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Gage Roads Brewing Co Ltd
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ABN 22 103 014 320
ASX: GRB

30 January 2015

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

Appendix 4C & Progress Update – 2nd Qtr FY15

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.

H1 FY15 Summary

- Total sales volume 864,000 carton equivalents* (down 8% on prior year comparative period)
- Revenue \$14.5 million (unaudited, down 8% on prior year comparative period)
- Gross Profit of 50% achieved (up from 47.5% in FY14)

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

Sales Results

Total carton and keg sales have declined by 8% over H1 FY14 (prior year comparative period "PYCP") with corresponding revenue decreasing by 8%.

Sales to contract brewing customers declined by 6% over H1 FY14. The introduction of our warehouse strategy resulting in the reduction of our customer's inventory levels (expected to be a one-off timing event) as well as a category-wide softening of the beer market during the quarter were the key drivers to the decline.

Sales of Gage Roads proprietary products declined by 19% over H1 FY14. During the 2nd quarter the Company launched its re-freshed and new brands *Atomic, Sleeping Giant IPA, Single Fin Summer Ale, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Pils 3.5%, Small Batch Lager* and *Wahoo Summer Ale*. Achieving full ranging and distribution during this busy Christmas period was more challenging than expected. As a result, our products did not enjoy the full ranging or shelf presence during the peak sales period. This is being rectified and we expect to achieve planned ranging in the coming quarter. Pleasingly, those stores that did have reasonable ranging of our new and re-branded products during this period displayed strong sales and consumer acceptance of our new products, providing the business early indication that the re-refresh will deliver an uplift in sales once full ranging has been achieved.

Cash flow and Balance Sheet

Net operating cash outflows were \$301K for the quarter and were mainly a result of an increase in debtors in late December. The Company's net current asset position has improved in the quarter excluding the long-term debt (further discussed below).

Investing cash outflows have been reduced to \$546K during the quarter and relate to our continuous improvement program.

Cash inflows from financing activities were \$539K and our existing \$9.7 million debt facility is now drawn to \$8.6 million. This facility is in the final stages of being extended by 12 months to expire on 1 October 2016 but will show as a current liability in the half-year financial report as this process was not completed prior to 31 December 2014. The Company expects this to be finalised prior to the release of the half-year financial report. The Company's \$2 million overdraft facility remains in place and is currently undrawn.

Australian Quality Beverages

The Company has registered the business name Australian Quality Beverages and future commentary regarding the Company's contract brewing services business will be discussed under this trading name. This is designed to provide a clear consumer brand differentiation between the Gage Roads proprietary craft brands and our contract brewing services business.

Outlook for H2 FY15

Managing Director John Hoedemaker said: "The upcoming half-year will likely provide lower volumes than we initially expected as the liquor market softened during the traditionally strong summer months. During this period, we will continue to focus on our marketing execution, operating efficiencies, and seek out new incremental sales opportunities.

Our strategic partnership with Pinnacle Drinks (a wholly owned subsidiary of Woolworths Limited) remains strong and demand for our other contract brewing services is growing. Despite the initial ranging issues, the Company's proprietary brands are being well received. With this in mind and with the continuing focus of our contract customers to drive their beer portfolios, we expect to see strong sales growth and ultimately deliver earnings to shareholders in line with our long-term strategic plan."

- END-

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")

31st December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	10,337	19,529
1.2 Payments for		
(a) staff costs	(1,619)	(3,134)
(b) advertising and marketing	(212)	(280)
(c) research and development	--	--
(d) leased assets	--	--
(e) other working capital	(8,713)	(18,037)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	2	4
1.5 Interest and other costs of finance paid	(96)	(190)
1.6 Income taxes paid	--	--
1.7 Other	--	--
Net operating cash flows	(301)	(2,108)

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(301)	(2,108)
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	(546)	(1,058)
(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	(546)	(1,058)
1.14 Total operating and investing cash flows	(847)	(3,166)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	--	--
1.16 Proceeds from sale of forfeited shares	--	--
1.17 Proceeds from borrowings	628	3,128
1.18 Repayment of borrowings	(89)	(102)
1.19 Dividends paid	--	--
1.20 Other (provide details if material)	--	--
Net financing cash flows	539	3,026
Net increase (decrease) in cash held	(308)	(140)
1.21 Cash at beginning of quarter/year to date	1,195	1,027
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 Cash at end of quarter	887	887

+ 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	190
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	9,811	8,723
3.2	Credit standby arrangements	2,000	--

+ See chapter 19 for defined terms.

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

Reconciliation of cash

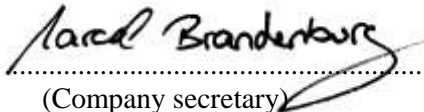
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	887	1,195
4.2 Deposits at call	--	--
4.3 Bank overdraft	--	--
4.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.23)	887	1,195

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 January 2015.
 (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.

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