



30 July 2014

Company Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Appendix 4C & Progress Update – 4th Quarter FY14

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 FY14 Highlights

- Revenue up 21% on prior year to \$27 m (unaudited)
- Total production volume up 20% on prior year to 1.7m carton equivalents*
- Keg production volume up 49% on prior year to 13,629 x 50L kegs

* One carton equivalent = 7.92L = 24 x 330mL bottles = 0.16 X 50L kegs.

Full Year FY14 Sales Results

Total sales volume has increased by 20% over FY13 to 1.7m carton equivalents and has provided a corresponding uplift of 21% in revenue. Sales volumes in our contract customer segment have grown by 67% over the prior year in line with our strategy to diversify our revenue streams. Despite the recent production interruption, this result highlights the positive relationship and strong support we have built with our customers and the Company's exposure to the growing craft beer market.

Although *Atomic Pale Ale*, *Sleeping Giant IPA* and *Gage Pils 3.5* have performed well, overall sales for Gage Roads' proprietary range declined 16% in comparison to the prior year's volumes. This decline was largely due to *Gage Premium Lager* and *Wahoo* coming under competitive price and category pressure in their respective segments. *Sleeping Giant IPA* now represents Australia's highest selling beer in the India Pale Ale category and *Atomic Pale Ale* is the Country's 5th largest selling beer in the much larger Pale Ale category.

The re-branding of Gage Roads' proprietary products, designed to re-position *Gage Premium Lager* and *Wahoo* and extend the Gage Roads craft range, is in its final stages and is expected to be available on shelves in time for the summer sales period. The new craft range, including our best-sellers *Atomic Pale Ale* and *Sleeping Giant IPA*, is expected to increase sales and strengthen Gage Roads' position as a key player in the growing craft beer market.

Cash Flow and Balance Sheet

During the quarter the Company has collected fewer receipts from customers as a result of the production interruption as announced on 28 April 2014. Net of other changes in working capital, this resulted in a cash outflow from operations of \$136k for the quarter.

AUSTRALIA'S CRAFT BREWERY

GAGE ROADS BREWING CO LTD
ABN 22 103 014 320

14 ABSOLON STREET PALMYRA WESTERN AUSTRALIA 6157 PO BOX 2024 PALMYRA DC WESTERN AUSTRALIA 6961
TELEPHONE: (08) 9331 2300 FACSIMILE: (08) 9331 2400 EMAIL: brewery@gageroads.com.au WEB: www.gageroads.com.au

Payments for non-current physical assets amounted to \$1.6m and were a combination of \$185k for the new kegging machine and packaging line improvements, \$205k for the installation and commissioning of the reverse osmosis plant and a new yeast management system, a \$724k trailing payment for the brewhouse and the remainder on other plant improvements. The payment plan for the brewhouse has now largely been concluded other than a \$326k retention amount which is expected to be paid during FY15.

As announced on 22 July 2014, the Company has increased its existing \$5.7m credit facility by \$4m to \$9.7m. The facility is secured by first recourse to Company assets and then by a guarantee from Woolworths Limited. The facility and corresponding guarantee expire on 1 October 2015. The funds will be applied towards the Company's working capital position and are expected to be sufficient to support the Company's operations for FY15.

Outlook for FY15

Managing Director John Hoedemaker said: "I am excited by our new and extended craft range and look forward to launching that on shelves in time for summer. Gage Roads is now the 4th largest craft brand in Australia and this refresh is an important part of building on that position. With the last quarter's production issues behind us, the plant is again running at great efficiencies. The coming months will see us execute the warehousing strategy and commence our stock build to support this summer's peak demand period.

The learnings during the last financial year combined with the warehousing strategy fundamentally de-risk our operations, and FY15 sales should more closely represent the underlying demand for the great products we produce. The Company looks forward to delivering to our shareholders FY15 earnings in line with our long-term strategic plan."

- END-

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

AUSTRALIA'S CRAFT BREWERY

GAGE ROADS BREWING CO LTD
ABN 22 103 014 320

14 ABSOLON STREET PALMYRA WESTERN AUSTRALIA 6157 PO BOX 2024 PALMYRA DC WESTERN AUSTRALIA 6961
TELEPHONE: (08) 9331 2300 FACSIMILE: (08) 9331 2400 EMAIL: brewery@gageroads.com.au WEB: www.gageroads.com.au

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")

30th June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	7,399	44,463
1.2 Payments for		
(a) staff costs	(1,233)	(5,233)
(b) advertising and marketing	(101)	(349)
(c) research and development	--	--
(d) leased assets	--	(9)
(e) other working capital	(6,129)	(38,675)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	8	76
1.5 Interest and other costs of finance paid	(80)	(332)
1.6 Income taxes paid	--	--
1.7 Other	--	--
Net operating cash flows	(136)	(59)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(136)	(59)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	(1,601)	(5,045)
(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)	--	--
Net investing cash flows	(1,601)	(5,045)
1.14 Total operating and investing cash flows	(1,737)	(5,104)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	--	922
1.16 Proceeds from sale of forfeited shares	--	--
1.17 Proceeds from borrowings	--	205
1.18 Repayment of borrowings	(59)	(169)
1.19 Dividends paid	--	--
1.20 Other (provide details if material)	--	--
Net financing cash flows	(59)	958
Net increase (decrease) in cash held	(1,796)	(4,146)
1.21 Cash at beginning of quarter/year to date	2,823	5,173
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 Cash at end of quarter	1,027	1,027

+ 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	167
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 (at 30 June 2014)	5,797	5,697
3.2	Credit standby arrangements (at 30 June 2014)	2,000	--

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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	1,027	2,823
4.2 Deposits at call	--	--
4.3 Bank overdraft	--	--
4.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.23)	1,027	2,823

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:  Date: 30 July 2014.
 (Company secretary)

Print name: Marcel Brandenburg

+ See chapter 19 for defined terms.

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.

+ See chapter 19 for defined terms.