



Little World Beverages

L I M I T E D

*ACN 081 128 225
and controlled entities*

HALF YEAR REVIEW

3 1 DECEMBER 2 0 0 6

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

DIRECTORS' REPORT

The directors of Little World Beverages Limited present their report on the company and its controlled entities (the economic entity) for the half-year ended 31 December 2006.

DIRECTORS

The following persons were directors of Little World Beverages Limited and the entities it controlled for the whole of the half-year up to the date of this report:

Ian Cochrane
Howard Cearns
Adrian Fini
David Martin
Jamie Tomlinson
Nic Trimboli

REVIEW OF OPERATIONS

During the half-year the economic entity continued its brewing and hospitality operations in leased premises in Fremantle. The brewery has concentrated on producing four styles of beer, which are packaged and distributed nationally and internationally.

The company has entered into agreements to purchase the leasehold interests at 42 Mews Road, Fremantle. The site, adjacent to our existing brewery, offers a rare opportunity to secure our future capacity and to create an iconic integrated tourism facility around the brewery. Planning for the expansion is well underway.

The economic entity's operating profit after income tax for the half year ended 31 December 2006 was \$1,921,782.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of directors in Fremantle this 22nd day of February 2007.



Ian Cochrane
Chairman



Horwath Audit (WA) Pty Ltd

ABN 79 112 284 787

Chartered Accountants

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22nd February 2007

Private and Confidential

The Board of Directors
Little World Beverages Limited
40 Mews Road
FREMANTLE WA 6160

AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with my review of the financial report of Little World Beverages and controlled entities for the half-year ended 31 December 2006 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to this review;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this review.

Yours sincerely

HORWATH AUDIT (WA) PTY LTD

HORWATH.
Glyn O'Brien

GLYN O'BRIEN

Director

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Economic Entity	
	31 December 2006	31 December 2005
	\$	\$
Revenues from continuing operations	13,884,119	10,199,385
Changes in inventories of finished goods and work in progress	38,410	(217,669)
Raw material and consumables used	(2,619,810)	(1,822,384)
Depreciation and amortisation expenses	(328,241)	(181,590)
Employee benefits expenses	(3,289,934)	(2,545,999)
Finance costs	(9,872)	(42,021)
Bad & doubtful debts	(218)	(3,765)
Excise tax	(1,960,317)	(1,377,078)
Occupancy costs	(394,107)	(302,548)
Selling & distribution costs	(1,035,767)	(708,955)
Consumables, repairs & replacements	(289,710)	(212,512)
Other expenses from ordinary activities	(1,071,554)	(795,985)
	<hr/>	
Profit before income tax expense	2,922,999	1,988,879
	<hr/>	
Income tax expense	(1,001,217)	(578,177)
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Profit for the half-year	1,921,782	1,410,702
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Profit attributable to members of Little World Beverages Limited and Controlled Entities	1,921,782	1,410,702
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	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	3.25	5.15
Diluted earnings per share	2.95	4.85

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

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

CONSOLIDATED BALANCE SHEET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Economic Entity	
	31 December 2006 \$	30 June 2006 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	13,216,564	15,505,982
Trade & other receivables	3,955,851	2,015,251
Inventories	954,051	867,491
Other	179,016	66,615
TOTAL CURRENT ASSETS	18,305,482	18,455,339
NON-CURRENT ASSETS		
Other financial assets	500	500
Property, plant and equipment	10,033,369	8,776,850
Other	1,327,588	-
Deferred tax assets	352,384	410,187
TOTAL NON-CURRENT ASSETS	11,713,841	9,187,537
TOTAL ASSETS	30,019,323	27,642,876
LIABILITIES		
CURRENT LIABILITIES		
Trade & other payables	2,879,600	1,685,553
Provisions	119,953	98,871
Current tax liabilities	786,038	567,844
TOTAL CURRENT LIABILITIES	3,785,591	2,352,268
NON-CURRENT LIABILITIES		
Deferred tax liabilities	22,835	83,796
TOTAL NON-CURRENT LIABILITIES	22,835	83,796
TOTAL LIABILITIES	3,808,426	2,436,064
NET ASSETS	26,210,897	25,206,812
EQUITY		
Contributed equity	21,968,755	21,968,755
Share option reserve	338,204	192,461
Retained profits	3,903,938	3,045,596
TOTAL EQUITY	26,210,897	25,206,812

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

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Economic Entity	
	31 December 2006 \$	31 December 2005 \$
Total equity at the beginning of the half-year	25,206,812	2,807,978
Net income recognised directly in equity	-	-
Profit for the half-year	1,921,782	1,410,702
Total recognised income and expense for the half-year	1,921,782	1,410,702
Transactions with equity holders in their capacity as equity holders:		
Employee shares (note 5)	-	80,000
Contributions of equity, net of transaction costs (note 5)	-	20,640,113
Options reserve	145,743	47,710
Dividends paid	(1,063,440)	-
	(917,697)	20,767,823
Total equity at the end of the half-year	26,210,897	24,986,503
Total recognised income and expense for the half-year attributable to members of Little World Beverages Limited and controlled entities	1,921,782	1,410,702

The above consolidated statement of equity should be read in conjunction with the accompanying notes.

