

ARTIST & ENTERTAINMENT GROUP LIMITED
ABN: 67 097 771 581
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2010

This half-year financial report is to be read in
conjunction with the financial report for the year
ended 30 June 2010.

**ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

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**ARTIST & ENTERTAINMENT GROUP LIMITED
AND CONTROLLED ENTITIES**

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DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Artist & Entertainment Group Limited and the entities it controlled, for the half-year ended 31 December 2010 and independent review report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

Directors Names

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

Name	Period of directorship
Ross Hill	Director since 8 July 2009
Eric Kam	Director since 8 July 2009
Siew Hong Koh	Director since 11 November 2008
Graham Kavanagh <i>(Alternate to Siew Hong Koh)</i>	Director since 15 December 2009

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

Review of Operations

The consolidated loss of the group for the half-year after providing for income tax amounted to \$757,182.

In November 2010, the Company entered into a binding agreement with Union Pacific Trading Pty Ltd (UPT) to acquire from UPT its rights and interests in Tiger Energy Limited (TEL). TEL by virtue of its wholly owned subsidiary PT Tiger Oil, is the operator of the Wailawi Oil & Gas Project located in Indonesia.

The terms of the acquisition include subscription to TEL of \$2,050,000 in 41,360,002 convertible notes which upon conversion entitles the Company to 60.1% of the total issued share capital of TEL. Subject to satisfying certain conditions precedent set out in the Deed of Assignment, the Company shall issue fully paid ordinary shares to UPT up to a value of \$4 million on the completion of the proposed acquisition.

As at the end of this half-year reporting period, the Company has contributed \$515,000 towards TEL convertible notes which upon conversion of these notes would entitle the Company to 24,860,002 shares in TEL.

Progress of the Ka Ber Din Coal Project in Thailand has been delayed due to changing political situation and the realignment of changes to project licensing requirements consistent with the new national environmental policy (NEP). Nevertheless, the Company and its joint venture partners have taken further steps to pursue forward planning into the next phase of the project in relation to the proposed downstream development into coal fired power generation at the Ka Ber Din site. The grant of the mining license will trigger further action in this regard including application for foreign investment approval with the Thailand Board of Investment.

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The Company raised further working capital in support of the Wailawi Project acquisition by way of shares and converting notes issue. As at end of December 2010, the Company had raised \$399,000 through share issues and \$455,000 by way of converting notes.

The legal proceedings initiated against a former director concerning unauthorised beneficial payments of \$452,000 have progressed with lodgement of a bank guarantee of \$100,000 security for costs. The Court is yet to fix a hearing date.

Significant changes in the state of affairs

At the last shareholders meeting, the directors presented to the shareholders an update of the projects driving change into the new business direction of the Company in mineral and energy resources.

Consistent with change in the nature of the business, the Company shall be renamed "Stradia Energy Limited", subject to shareholders' approval at the next General Meeting.

Auditor's Declaration

A copy of the auditor's declaration, as required under section 307C of the *Corporations Act 2001*, in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



Director

Dated this 28th day of February 2011



PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Artist & Entertainment Group Limited

I declare that, to the best of my knowledge and belief there have been:

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

DEBORAH CARTWRIGHT
Partner

PITCHER PARTNERS

Sydney

28 February 2011

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

	Half-year	
	2010	2009
	\$	\$
Revenue		
Other revenue	8,386	6,712
	<u>8,386</u>	<u>6,712</u>
Less: Expenses		
Corporate and administrative expenses	(324,995)	(429,538)
Occupancy expenses	(21,665)	(14,990)
Depreciation and amortisation	(1,764)	(1,764)
Finance costs	-	(1,673)
Development expenses	(11,400)	(218,696)
Impairment of receivables	(407,878)	-
	<u>(767,702)</u>	<u>(666,661)</u>
Profit (loss) before income tax expense	(759,316)	(659,949)
Income tax expense	-	-
Profit (loss) from continuing operations	(759,316)	(659,949)
Profit (loss) from discontinued operations	1(b) 2,134	(141,810)
Profit (loss) for the half-year	(757,182)	(801,759)
Other comprehensive income	-	-
Other comprehensive income after income tax expense	-	-
Total comprehensive income attributable to the members of Artist & Entertainment Group Limited	(757,182)	(801,759)
Basic (and diluted) earnings per share for continued operations	(0.20¢)	(0.30¢)
Basic (and diluted) earnings per share for discontinued operations	-	(0.06¢)
Total basic (and diluted) earnings per share	(0.20¢)	(0.36¢)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	31 Dec 2010	30 June 2010
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	139,569	165,992
Receivables	23,466	40,182
Other current assets	109,411	17,734
TOTAL CURRENT ASSETS	<u>272,446</u>	<u>223,908</u>
NON-CURRENT ASSETS		
Receivables	-	407,878
Property, plant and equipment	1,764	3,528
Other financial assets	517,000	-
TOTAL NON-CURRENT ASSETS	<u>518,764</u>	<u>411,406</u>
TOTAL ASSETS	<u>791,210</u>	<u>635,314</u>
CURRENT LIABILITIES		
Trade and other payables	(118,487)	(51,636)
TOTAL CURRENT LIABILITIES	<u>(118,487)</u>	<u>(51,636)</u>
TOTAL LIABILITIES	<u>(118,487)</u>	<u>(51,636)</u>
NET ASSETS/(LIABILITIES)	<u>672,723</u>	<u>583,678</u>
EQUITY		
Contributed capital	7,938,112	7,091,885
Accumulated losses	(7,265,389)	(6,508,207)
TOTAL EQUITY	<u>672,723</u>	<u>583,678</u>

