



30 April 2012

Company Announcements Office  
Australian Stock Exchange  
Exchange Centre  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

### **Appendix 4C & Progress Update – 3rd Qtr FY12**

In lodging the Appendix 4C - quarterly (attached), the Board of **Gage Roads Brewing Co Ltd (ASX: GRB)** are pleased to report to the market on the ongoing progress of the Company.

#### **Sales**

Sales during the quarter were seasonally strong and were up 59% on the same quarter last year ("PYCP"). This was principally due to the Company's ongoing support of Woolworth's private label strategy with sales of their products up 43% compared to the PYCP. Gage Roads Brewing's own products have also performed well, up 115% on the PYCP. Other 3<sup>rd</sup> party contract brewing sales also increased 296% over the PYCP. This result comes after a very strong December quarter and has defied the overall industry trend of traditionally subdued sales in the post-Christmas period.

#### **New Products**

The Company has successfully launched its 640ml large bottle format range, commencing with Woolworth's Dry Dock. This comes after the successful commissioning of modifications to the packaging line and will enable the Company to offer a broader product portfolio to its contract brewing and packaging customers. Gage Roads Brewing is looking to launch a range of its own products into the large bottle format market later on in the Financial Year with products such as "London's Best", "Sleeping Giant India Pale Ale" and "Atomic Pale Ale" being readied for introduction.

#### **Capital Expansion Program**

Significant progress has been made to the in-situ plant in anticipation of the arrival of the new brewhouse in June/July this year. As outlined in the announcement on 17 January 2012, the Company has committed \$3.3 million to purchase a 100hL brewhouse from Krones AG, which is currently under construction in Germany. Management anticipates that the new brewhouse will drive significant ongoing reductions in variable labour and operating costs and expect the brewhouse to be an important pathway to the FY15 goal of increasing production capacity to 3 million cases per annum. As part of this program, additional ancillary items and tanks will drive cost-saving automation to a large part of the brewery.

Additional operational infrastructure has been installed and commissioned during the quarter and is expected to achieve significant ongoing savings in utility costs. This includes a new boiler which will reduce gas costs, a new ammonia plant aiming to lower electricity costs, changes to waste water treatment to improve the quality of water discharged from the plant and water infrastructure designed to eliminate water shortages and ensure smooth production.

Gage Roads Brewing has funded all of the capital expansion in the current quarter from operating cash flows.

The Company looks forward to the June quarter and will provide a progress update on the full year in July 2012.

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John Hoedemaker  
Managing Director  
Gage Roads Brewing Co Ltd  
Tel: (08) 9331 2300

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

GAGE ROADS BREWING CO LIMITED

ABN

22 103 014 320

Quarter ended ("current quarter")

31<sup>st</sup> March 2012

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	11,679	25,839
1.2 Payments for		
(a) staff costs	(1,038)	(2,991)
(b) advertising and marketing	(48)	(127)
(c) research and development	--	--
(d) leased assets	(7)	(20)
(e) other working capital	(9,764)	(21,342)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	1	7
1.5 Interest and other costs of finance paid	(158)	(301)
1.6 Income taxes paid	--	--
1.7 Other	--	--
<b>Net operating cash flows</b>	<b>665</b>	<b>1,065</b>

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	665	1,065
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	(2,193)	(5,687)
(e) other non-current assets	--	--
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	--	--
(e) other non-current assets	--	--
1.11 Loans to other entities	--	--
1.12 Loans repaid by other entities	--	--
1.13 Other (provide details if material)	--	--
<b>Net investing cash flows</b>	(2,193)	(5,687)
<b>1.14 Total operating and investing cash flows</b>	(1,528)	(4,622)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	--	588
1.16 Proceeds from sale of forfeited shares	--	--
1.17 Proceeds from borrowings	--	4,056
1.18 Repayment of borrowings	(17)	(679)
1.19 Dividends paid	--	--
1.20 Other (provide details if material)	--	--
<b>Net financing cash flows</b>	(17)	3,965
<b>Net increase (decrease) in cash held</b>	(1,545)	(657)
1.21 Cash at beginning of quarter/year to date	2,973	2,085
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 <b>Cash at end of quarter</b>	1,428	1,428

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(150)
1.25	Aggregate amount of loans to the parties included in item 1.11	--

1.26 Explanation necessary for an understanding of the transactions:

Payments include directors' fees for non executive directors and salaries for executive directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:

NIL

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest:

NIL

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	9,123	7,623
3.2	Credit standby arrangements	--	--

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,428	2,973
4.2 Deposits at call	--	--
4.3 Bank overdraft	--	--
4.4 Other (provide details)	--	--
<b>Total: cash at end of quarter</b> (item 1.23)	1,428	2,973

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 April 2012.  
 (Company secretary)

Print name: John Hoedemaker

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below:
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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