

Appendix 4D Half-Year Report

Gage Roads Brewing Co Limited ABN 22 103 014 320

For the half-year ended 31 December 2010

Results for announcement to the market

Revenue from ordinary activities	up	191%	to	6,135,564
Loss from ordinary activities after tax attributable to members	down	122%	to	(392,365)
Net loss attributable to members	down	122%	to	(392,365)

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	31 December	31 December
	2010	2009
	\$	\$
	0.02	0.02

Details of controlled entities

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

Details of associates and joint venture entities

There were no associates and joint venture entities during the period.

Reporting Periods

The current reporting period is the half-year ended 31 December 2010. The previous corresponding period is the half-year ended 31 December 2009.

Commentary on the results for the half-year ended 31 December 2010

Review of Operations

Highlights

- Revenue increases 191% to \$6.1 million.
- Total production volume increases by 218%.
- The company achieved an inaugural quarterly net profit of \$0.27 million for the December quarter (unaudited).
- Contract brewing portfolio for Woolworths (“WOW”) grew by an additional 2 products with sales exceeding original production forecast.
- Brewery expansion program delivers volume in excess of planned capacity during production peaks in December.
- Demand for contract brewing continues to grow strongly with forecasts to increase output in FY12 to an estimated 1.5 million cartons up 50% on the forecast set for FY11.
- Gage Roads own brand carton sales increase 21% with significant uplifts from September 2010 coinciding with the release of new packaging.

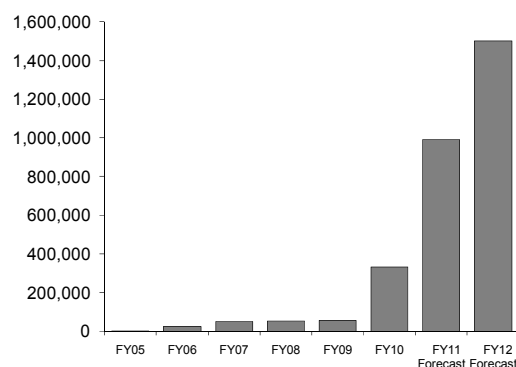
Gage Roads Brewing Company achieved unprecedented success in areas of profitability, production capacity, sales volume and operational capability during the half year. Packaging upgrades to three of our core products have also boosted sales. These achievements are reflective of the calibre and commitment of the team at Gage Roads who have single-mindedly worked to achieve our objectives of profitability, product quality and production volumes.

Notwithstanding the \$0.39 million loss posted for the half year, the Company achieved a \$0.27 million net profit (unaudited) for the December quarter. This result was delivered through a sustained, committed effort and confirmed that the business strategy we set out to achieve is sustainable. The fact that our team delivered strong volume, revenue and earnings growth in an environment challenged by exponential change to operating procedures, human resource management and logistical process was encouraging. An opportunity now exists to apply lessons learned during a period of rapid expansion to map out a growth strategy that delivers another step-change in sales volume and profit growth during the next 2 years. The production volume forecast over this period is 2 to 3 times current output and will require further capital investment to meet this extraordinary potential uplift in demand.

Sales results and considerable positive consumer feedback on Dry Dock Premium Lager, the first product Gage Roads was commissioned to produce for Woolworths, are a great credit to our brewing team and the quality assurance process employed to ensure the best consumer experience possible. The high standards set by our team have also contributed to the commissioning of two further products for the Woolworths group in this last quarter, Clipper Light Premium Lager and Castaway Cider. Both of these products have outperformed our original estimates with increased demand expected as they become established in the market. We anticipate more contract brewing opportunities to be realised over the next 12 months helping to strengthen and diversify the Company’s portfolio of higher volume contract brewing brands.

As the brewery is already at current capacity of 1.2 million cases per annum a number of opportunities to streamline processes and procedures have been identified to reduce costs, further improve beer quality and increase profitability. I’m proud to say that ownership and identification of these improvements has been driven largely by the operational team who can see the benefits of a rapid but sustainable growth strategy.

Sales Volume (Cartons)



The Company will once again engage a number of industry experts to provide guidance and support for the 2nd stage of the brewery and packaging line upgrades to cost effectively deliver the quality and volumes required to meet the forecast demand. At the same time Gage Roads will be investing in projects that deliver significant cost saving and efficiency gains throughout the current Palmyra facility.

As CEO I feel that Gage Roads is well placed to continue its rapid growth, in a market that has struggled for the last 12 months, because we listen to the needs of our customers and invest in the cultivation of a workplace that encourages ownership of the decision-making process. The dedication, commitment and focus of our skilled team continues to grow and evolve in an environment of substantial change.