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

Consolidated	Contributed equity \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2009	5,261,679	(5,273,574)	(11,895)
Loss for the period	-	(801,759)	(801,759)
Shares issued net of costs	117,127	-	117,127
Option exercised net of costs	50,000	-	50,000
Shares issued from converting notes	1,330,714	-	1,330,714
Balance as at 31 December 2009	6,759,520	(6,075,333)	684,187

Consolidated	Contributed equity \$	Retained earnings \$	Total Equity \$
Balance as at 1 July 2010	7,091,885	(6,508,207)	583,678
Loss for the period	-	(757,182)	(757,182)
Shares issued net of costs	846,227	-	846,227
Balance as at 31 December 2010	7,938,112	(7,265,389)	672,723

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Half-year	
	2010	2009
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	-	1,176,270
Payments to suppliers and employees	(264,036)	(4,122,442)
Interest received	8,386	26,724
Borrowing costs	-	(91,303)
Net cash provided by (used in) operating activities	<u>(255,650)</u>	<u>(3,010,751)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of business	-	10,775,000
Payment for other current assets	(100,000)	-
Payment for investments	(2,000)	-
Payment for convertible notes	(515,000)	-
Net cash provided by (used in) investing activities	<u>(617,000)</u>	<u>10,775,000</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	399,000	525,255
Share issue transaction cost	(7,773)	525,255
Proceeds from borrowings	455,000	795,000
Repayment of borrowings	-	(188,210)
Selective share buy back	-	(13,278)
Capital reduction	-	(7,528,640)
Net cash provided by (used in) financing activities	<u>846,227</u>	<u>(6,409,873)</u>
Net increase (decrease) in cash and cash equivalents	(26,423)	1,354,376
Cash and cash equivalents at beginning of half-year	<u>165,992</u>	<u>133,360</u>
Cash and cash equivalents at end of the half-year	<u><u>139,569</u></u>	<u><u>1,487,736</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Artist & Entertainment Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation of the half-year financial report

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The same accounting policies and method of computation have been followed in this interim financial report as were applied in the most recent annual financial report.

(b) Discontinued operations

Expenditures related to the businesses discontinued in the previous year are reported in the financial report as discontinued operations.

The company reported a credit balance of \$2,134 in respect of over provision for cost relating to discontinued operations made in the last financial reporting period at 30 June 2010.

Prior year losses of the controlled entities placed into administration or liquidation will not be utilised. It is also noted that the company does not satisfy the requirements to carry forward the available tax losses due to discontinuance of its normal activities in consumer services and starting a new business in mineral and energy resources.

NOTE 2: SIGNIFICANT ITEMS

Litigation action

Court proceedings have commenced against a former director of the company for recovery of \$452,000 in payment of benefits without sanction by the Board and approval of Shareholders. Until the matter is finalised or judgement obtained, the benefit of recovery will not be included as an amount that would affect the assets and profit or loss of the company.

Impairment of receivables

An advance of USD350,000 (\$407,878) made to a co-venturer in Thailand has been expended at the Ka Ber Din site to satisfy conditions for a coal mining license application and cost of preliminary studies into the development of a coal fired power plant. As circumstances have changed and the project is of such a nature having to undergo long gestation, the money advanced is unlikely to be recoverable within the short to medium term. As such, the full amount of the advance has been expensed as an impairment charge in the current period.

