>(83,637.50)</u>	<u>(30,311.91)</u>

- c) **Explanation of material adjustments to the cash flow statements**

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP

BREWTOPIA LIMITED
ACN 099 912 044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	DECEMBER 05	DECEMBER 04
	\$	\$
<hr/>		
20 Cash Flow Information		
a. Reconciliation of cash		
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on Hand	51.31	51.31
Cash at Bank	119,857.63	10,536.78
	<u>119,908.63</u>	<u>10,588.09</u>
b. Reconciliation of net cash provided by operating activities to profit from ordinary activities after income tax		
Operating profit (loss) after income tax	24,955.65	(30,311.91)
Non-cash flows in profit from ordinary activities:		
Depreciation	6,320.00	4,533.00
Changes in assets and liabilities, net of the effects of purchase and disposals of subsidiaries		
(Increase) Decrease in current inventories	(9,304.49)	1,955.52
(Increase) Decrease in current receivables	(20,444.83)	1,486.00
(Increase) Decrease in prepayments	(2,591.22)	-
Increase (Decrease) in trade creditors	137,870.79	28,148.30
Increase (Decrease) in current provisions	2,089.00	-
Increase (Decrease) in income in advance	(37,871.93)	-
Cash flows from operations	<u>101,022.97</u>	<u>5,810.91</u>

BREWTOPIA LIMITED
ACN 099 912 044

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 17, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2005 and of the performance for the period 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:

L A Mulhall

Director:

L Hedges

Dated this 22 day of March 2006

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
BREWTOPIA LIMITED
ACN 099 912 044**

Scope

The Financial Report and Directors' responsibilities

The financial report comprises the income statement, balance sheet, cash flow statement, accompanying notes to the financial statements, and the Directors' declaration for Brewtopia Limited for the half-year ended 31 December 2005.

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

Review Approach

We have conducted an independent review of the financial report in order for the company to lodge the financial report with the Australian Securities & Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with Accounting Standard AASB 134: Interim Financial Reporting, other mandatory financial reporting requirements in Australia and the Corporations Act 2001, a view which is consistent with our understanding of the entity's financial position, and performances as represented by the results of its operations and its cash flows.

Our review procedures were limited to:

- i) inquiries of the company's personnel of certain internal controls, transactions, significant accounting estimates and individual items; and
- ii) analytical procedures applied to financial data

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

The Australian Auditing Standards do not require, and we have not undertaken, an analysis of the appropriateness of the business decisions made by the Directors or management.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

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

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
BREWTOPIA LIMITED
ACN 099 912 044**

Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Brewtopia Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements.

ALLWORTH'S



S N Armstrong
Partner

Sydney
22 March 2006