

Appendix 4E Preliminary Final Report

Gage Roads Brewing Co Limited ABN 22 103 014 320

For the financial year ended 30 June 2009

Results for announcement to the market

Revenue from continuing activities	down	11.5%	to	1,357,409
Loss from ordinary activities after tax attributable to members	down	43.9%	to	(2,037,548)
Net loss attributable to members	down	43.9%	to	(2,037,548)

Dividends (distributions)

There were no dividends declared for the period.
The company does not have a Dividend Re-investment Plan.

Net tangible assets per share	30 June 2009	30 June 2008
	\$	\$
	0.01	0.04

Statement of accumulated losses	30 June 2008	30 June 2007
	\$	\$
Balance 1 July	(10,064,492)	(6,435,624)
Net loss for the year	(2,037,548)	(3,628,868)
Balance 30 June	<u>(12,102,040)</u>	<u>(10,064,492)</u>

Details of controlled entities

There were no controlled entities acquired or disposed of during the period.

Details of associates and joint venture entities

During the year the Company commenced and dissolved the Southern Cross Joint Venture with Ballydooly Cider Company (NZ). While the Joint Venture was trading the Company acted as the Joint Venture operator and held a 50% share. The net contribution to the Company's loss attributable to the winding up of the Joint Venture is (\$33,502) (FY08: Nil).

Reporting Periods

The current reporting period is the financial year ended 30 June 2009. The previous corresponding period is the year ended 30 June 2008.

Commentary on the results for the year ended 30 June 2009

Highlights

- Contract brewing agreements to increase output to over 350,000 cartons per year
- Woolworths become a cornerstone investor
- Direct distribution model adopted for retail sales
- Operating costs reduced
- Cider development

The 4th Quarter of 2009 capped a year of positive change and development for Gage Roads. Highlights include the continued growth in contract brewing opportunities, welcoming Woolworths as a cornerstone investor, the adoption of a new distribution model, continued product development and refinement, capital raising initiatives, significant cost cutting and improvements to our plant and equipment.

In the context of increasing demand for quality contract brewing coupled with limited industry capacity, Gage Roads is well placed to capitalise on the opportunities that arise.

Armed with a team of highly awarded brewers and the scope to increase production with an experienced management team, the Company secured a number of new brewing contracts, positioning the Company well for the future. In addition, growing consumer acceptance and the retail performance of Gage Roads' own products over the last few months has provided the Board with confidence for the outlook for the business.

In June the Company secured a substantial contract brewing agreement with Woolworths. This transaction, combined with other contract brewing commitments and Gage Roads' own brands, increases current production close to installed capacity. However, continued growth in demand will be able to be met through a modest capital outlay which will realise the latent surplus capacity that exists in key production assets.

Woolworths Limited became a cornerstone investor in our Company with a placement of \$1,237,856 at a price of \$0.016 per share approved by Shareholders on the 29th June 2009. This capital is being used to fund some of the equipment that will improve production efficiency and quality assurance. Upgrades are currently underway and production output has already increased.

In December 2008 the Company was also successful in raising \$1.47m through a 2 for 1 rights issue at \$0.01 per share.

While sales were disappointing for the year we have now implemented changes to the distribution and sales models which have seen sales grow in recent months.

For most of FY09 our products were sold and distributed by VOK Beverages. With limited growth in sales resulting from this relationship, we decided to deal directly with the trade. In line with this decision Gage Roads and VOK agreed to terminate the distribution agreement. The convertible note facility in place with VOK was repaid in full.

Distributing directly to the trade enables us to be more competitively priced and to target a broader customer base. This direct distribution model allows Gage Roads to engage in more active joint marketing sales incentives with retailers.

To ensure our objective of strong sales growth for all Gage Roads products we are working on a strategy to maximise our on-premise representation. The on-premise channel provides a launching pad for premium quality beverages in an environment where many consumers trial new products for the first time. We aim to partner with a national wholesaler specialising in on-premise channels that include pubs, hotels, restaurants and clubs.

This year we developed three new products for rapidly growing market segments including.

