



31 July 2013

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

### **Appendix 4C & Progress Update – 4th Quarter FY13**

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

### **Full Year FY13 Sales Results**

- Revenue up 15% to \$23m (unaudited)
- Total production volume up 10% to 11m Litres (1.3m cartons and 9.1K kegs)

The full year results saw solid growth in production and revenue while maintaining a consistent gross profit. This growth was driven by the Company's position as a key contributor to the expanding craft beer market segment in Australia.

#### Gage Roads' sales

The Company's proprietary products performed strongly during the year, delivering a 35% uplift on FY12. Our gold medal and trophy winning *Sleeping Giant IPA* and our *Atomic Pale Ale* were standout contributors. This growth reflects the Company's participation in the growing consumer trend towards craft beers. Our mid-strength *Gage Pils 3.5%* also contributed considerably towards the overall growth of the portfolio.

#### Other contract sales

In line with the Company's strategy to become Australia's leading craft contract brewer, production for other contract brewing customers has increased by 105% in comparison to FY12.

During the year, the Company announced exclusive contract brewing agreements with McLaren Vale Beer Company, the Australian marketing division of San Miguel Yamamura Packaging Corporation, Duckstein Brewery, Vinaceous Wines and Two Birds Brewing. This quarter we are pleased to announce the addition of Treasury Wine Estates and Sitella Winery as customers (further details below). The majority of these contracts commenced production in Q4 FY13 upon the completion of the capacity expansion to 2.5 million cartons per annum.

#### Woolworths' sales

The Company's production of Woolworths' exclusive brands in FY13 declined 4% in comparison to FY12. As previously announced, this was a result of Woolworths undertaking an adjustment of their retail model and the re-positioning of some of their exclusive brands at higher price points. Although this repositioning had a short-term impact on the Woolworths' production volumes, it is expected to deliver future volume growth in line with the Company's outlook.

### Draught sales

Draught production has continued to become more meaningful to the Company's earnings profile, up 148% in comparison to FY12. FY13 saw increased keg production for the Sail & Anchor craft range distributed to ALH pubs across Australia as well as growth in draught contract brewing for other customers.

Over the next few months the Company looks forward to re-introducing its proprietary brands to the Western Australian draught market as part of its overall draught strategy.

### **New contract brewing customers**

During the quarter the Company has signed exclusive contract brewing agreements with Treasury Wine Estates Limited for its *Pepperjack Hand-Crafted Ale* (4.7%) and Sitella Winery for its *Sitella Sparkling Shiraz*, and *Sitella Sparkling Chenin*. These products were all recently produced for the first time in July 2013.

### **New Products**

New products for the quarter included *Celtic Premium Bleu*, a 3.6% Lager and *Celtic Golden Wheat*, a 4.9% Belgian-style Wit beer. These products were produced for the Australian marketing division of San Miguel Yamamura Packaging Corporation.

*Vale DRK* (Dark) ale, *Vale ALE*, and *Vale LGR* (lager) were produced for the first time in early April for McLaren Vale Beer Company. *Vale IPA* is expected to be produced early in FY14.

Draught production has also commenced for Two Birds Brewing with their *Two Birds Golden Ale* and *Two Birds Sunset Ale* beers kegged in June.

The Company is currently undergoing a comprehensive brand refresh designed to support the continuing growth its proprietary products. Emphasising our craft credentials the refresh will include re-design of packaging for existing products and the creation of a number of new craft core range products. It is expected to be completed by the end of October with the re-branded products in stores in time for summer.

### **Capital Expansion Program**

The Company has now achieved an annual production capacity of 2.5m cases per annum as of April. To achieve 3m cases per annum, two additional 100hL fermentation tanks will be purchased and installed when required at a cost of approximately \$200,000. During the June quarter the focus has been on quality-driven projects such as the relocation of the conditioning cellar and a number of general site improvements. The commissioning of the new yeast propagation and management system is still outstanding, pending the arrival of specialised yeast tanks and finalisation of engineering design.

The Company also incurred investing outflows during the quarter resulting from previously negotiated trailing payments to key suppliers.

In order to remain competitive in a technology-driven industry, the Company has identified the need for ongoing care and maintenance capital expenditure. As previously announced, this expenditure is expected to be in the order of \$0.7m annually.

## Capital Raising

During the June quarter the Company issued 54,972,748 ordinary shares raising \$8,151,531 as outlined below.

	Capital Raised
Institutional placement and Woolworths Top Up Rights	\$7,482,635
Shareholder Share Purchase Plan and Woolworths Top Up Rights	\$668,896
Less: Capital raising costs	\$(323,030)
	<b>\$7,828,501</b>

	Use of Funds
Part repayment of ANZ facility	\$4,000,000
Working Capital	\$3,828,501
	<b>\$7,828,501</b>

The Company wishes to thank both new and existing shareholders for their participation in these events and their continued support of the Company.

The Company's Managing Director, John Hoedemaker, said:

"It is a credit to the team at Gage Roads and a great result for shareholders to achieve a 10% growth in production and a 15% growth in revenue during a year of significant capital construction."

"New customers, growing draught sales, the continued support of Woolworths and a consistent gross profit are all indicators that the Company's core strategies are unfolding as expected."

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Marcel Brandenburg  
Company Secretary  
Gage Roads Brewing Co Ltd  
Tel: (08) 9314 0000

# 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")

30<sup>th</sup> June 2013

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	10,035	37,754
1.2 Payments for		
(a) staff costs	(926)	(3,942)
(b) advertising and marketing	(33)	(86)
(c) research and development	--	--
(d) leased assets	(7)	(26)
(e) other working capital	(6,805)	(27,442)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	6	9
1.5 Interest and other costs of finance paid	(132)	(524)
1.6 Income taxes paid	--	--
1.7 Other	--	--
<b>Net operating cash flows</b>	<b>2,138</b>	<b>5,743</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
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	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	2,138	5,743
<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	(1,441)	(6,000)
(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>	(1,441)	(6,000)
<b>1.14 Total operating and investing cash flows</b>	697	(257)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	7,829	7,829
1.16 Proceeds from sale of forfeited shares	--	--
1.17 Proceeds from borrowings	--	147
1.18 Repayment of borrowings	(4,044)	(4,126)
1.19 Dividends paid	--	--
1.20 Other (provide details if material)	--	--
<b>Net financing cash flows</b>	3,785	3,850
<b>Net increase (decrease) in cash held</b>	4,482	3,593
1.21 Cash at beginning of quarter/year to date	691	1,580
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 <b>Cash at end of quarter</b>	5,173	5,173

+ 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	(185)
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	5,748	5,661
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	5,173	5,173
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)	5,173	5,173

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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: M. Brandenburg Date: 31 July 2013.  
 (Company secretary)

Print name: Marcel Brandenburg

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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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