Sales growth of our proprietary brands have outperformed most other products within the same category and lifecycle due largely to the upgrade in packaging and consistent distribution through approximately 1,300 outlets nationally. We expect sales of Gage Roads products to continue to grow with a packaging upgrade to our popular Wahoo product due out later this year.

Our ongoing relationship with the Woolworths group and our major suppliers continues to provide Gage Roads with the confidence to grow in a competitive market, while producing world-class beverages at affordable prices. It is our goal to provide our investors with enhanced returns, customers with refreshing service and consumers with a great taste in their mouths.

Please refer to the attached Financial Report for the Half-Year ended 31 December 2010 for further information.



Nick Hayler
Chief Executive Officer
Gage Roads Brewing Co Ltd

Tel: (08) 9331 2300

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 auditor' review report is attached.
6. The entity has a formally constituted audit committee.

Signed:



Company Secretary

Date: 24 February 2011

Name:

John Hoedemaker



**GAGE ROADS BREWING CO LIMITED
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

ABN 22 103 014 320

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 30 June 2010, and any public announcements made by Gage Roads Brewing Company Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Gage Roads Brewing Co Ltd
Financial Report
For the Half-Year Ended 31 December 2010

Corporate Directory

Directors

Ian Olson (Chairman)
Robert Gould
Steven Greentree
Bill Hoedemaker
John Hoedemaker

Chief Executive Officer

Nick Hayler

Company Secretary

John Hoedemaker

Principal Place of Business & Registered Office

14 Absolon Street
PALMYRA WA 6157
Tel: (08) 9331 2300
Fax: (08) 9331 2400
Web: www.gageroads.com.au

Postal Address

PO Box 2024
PALMYRA DC WA 6961

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Legal Adviser

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Stock Exchange Listing

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: GRB

Share Registry

Computershare Investor
Services Pty Ltd
GPO Box D182
PERTH WA 6840

Registry Enquiries

Within Australia: 1300 798 285
Outside Australia: (03) 9415 4823

Gage Roads Brewing Co Ltd
Financial Report
For the Half-Year Ended 31 December 2010

Contents

Review of Operations.....	4
Directors' Report.....	6
Auditor's Independence Declaration.....	7
Directors' Declaration.....	8
Independent Auditor's Report	9
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows.....	14
Notes to the Financial Statements.....	15

Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2010

Review of Operations

Highlights

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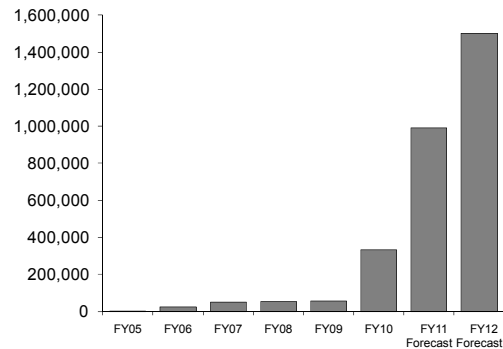
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Sales Volume (Cartons)



Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2010

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Nick Hayler
Chief Executive Officer

**Gage Roads Brewing Co Ltd
Directors' Report
For the Half-Year Ended 31 December 2010**

Directors' Report

Your Directors present their report on Gage Roads Brewing Co Limited for the half-year ended 31 December 2010.

Directors

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated.

Ian Olson (Chairman)
Robert Gould
Steven Greentree
Bill Hoedemaker
John Hoedemaker

Chief Executive Officer

Nick Hayler

Principal Activities

During the year the principal continuing activities of the Company were the brewing, packaging, marketing and selling of beverages.

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

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review and results of operations

The profit (loss) of the Company for the half-year ended 31 December 2010 after providing for income tax amounted to (\$392,365) (2009: \$1,823,392).

A review of the Company's operations and its financial position, business strategies and prospects is located at page 4 of this report.

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 7.

This report is made in accordance with a resolution of Directors.



Ian Olson
Chairman

Palmyra
24 February 2011

24 February 2011

Board of Directors
Gage Roads Brewing Co Limited
14 Absolon Street
PALMYRA WA 6961

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF GAGE ROADS
BREWING CO LTD**

As lead auditor of Gage Roads Brewing Co Ltd for the half-year ended 31 December 2010, I
declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.