- KUTT *low carbohydrate beer with flavour*
- Blue Angel Cider *premium quality cider using bittersweet NZ apples and real passionfruit*
- Magnum Cider *premium quality cider using bittersweet NZ apples*

Consumer feedback has been overwhelmingly positive on the taste profile and packaging of the new products.

A series of cost cutting measures implemented across the business reduced overheads by \$1.7 million for the year. This measure ensured that the business has continued operating in a time of uncertainty within the segment and the capital market environment.

The achievements of staff, management and the board during FY09 have positioned Gage Roads well to take advantage of the opportunities which are presenting themselves in the forthcoming year. The focus will continue to be on getting the business to profitability while producing award-winning beer that all consumers can enjoy.



Nick Hayler
CEO
Gage Roads Brewing Co Ltd

Tel: (08) 9331 2300

Income Statement

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

	Notes	2009 \$	2008 \$ <i>Restated</i>
Revenue from continuing operations	1	1,357,409	1,534,540
Other income		5,848	6,979
Raw materials, consumables & delivery		(611,592)	(712,970)
Operating expenses		(353,583)	(464,247)
Employee expense		(1,581,649)	(2,124,770)
Depreciation and amortisation expense	2	(148,521)	(142,006)
Sales and marketing		(437,991)	(1,371,644)
Administration costs		(381,437)	(510,245)
Occupancy costs		(144,123)	(113,102)
Finance costs	2	(37,469)	(43,128)
Loss before income tax		(2,333,108)	(3,940,593)
Income tax benefit	3	295,560	311,725
Loss for the year		(2,037,548)	(3,628,868)
Loss attributable to members of Gage Roads Brewing Co Ltd		(2,037,548)	(3,628,868)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic earnings per share	16	(0.01)	(0.07)
Diluted earnings per share	16	(0.01)	(0.07)

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

Balance Sheet

As at 30 June 2009 - Gage Roads Brewing Co Limited

	Notes	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,670,766	698,537
Trade and other receivables	5	215,403	490,329
Inventories	6	600,407	581,565
Total current assets		<u>2,486,576</u>	<u>1,770,431</u>
Non-current assets			
Property, plant and equipment	7	2,445,037	2,507,781
Intangible assets	8	3,769	3,769
Total non-current assets		<u>2,448,806</u>	<u>2,511,550</u>
Total assets		<u>4,935,382</u>	<u>4,281,981</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	623,473	593,951
Borrowings	10	185,530	182,390
Total current liabilities		<u>809,003</u>	<u>776,341</u>
Non-current liabilities			
Provisions	11	28,888	-
Borrowings	12	125,594	279,113
Total non-current liabilities		<u>154,482</u>	<u>279,113</u>
Total liabilities		<u>963,485</u>	<u>1,055,454</u>
Net assets		<u>3,971,897</u>	<u>3,226,527</u>
EQUITY			
Contributed equity	13	15,735,908	13,005,942
Share options reserve	14	338,029	285,077
Accumulated losses	14	(12,102,040)	(10,064,492)
Total equity		<u>3,971,897</u>	<u>3,226,527</u>

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

Statement of Changes in Equity

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

	Notes	2009 \$	2008 \$
Total equity at the beginning of the financial year		<u>3,226,527</u>	<u>4,369,512</u>
Loss for the year		<u>(2,037,548)</u>	<u>(3,628,868)</u>
Total recognised income and expense for the year attributable to the members of Gage Roads Brewing Co Ltd		<u>(2,037,548)</u>	<u>(3,628,868)</u>
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	13	2,729,966	2,351,740
Director share options issued	14	30,330	135,481
Other share options issued	14	22,622	(1,338)
		<u>2,782,918</u>	<u>2,485,883</u>
Total equity at the end of the financial year		<u>3,971,897</u>	<u>3,226,527</u>