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Economic Entity	
	31 December 2006 \$	31 December 2005 \$
Cash flows from operating activities:		
Receipts from customers (inclusive of GST)	12,619,898	9,600,918
Payments to suppliers and employees (inclusive of GST)	(10,604,587)	(8,119,783)
Interest received	117,060	200,090
Borrowing costs	-	(5,500)
Income tax paid	(786,181)	(864,590)
Net cash provided by operating activities	1,346,190	811,135
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,251,260)	(809,280)
Proceeds from the sale of property, plant & equipment	6,680	-
Repayment of loans with related parties	-	(1,790,732)
Deposits and project-related costs	(1,327,588)	-
Net cash (used in) / provided by investing activities	(2,572,168)	(2,600,012)
Cash flows from financing activities:		
Dividends paid	(1,063,440)	-
Proceeds from issues of shares (net of equity raising payments)	-	20,533,690
Proceeds from other borrowings	-	1,500,000
Repayment of other borrowings	-	(1,500,000)
Net cash provided by / (used in) financing activities	(1,063,440)	20,533,690
Net (decrease)/increase in cash held	(2,289,418)	18,744,813
Cash and cash equivalents at the beginning of the half-year	15,505,982	343,119
Cash and cash equivalents at the end of the half-year	13,216,564	19,087,932

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

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report covers the economic entity of Little World Beverages Limited and controlled entities. Little World Beverages Limited is a company incorporated and domiciled in Australia.

The 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 2006 and any public announcements made by Little World Beverages 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.

Where necessary comparative figures have been adjusted to conform with the presentation in the current period.

2. SEGMENT INFORMATION

The company operates in one industry, being brewing, and in one main geographical segment, being Australia.

3. PROFIT FOR THE HALF-YEAR

	Half-year	
	2006	2005
Profit for the half year includes the following items that are unusual because of their nature, size or incidence:		
Expenses		
Write off costs associated with due diligence on property located at Jarrahdale which was not purchased	186,692	-
	186,692	-

4. DIVIDENDS

Ordinary shares

Dividends provided for or paid during the half-year 1,063,440 -

Dividends not recognised at the end of the half-year -

In addition to the above dividend, since the end of the half-year the directors have recommended the payment of an interim dividend of 2.3 cents per fully paid ordinary share (2005 – 2.1 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 19 March 2007 out of retained profits at 31 December 2006, but not recognised as a liability at the end of the half-year is:

	1,358,840	1,240,680
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LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	2006 Shares	2005 Shares	2006 \$	2005 \$
5. EQUITY SECURITIES ISSUED				
Issues of ordinary shares during the half-year				
Opening balance	59,080,000	750,000	21,968,755	1,248,642
Share split 1:50	-	36,750,000	-	-
Issue of shares under listing of Little World Beverages on the Australian Stock Exchange in November 2005		21,500,000	-	21,500,000
Employee-gifted shares	-	80,000	-	80,000
Equity raising costs	-	-	-	(1,228,410)
Deferred tax credit	-	-	-	368,523
	59,080,000	59,080,000	21,968,755	21,968,755

6. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In its prospectus dated 4 October 2005, Little World Beverages Limited noted that one of the purposes of its initial public offer was to raise funds to establish a new brewery which would further expand brewing capacity to support anticipated sales growth. On 28 February 2007, Little World Beverages Limited is expected to acquire certain leasehold property at 42 Mews Road, Fremantle, located next to the existing brewery, including the business known as "Harbourside Hotel" for cash consideration of \$7,708,000. A further \$106,882 has been incurred in legal and other due diligence fees and stamp duty and other purchase costs yet to be paid are expected to amount to \$403,642.

The fair value for accounting purposes of the net identifiable assets and goodwill purchased will be determined by an independent valuation.

The financial effects of the above transactions have not been brought to account at 31 December 2006, with the exception of deposits of \$1,050,000 paid prior to 31 December 2006 and due diligence, legal and other associated purchase costs incurred prior to 31 December 2006, amounting to \$101,226. These amounts are included in the balance sheet under "other non-current assets". The operating results and assets and liabilities associated with the acquisitions will be brought to account from 28 February 2007, or such other date as the purchase is settled.

LITTLE WORLD BEVERAGES LIMITED
ACN 081 128 225

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

In the directors' opinion:

- (a) the financial statements and notes as set out on pages 3 to 8 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Little World Beverages Limited will be able to pay its debts as and when they become come due and payable.

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



Ian Cochrane
Chairman

Fremantle
22nd February 2007



Independent auditors' review report to members Of Little World Beverages Limited

We have reviewed the accompanying half year financial report of Little World Beverages Ltd, which comprises the consolidated balance sheet at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement 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 Consolidated Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the consolidated half year financial report in accordance with Accounting Standards in Australia and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated 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 an opinion 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 Auditor of an Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the consolidated financial report is not fairly presented, in all material respects, in accordance with AASB 134 *Interim Financial Reporting*. As the auditor of Little World Beverages Ltd, 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 have complied with the independence requirements of the Australian professional accounting bodies.



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the consolidated half year financial report of Little World Beverages Ltd does not fairly present, in all material respects the financial position of the group at 31 December 2006, and of its financial performance and its cash flows for the half year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Dated the 22nd day of February 2007.

HORWATH AUDIT (WA) PTY LTD
Chartered Accountants

HORWATH.
GLYN O'BRIEN

GLYN O'BRIEN
Director