Glyn O'Brien
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Gage Roads Brewing Co Ltd
Directors' Declaration
For the Half-Year ended 31 December 2010

The Directors of the Company declare that:

- (a) The financial statements and notes set out on pages 11 to 18 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001: *and*
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
- (b) 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 and is signed for and behalf of the Directors by:



Ian Olson
Chairman

Palmyra
24 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GAGE ROAD BREWING CO. LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gage Road Brewing Co. Ltd, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing 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 Gage Road Brewing Co. 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gage Road Brewing Co. Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Gage Road Brewing Co. Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that Gage Roads Brewing Co. Ltd has, as at 31 December 2010, a working capital deficiency whereby its current liabilities exceeded its current assets by \$5,111,316. This includes \$4,200,000 relating to its ANZ loan facility which has been reclassified as a current liability due to it expiring on 1 July 2011, and, as set forth in Note 1, the renewal of this facility is still in the process of being negotiated. Should this facility not be extended or replaced, the company would be dependent on shareholder support to repay the facility. Should that shareholder support not be provided, it may indicate the existence of a material uncertainty which may cast significant doubt about the disclosing entity's ability to continue as a going concern and therefore, whether the disclosing entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd



Glyn O'Brien
Director

Perth, Western Australia
Dated this 24th February 2011

Gage Roads Brewing Co Ltd
Statement of Comprehensive Income
For the Half-Year ended 31 December 2010

	Notes	31 December 2010 \$	31 December 2009 \$
Revenue from continuing operations			
Sales revenue		6,133,776	2,104,108
Interest revenue		1,788	3,536
	2	6,135,564	2,107,644
Other income	2	109	11,573
Raw materials, consumables & delivery		(3,147,323)	(1,139,261)
Operating expenses	3	(834,087)	(566,019)
Employee expense	3	(1,859,256)	(1,049,607)
Depreciation and amortisation expense	3	(158,404)	(240,350)
Sales and marketing		(151,754)	(155,906)
Administration costs		(264,052)	(218,190)
Occupancy costs		(145,124)	(145,410)
Finance costs		(136,195)	(57,717)
Loss before income tax		(560,522)	(1,453,243)
Income tax benefit	4	168,157	3,276,635
Profit (Loss) for the half-year		(392,365)	1,823,392
Total comprehensive income for the half-year		(392,365)	1,823,392
Profit (Loss) and Other Comprehensive Income attributable to members of Gage Roads Brewing Co Ltd		(392,365)	1,823,392
Profit (Loss) per share attributable to the ordinary equity holders of the company:			
Basic and diluted profit (loss) per share (cents)		(0.13)	0.01

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Statement of Financial Position
As at 31 December 2010

	Notes	31 December 2010 \$	30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		991,207	889,266
Trade and other receivables		971,844	922,280
Inventories		758,703	797,420
Total current assets		<u>2,721,753</u>	<u>2,608,966</u>
Non-current assets			
Property, plant and equipment		6,419,069	5,764,265
Intangible assets		3,769	3,769
Deferred tax asset	4	3,882,248	3,714,091
Total non-current assets		<u>10,305,086</u>	<u>9,482,125</u>
Total assets		<u>13,026,839</u>	<u>12,091,091</u>
LIABILITIES			
Current liabilities			
Trade and other payables		3,602,920	2,234,703
Borrowings	1(c)	4,230,149	89,228
Total current liabilities		<u>7,833,069</u>	<u>2,323,931</u>
Non-current liabilities			
Provisions		73,300	57,500
Borrowings	1(c)	-	4,200,000
Total non-current liabilities		<u>73,300</u>	<u>4,257,500</u>
Total liabilities		<u>7,906,369</u>	<u>6,581,431</u>
Net assets		<u>5,120,470</u>	<u>5,509,660</u>
EQUITY			
Contributed equity		16,586,699	16,586,699
Share options reserve		349,028	345,853
Accumulated losses		(11,815,257)	(11,422,892)
Total equity		<u>5,120,470</u>	<u>5,509,660</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Statement of Changes in Equity
For the Half-Year ended 31 December 2010

	Contributed equity \$	Accumulated Losses \$	Share Option reserve \$	Total equity \$
At 1 July 2009	15,735,908	(12,102,040)	338,029	3,971,897
Total comprehensive income for the half-year		1,823,392		1,823,392
Transactions with equity holders in their capacity as equity holders:				
Employee and other share options expensed			5,874	5,874
At 31 December 2009	15,735,908	(10,278,648)	343,903	5,801,163
Total comprehensive income for the half-year		(1,144,244)		(1,144,244)
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital, net of transaction costs	674,166			674,166
Employee and other share options expensed			1,950	1,950
Employee share plan shares expensed	176,625			176,625
At 30 June 2010	16,586,699	(11,422,892)	345,853	5,509,660
Total comprehensive income for the half-year		(392,365)		(392,365)
Transactions with equity holders in their capacity as equity holders:				
Employee and other share options expensed			3,175	3,175
At 31 December 2010	16,586,699	(11,815,257)	349,028	5,120,470