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

Cashflow Statement

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

	Notes	2009 \$	2008 \$
Cashflows from operating activities			
Receipts from customers (inclusive of GST)		1,712,570	2,458,208
Payments to suppliers and employees (inclusive of GST)		<u>(3,827,482)</u>	<u>(6,146,278)</u>
		(2,114,912)	(3,688,070)
Interest received		26,692	75,321
Interest paid		(37,469)	(43,128)
Income tax refund received		607,285	-
Net cash outflow from operating activities	15	<u>(1,518,404)</u>	<u>(3,655,877)</u>
Cashflows from investing activities			
Payments for property, plant and equipment		<u>(38,954)</u>	<u>(328,516)</u>
Net cash outflow from investing activities		<u>(38,954)</u>	<u>(328,516)</u>
Cashflows from financing activities			
Proceeds from issues of shares and other equity securities		2,729,966	2,334,940
Proceeds from borrowings		733,297	17,402
Repayment of borrowings		<u>(933,676)</u>	<u>(145,188)</u>
Net cash inflow from financing activities		<u>2,529,587</u>	<u>2,207,154</u>
Net increase in cash and cash equivalents		972,229	(1,777,239)
Cash and cash equivalents at the beginning of the financial year		<u>698,537</u>	<u>2,475,776</u>
Cash and cash equivalents at the end of the financial year	4	<u>1,670,766</u>	<u>698,537</u>

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

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 1 : Revenue

	2009 \$	2008 \$ <i>Restated</i>
<i>Revenue from continuing operations</i>		
Sale of goods	1,526,024	2,105,103
Less: Excise tax collected	(194,236)	(629,229)
Interest	25,621	58,666
	<u>1,357,409</u>	<u>1,534,540</u>
<i>Other revenue</i>		
Sundry sales	5,848	6,979
	<u>5,848</u>	<u>6,979</u>

(a) Accounting policies, estimations, methods and measurement

The accounting policies, estimations, methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report, other than the reclassification of Excise Tax. As of 1 July 2008 the Company adopted an accounting treatment which accounts for Excise Tax as monies received on behalf of a third party and not as revenue. Consequentially in comparison to previous reports the financial statements presented in this Appendix 4E and the last half-year report present revenue and raw materials, consumables & delivery expense net of Excise Tax. Consequentially in order to provide an accurate comparison, the comparative period's (Year ended 30 June 2008) revenue and raw materials, consumables & delivery expense have been adjusted to present amounts net of Excise Tax.

Note 2 : Expenses

	2009 \$	2008 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	122,880	109,721
Office equipment	9,517	8,817
Motor vehicles	16,124	21,254
Total depreciation	<u>148,521</u>	<u>139,792</u>
<i>Amortisation</i>		
Establishment expenses	-	2,214
Total amortisation	<u>-</u>	<u>2,214</u>
<i>Bad Debt Expense</i>		
Bad debts written off	620	1,205
Bad Debts Expensed	<u>620</u>	<u>1,205</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	37,469	43,128
Finance costs expensed	<u>37,469</u>	<u>43,128</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	132,280	100,713
Total rental expense relating to operating leases	<u>132,280</u>	<u>100,713</u>

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 2 : Expenses continued

Defined contribution superannuation expense

Defined contribution superannuation expense	110,822	132,915
Total defined contribution superannuation expense	<u>110,822</u>	<u>132,915</u>

Loss on unwinding of Ballydooly joint venture

Write off of receivable net of JV assets received	33,502	-
Total loss on unwinding of joint venture	<u>33,502</u>	<u>-</u>

Note 3 : Income tax expense / (benefit)

	2009 \$	2008 \$
(a) Income tax expense / (benefit)		
Current tax	-	-
Deferred tax	-	-
R & D tax offset refund	(295,560)	(311,725)
	<u>(295,560)</u>	<u>(311,725)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	<u>(2,037,548)</u>	<u>(3,628,868)</u>
Tax at the Australian tax rate of 30% (2008 - 30%)	(611,264)	(1,088,660)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	15,886	45,283
Fines and entertaining	1,382	2,862
	<u>(593,996)</u>	<u>(1,040,515)</u>
Taxation benefit not recognised	593,996	1,040,515
R & D tax offset refund	(295,560)	(311,725)
Income tax expense / (benefit)	<u>(295,560)</u>	<u>(311,725)</u>
(c) Unrecognised tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>8,975,876</u>	<i>restated</i> <u>7,359,338</u>
Potential tax benefit @ 30%	<u>2,692,763</u>	<u>2,207,801</u>

(d) Unrecognised temporary differences

Deferred tax assets and liabilities have not been brought to account in 2009 after considering the level of tax losses carried forward and available to the Company against future taxable profits and the certainty within the immediate future that taxable profits will be available against which the benefit of the deductible temporary differences can be claimed. The level of DTAs and DTLs not recognised, other than the losses noted above, are both immaterial and net to a nominal level, hence the unrecognised tax losses approximate the overall net deferred tax assets not brought to account in 2009.