NOTE 3: REVISIONS OF ACCOUNTING ESTIMATES

The revisions of accounting estimates of amounts reported in prior annual reporting periods have no or limited material effect in the current interim period.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2010**NOTE 4: DIVIDENDS**

	Half-year	
	2010	2009
	\$	\$
Dividends provided for or paid during the half-year:	-	-
Ordinary Shares	-	-
Proposed dividends not recognised at the end of the half-year	-	-

NOTE 5: SEGMENT INFORMATION

In the half-year reporting period, the Group had 3 reportable segments.

Half-year 2010	Thai Coal Project \$	Discontinued Operations \$	Corporate \$	Total \$
Segment revenue	-	-	8,386	8,386
Segment profit(loss)	(419,278)	2,134	(340,038)	(757,182)
	<hr/>			
Half-year 2009	Thai Coal Project \$	Discontinued Operations \$	Corporate \$	Total \$
Segment revenue	-	2,494	6,712	9,206
Segment profit(loss)	(218,696)	(141,810)	(441,253)	(801,759)

NOTE 6: CHANGES IN THE COMPOSITION OF THE ENTITY

There has been no change to the composition of the entity.

It is intended that Ozthai Coal Pty Ltd to remain the vesting entity of the group's interest in Thailand, specifically to realize the potential of the 49% interest in the Thai Coal Project.

Powgen Mining Pty Ltd is intended to prospect for new business opportunities in energy and resources within Australia.

Combined Hydrocarbon Limited remained on the lookout for a new development prospect in the energy sector within the IndoChina region.

Discontinued Operation Disclosure

The non-performing subsidiary entities that once held the core assets have been closed down under voluntary administration or been liquidated.

The activities associated with the ending process are reported in the financial statement as discontinued operations.

(i) Financial performance and cash flow information

The financial performance and cash flow attributable to the discontinued operation for the half-year ended 31 December 2010 were as follows:

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 67 097 771 581

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2010

	Half-year	
	2010	2009
	\$	\$
Results of discontinued operation		
Revenue	-	2,494
Expenses	2,134	(144,304)
	<u>2,134</u>	<u>(141,810)</u>
Income tax expense	-	-
Operating profit/loss after tax of discontinued operation	<u>2,134</u>	<u>(141,810)</u>
Net profit from discontinued operation	<u>2,134</u>	<u>(141,810)</u>
Net cash(outflow) from ordinary activities	-	(265,763)
Net decrease in cash generated by the disposed company	<u>-</u>	<u>(265,763)</u>

NOTE 7: CONTINGENT LIABILITIES

The Company has an obligation to complete the annual tax returns for 2006 to 2009 for each of the subsidiaries that have discontinued their operations. These subsidiaries have either been liquidated or discharged from administration pending de-registration. There is no tax consequence as none of the former business units achieved any past profit outcome under the former management. It is estimated that the preparation of tax returns would cost the Company about \$50,000.

	31 Dec 2010	30 June 2010
	\$	\$
Guarantee – Security for cost (covered by term deposit classified as other current assets in statement of financial position)	100,000	100,000
Professional tax services – Tax Returns 2006 -2009	50,000	-
	<u>150,000</u>	<u>100,000</u>

NOTE 8: SUBSEQUENT EVENTS

The Company shall in the coming months following a change of name embark on a fund raising program by way of a prospectus issue and re-listing the securities of the company satisfying ASX chapter 1 and 2 of the listing rules. A timetable for the program will be lodged with the ASX as soon as it becomes available.

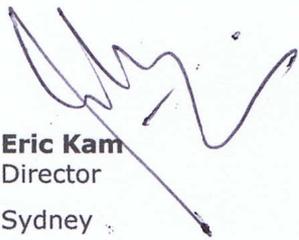
DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 12 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Artist & Entertainment Group Limited 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 directors.



Eric Kam
Director
Sydney

Date: 28th February 2011



PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARTIST & ENTERTAINMENT GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Artist & Entertainment Group Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2010, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 Artist & Entertainment Group Limited 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 control 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 Auditing Standard on Review Engagements ASRE 2410 *Review of 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 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 Artist & Entertainment Group 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.

TO THE MEMBERS OF ARTIST & ENTERTAINMENT GROUP LIMITED*Independence*

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Artist & Entertainment Group Limited is not 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 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*.



DEBORAH CARTWRIGHT

Partner



PITCHER PARTNERS

Sydney

28 February 2011