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Statement of Cash Flows
For the Half-Year ended 31 December 2010

	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST, WET and Excise Tax)	11,194,045	3,602,375
Payments to suppliers and employees (inc. of GST, WET and Excise Tax)	(10,047,185)	(4,287,301)
	1,146,860	(684,926)
Interest received	1,788	3,994
Interest paid	(136,195)	(54,141)
Net cash inflow (outflow) from operating activities	1,012,453	(735,073)
Cash flows from investing activities		
Payments for property, plant and equipment	(851,433)	(1,180,184)
Net cash outflow from investing activities	(851,433)	(1,180,184)
Cash flows from financing activities		
Proceeds from borrowings	25,357	1,019,574
Repayment of borrowings	(84,436)	(231,233)
Net cash inflow (outflow) from financing activities	(59,079)	788,341
Net increase/(decrease) in cash and cash equivalents	101,941	(1,126,916)
Cash and cash equivalents at the beginning of the financial half-year	889,266	1,670,766
Cash and cash equivalents at the end of the financial half-year	991,207	543,850

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2010

Note 1 : Summary of significant accounting policies

(a) Basis of preparation of half-year financial statements

The general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

The historical cost basis has been used as the basis of preparation.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Gage Roads Brewing Co Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, unless otherwise stated.

(b) Going concern

The Company has adopted a strategic plan which addresses the fundamental requirement of the business to increase production volume to increase total revenue and achieve consistent profitability. Capital infrastructure allowing the Company to produce in excess of 1 million cartons per annum was installed during the last 18 months, and an annualised production volume of over 1 million cartons per annum and an operating profit was achieved in the quarter ended 31 December 2010. This installed production capacity in conjunction with the contract brewing agreement with Woolworths Limited and the anticipated growth of the Company's proprietary brands is expected to contribute significantly toward achieving ongoing profitability.

The Company monitors its forecasts and cash flows continuously to ensure the Company has sufficient working capital and the financial flexibility required to implement its strategic plan. Current cashflow forecasts show the Company has sufficient funds to meet its obligations as and when they become due and payable. Notwithstanding the loss for the half-year, these financial statements have been prepared on a going concern basis on this basis.

Should the Company not continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(c) Working Capital Position - Restructure of ANZ \$4.2 million facility

In November 2009 the Company executed an agreement with the ANZ Banking Group Limited to provide a \$4.2 million credit facility. The facility is secured by Company assets and a guarantee from Woolworths Limited. The funds have been fully drawn as at 30 June 2010 to facilitate the expansion program of the existing Palmyra (WA) based production facility, associated working capital requirements, the refinancing of prior existing secured debt, and other related costs.

The \$4.2 million facility has a term ending 1 July 2011 and is therefore required to be re-structured or paid in full prior to that date. The term being within 12 months of the 31 December 2010 balance date has resulted in the liability being recognised as a current liability and has contributed to the surplus of current liabilities over current assets.

The Company is currently in discussions with the ANZ and Woolworths with regard to this facility, and it is anticipated that a restructure will be concluded prior to 30 June 2011 and neither the ANZ or Woolworths has indicated during discussions to date any withdrawal of their support of the facility or an unwillingness to accommodate a restructure of the facility. The discussions with the ANZ and Woolworths to date support the Company's expectations that the Company will have sufficient funds to fulfill its obligations with the ANZ as and when they become due and payable.

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2010

Note 2 : Revenue & Other Income

	31 December 2010 \$	31 December 2009 \$
<i>Revenue</i>		
Sale of goods	10,243,000	3,382,676
Less: Excise tax & WET collected	(4,109,224)	(1,278,568)
Total sale of goods	6,133,776	2,104,108
Interest	1,788	3,536
	6,135,564	2,107,644
<i>Other income</i>		
Other	109	11,573
	6,135,673	2,119,217

Note 3 : Expenses

Profit (Loss) before income tax includes the following specific expenses that are unusual because of their nature, size or incidence:

Impairment of plant and equipment	-	154,856
Write-off packaging unsuited to new plant and equipment	-	97,174
Employee options expensed	3,175	5,874
	3,175	257,904