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 4 : Current assets - Cash and cash equivalents

	2009 \$	2008 \$
Cash at bank and in hand	1,670,766	698,537
	<u>1,670,766</u>	<u>698,537</u>

(a) Reconciliation to cash at the end of the year

The above figure agrees to cash at the end of the financial year as shown in the cashflow statement.

(b) Cash at bank and on hand

The cash at bank and in hand balances above bear interest rates of between 0% and 6%.

Note 5 : Current assets - Trade and other receivables

	2009 \$	2008 \$
Trade receivables	212,894	124,048
GST receivable	-	36,166
R & D tax offset receivable	-	311,725
Other receivables	2,509	18,390
	<u>215,403</u>	<u>490,329</u>

(a) Bad and doubtful trade receivables

Bad and doubtful trade receivables that are known to be uncollectable during the year ended 30 June 2009 have been written off. The Company is unaware of any doubtful trade receivables and has not made any provision in respect of any doubtful trade receivables as of 30 June 2009. Bad trade receivables which have been expensed to bad debts expense are amounts past due which are uncollectable from one small debtor who did not pay its obligations. Please see note 4 Bad Debt Expense for receivables written off during the year.

(b) Interest rate risk

There are no interest-bearing balances in receivables, therefore the Company has no interest rate risk.

(c) Past due but not impaired

As of 30 June 2009 trade receivables of \$84,671 (2008 - \$27,954) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2009 \$	2008 \$
Up to 3 months	84,671	27,954
3 to 6 months	-	-
	<u>84,671</u>	<u>27,954</u>

(d) Fair value and credit risk

Due to their short-term nature, the fair value of receivables approximates their carrying value. The maximum exposure to credit risk is their carrying value above. The Company only has a credit risk concentration with respect to its major customers. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 6 : Current assets - Inventories

	2009 \$	2008 \$
Raw material and stores - at cost	461,423	435,682
Work-in-progress - at cost	42,972	37,156
Finished goods - at cost	96,012	108,728
	<u>600,407</u>	<u>581,565</u>

Inventory expense

Inventories recognised as an expense (cost of goods sold) during the year ended 30 June 2009 amounted to \$611,592 (2008 restated: \$712,970). Inventories written off during the year as new product development costs, obsolete stock and operational waste amounted to \$17,490 (2008 restated: \$34,949)

Note 7 : Non-current assets - Property, plant and equipment

	Plant and equipment	Office equipment	Motor vehicles	Total
At 1 July 2007				
Cost or fair value	2,390,647	57,971	202,387	2,651,005
Accumulated depreciation	(227,110)	(27,089)	(77,749)	(331,948)
Net book amount	<u>2,163,537</u>	<u>30,882</u>	<u>124,638</u>	<u>2,319,057</u>
Year ended 30 June 2008				
Opening net book amount	2,163,537	30,882	124,638	2,319,057
Additions	316,822	11,694	-	328,516
Depreciation charge	(109,721)	(8,817)	(21,254)	(139,792)
Closing net book amount	<u>2,370,639</u>	<u>33,758</u>	<u>103,384</u>	<u>2,507,781</u>
At 30 June 2008				
Cost or fair value	2,707,470	69,664	202,387	2,979,521
Accumulated depreciation	(336,831)	(35,906)	(99,003)	(471,740)
Net book amount	<u>2,370,639</u>	<u>33,758</u>	<u>103,384</u>	<u>2,507,781</u>
Year ended 30 June 2009				
Opening net book amount	2,370,639	33,758	103,384	2,507,781
Additions	95,783	-	-	95,783
Depreciation charge	(122,880)	(9,517)	(16,124)	(148,521)
Disposals	-	(465)	(9,541)	(10,006)
Closing net book amount	<u>2,343,542</u>	<u>23,776</u>	<u>77,719</u>	<u>2,445,037</u>
At 30 June 2009				
Cost or fair value	2,803,253	69,664	202,387	3,075,304
Accumulated depreciation	(459,711)	(45,888)	(124,668)	(630,267)
Net book amount	<u>2,343,542</u>	<u>23,776</u>	<u>77,719</u>	<u>2,445,037</u>

(b) Non-current assets pledged as security.

Refer to note 12 for information on non-current assets pledged as security by the Company.

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 8 : Non-current assets - Intangible assets

At 1 July 2007

Cost or fair value	3,769
Net book amount	<u>3,769</u>

Year ended 30 June 2008

Opening net book amount	3,769
Closing net book amount	<u>3,769</u>

Year ended 30 June 2009

Opening net book amount	3,769
Closing net book amount	<u>3,769</u>

Trademarks

Trademarks are considered to have an infinite useful life.

Note 9 : Current liabilities - Trade and other payables

	2009	2008
	\$	\$
Trade payables	252,457	303,893
GST payable	11,243	-
R & D tax offset expenses payable	29,556	62,345
Revenue received in advance (a)	96,000	-
Other payables (b)	<u>234,217</u>	<u>227,713</u>
	<u>623,473</u>	<u>593,951</u>

(a) Revenue received in advance

Revenue received in advance recognises prepayment of contract brew revenue in the form of a deposit. The contract brew is expected to be performed within the next 3 months.

(b) Amounts not expected to be settled within one year

Other payables include accruals for annual leave. The entire obligation is expressed as Current as the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The estimated leave that is not expected to be taken in the next twelve months is \$76,671 (2008: \$94,355)

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 10 : Current liabilities - Borrowings

	2009	2008
	\$	\$
Secured		
Lease liabilities	35,307	43,865
Other loans (a)	150,223	138,525
Total secured current borrowings	<u>185,530</u>	<u>182,390</u>
Total current borrowings	<u>185,530</u>	<u>182,390</u>

(a) Other loans

These are chattel mortgages secured over specific assets to be repaid within 1 year.

(b) Interest rate exposure

All the above secured borrowings are at fixed rates and therefore the Company is exposed to fair value interest-rate risk through changes in market interest rates.

(c) Fair value disclosures

The fair value of borrowings for the Company are consistent with their carrying values above due to their short term nature.

(d) Security

Details of the security relating to each of the secured liabilities are set out in note 12.

Note 11 : Non Current liabilities - Provisions

	2008	2007
	\$	\$
Provision for long service leave	28,888	-
	<u>28,888</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 12 : Non-current liabilities - Borrowings

	2009 \$	2008 \$
Unsecured		
Convertible Note (a)	-	17,402
Total unsecured non-current borrowings	-	17,402
Secured		
Lease liabilities	14,106	-
Other loans (b)	111,488	261,711
Total secured non-current borrowings	125,594	261,711
Total non-current borrowings	125,594	279,113

(a) Convertible Note

The convertible note with Vok Beverages Pty Ltd was interest free, unsecured and provided for the funds to be converted into ordinary shares on a quarterly basis at a 12.5% discount to the prevailing VWAP of Gage Roads shares. The terms of the convertible note provided for the conversion of any outstanding balance upon the end of the two year term. The convertible note was repaid in full and terminated during the year.

(b) Other loans

These are chattel mortgages secured over specific assets to be repaid within 2-5 years.

(c) Interest rate exposure

All the above secured borrowings are at fixed rates and therefore the Company is exposed to fair value interest-rate risk through changes in market interest rates.

(d) Assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the Financial Statements revert to the lessor in the event of default. Other loans are secured by fixed charges over plant and equipment and motor vehicles.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

<i>Fixed charges</i>		
Plant and equipment	1,304,313	1,263,221
Motor vehicles	45,420	54,976
	1,349,733	1,318,197
<i>Finance lease</i>		
Plant and equipment	49,168	-
Motor vehicles	24,762	48,144
	73,929	48,144
Total assets pledged as security	1,423,662	1,366,341

(e) Other loans - interest-rate exposure

All the above secured borrowings are at fixed rates and therefore the Company is exposed to fair value interest-rate risk through changes in market interest rates.