Note 4 : Income tax benefit / Deferred Tax Asset

	31 December 2010 \$	30 June 2010 \$
(a) Deferred tax asset		
Recognition of deferred tax asset	3,882,248	3,714,091
(b) Recognised tax losses		
Unused tax losses for which a deferred tax asset has been recognised	12,940,827	12,380,303
Deferred tax asset @ 30%	3,882,248	3,714,091

Deferred tax assets and liabilities have been brought to account as at 31 December 2010 after considering the level of tax losses carried forward and available to the Company against future taxable profits and the probability within the future that taxable profits will be available against which the benefit can be claimed. The Company believes that due to the growth of Gage Roads' proprietary brands and contract brew brands it is probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

The Company has investigated the availability of the carry forward tax losses in respect of Divisions 165, 166 and 175 of the Income Tax Assessment Act 1997 (being the satisfaction of the continuity of ownership tests, or alternatively the satisfaction of the same business test and their non preclusion by the income injection provisions) and has formed the opinion that it is more likely than not that the Company will not be prevented from deducting all of its accumulated losses as at 31 December 2010 by virtue of these divisions of the Income Tax Assessment Act 1997.

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2010

Note 4 : Income tax benefit / Deferred Tax Asset (continued)

(c) Significant Estimates & Judgements

As disclosed to the ASX in May 2009, in conjunction with Woolworths Limited acquiring a 25% interest in Gage Roads Brewing, the company also entered into a contractual Supply Agreement with Woolworths Limited to contract brew products for a three year Initial Term and two year Extended Term. Subsequently Deferred Tax Assets were recognised on Gage Road's financial statements at 31 December 2009.

These Deferred Tax Assets are recognised as being recoverable based on internal sales budgets and profit projections for the period of the Supply Agreement Extended Term. Additional Deferred Tax Assets have been recognised in respect of losses incurred subsequent to the Woolworths Limited investment. These losses are recognised as assets on the basis that the Supply Agreement will be renewed and extended beyond the terms of the current Supply Agreement. Should this Agreement not be continued beyond its Extended Term, these balances may not be recoverable at the amounts recognised in the Statement of Financial Position.

Note 5 : Contributed equity

	31 December 2010 Shares	31 December 2009 Shares	31 December 2010 \$	31 December 2009 \$
(a) Share Capital				
Ordinary shares				
Fully paid	303,918,559	302,643,559	16,256,273	15,735,908
	2010 Shares	2009 Shares	2010 \$	2009 \$
(b) Movement in contributed equity:				
1 July (opening balance)	303,918,559	302,643,559	16,256,273	15,735,908
31 December (closing balance)	303,918,559	302,643,559	16,256,273	15,735,908

At 31 December 2010 there were 303,918,559 ordinary shares on issue.

Note 6 : Contingencies

(a) Contingent liabilities and assets

There are no material contingent liabilities or contingent assets of the Company at 31 December 2010.

Note 7 : Events occurring after balance date

Except as noted below, no other matter or circumstance has arisen since 31 December 2010 which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years:

In February 2011, 1,124,986 shares were issued to eligible employees (other than directors or executive officers) in accordance with the Company's Employee Share Plan for nil consideration. After this issue there was 305,043,545 ordinary shares on issue, and contributed equity amounted to \$16,256,273.

In February 2011, 3,000,000 unlisted options that has been previously issued to employees of the Company were forfeited and cancelled. After this forfeiture there are no options issued over ordinary shares.

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2010

Note 8 : Segment Reporting

Management has determined that the company has two reportable segments, being proprietary brand brewing and contract brewing. As the processes from production to retailing is almost identical for both products, and they exhibit similar economic characteristics, they meet the AASB 8 criteria for aggregation.

Due to the extensive overlapping of the two reportable segments, the Board monitors the company based on overall Net Profit level along with production volumes. This internal reporting framework is considered the most relevant to assist the chief operating decision maker with making decisions regarding the company and its operating activities.

There are no discrete corporate activities to the segments that would require reconciliation between segment expenses and total expenses.

	31 December 2010 \$	31 December 2009 \$
Revenue from external sources	6,133,776	2,104,108
Net profit (loss) before tax	(560,522)	(1,453,243)
Reportable segment assets	13,026,839	9,344,100

Woolworths Limited is a major customer of the company as defined by AASB 8, as revenue from that customer exceeds 10% of total revenue from external sources. The Company sells into the Woolworth's national distribution network and also to other national and international outlets.