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 13 : Contributed equity

	2009 Shares	2008 Shares	2009 \$	2008 \$
(a) Share Capital				
Ordinary shares				
Fully paid	302,643,559	70,616,724	15,735,908	13,005,942
(b) Movement in contributed equity:				
1 July (opening balance)	70,616,724	44,570,458	13,005,942	10,654,202
<i>Issues of shares during the year</i>				
ORD shares issued to employees		70,000		16,800
Placement ORD shares issued, 13¢		6,584,419		855,974
1-1 Rights Issue ORD share issued, 8¢		19,391,847		1,551,348
Placement ORD shares issued, 6¢	2,999,999		180,000	
2-1 Rights Issue ORD share issued, 1¢	147,233,446		1,472,334	
Placement ORD shares issued, 1¢	1,107,500		11,075	
ORD shares issued to employees	4,275,000		0	
Placement ORD shares issued, 1.6¢	76,410,890		1,237,856	
Capital raising costs			(171,300)	(72,383)
30 June (closing balance)	302,643,559	70,616,724	15,735,908	13,005,942

At 30 June 2009 there were 302,643,559 ordinary shares on issue.

Ordinary shares

Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Note 14 : Reserves and accumulated losses

	2009 \$	2008 \$
(a) Share options reserve		
Movements in share options reserve were as follows:		
Balance 1 July	285,077	150,934
Transfer to contributed equity (options exercised)		
Options cancelled (Draught Program)	-	(1,338)
Options expensed (KMP Remuneration)	52,952	135,481
Balance 30 June	338,029	285,077

The share options reserve is used to recognise the fair value of options issued but not exercised.

(b) Accumulated losses

Movements in accumulated losses were as follows:

Balance 1 July	(10,064,492)	(6,435,624)
Net loss for the year	(2,037,548)	(3,628,868)
Balance 30 June	(12,102,040)	(10,064,492)

Notes to the Financial Statements

For the year ended 30 June 2009 - Gage Roads Brewing Co Limited

Note 15 : Reconciliation of profit after income tax to net cash outflow from operating activities

	2009	2008
	\$	\$
Loss for the year	(2,037,548)	(3,628,868)
Depreciation and amortisation	148,521	142,006
Share option expense	52,952	150,943
Loss on sale of assets	3,177	-
Changes in operating assets and liabilities		
(Increase) decrease in trade debtors	(88,846)	149,334
(Increase) decrease in other debtors	363,772	(310,947)
(Increase) decrease in inventories	(18,841)	(306,982)
Increase (decrease) in trade creditors	(51,436)	18,895
Increase (decrease) in other operating liabilities	80,958	96,645
Increase (decrease) in other provisions	28,888	33,096
Net cash outflow from operating activities	<u>(1,518,404)</u>	<u>(3,655,867)</u>

Note 16 : Earnings Per Share

	2009	2008
	\$	\$
Basic earnings per share ("EPS")	(0.01)	(0.07)
Diluted earnings per share	(0.01)	(0.07)
(a) Basic earnings per share		
Loss used in calculating basic EPS	(2,037,548)	(3,628,868)
Weighted average number of ordinary shares used in calculating basic EPS	157,939,100	56,116,469

The loss used in the calculation in basic earnings per share equates to the net loss in the income statement.

The weighted average number of ordinary shares used in calculating basic earnings per share does not include potential ordinary shares such as shares under option.

(b) Diluted earnings per share

The diluted loss per share is the same as the basic loss per share as the Company's potential ordinary shares are not likely to be diluted as currently issued options are out of the money at 30 June 2009.

Note 17 : Non-cash investing and financing activities

	2009	2008
	\$	\$
Acquisition of plant and equipment by means of hire purchase agreements	<u>50,000</u>	<u>-</u>

Compliance statement

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based upon accounts to which one of the following applies:

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5. The entity has a formally constituted audit committee.



Signed:

Company Secretary

Date: 31 August 2009

Name:

John Hoedemaker