



P +61 8 9314 0000
F +61 8 9331 2400
info@gageroads.com.au

Gage Roads Brewing Co Ltd
14 Absolon St, Palmyra
Western Australia 6157

PO Box 2024 Palmyra DC
Western Australia 6169

ABN 22 103 014 320
ASX: GRB

Gage Roads Brewing Co Limited has been one of Australia's leading craft breweries for over 12 years.

The Gage Roads craft range includes Atomic Pale Ale, Sleeping Giant IPA, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Single Fin Summer Ale, Pils 3.5% and Small Batch Lager which have grown to become one of Australia's most popular suite of brands.

Through its contract brewing services division, Australian Quality Beverages, the Company also provides specialist contract brewing and packaging services to brand owners throughout Australia.

30 October 2015

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

Appendix 4C & Progress Update – 1st Qtr FY16

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.

Q1 FY16 Highlights

- Margins and profitability grew despite lower total sales
- Total sales volume down 12% on prior year comparative period to 360k carton equivalents*
- Carton and keg sales of Gage Roads' proprietary products up 240%
- Sales of Australian Quality Beverages products down 33%

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

Sales Results

The sales result for the quarter, although down 12% over the prior year comparative period ("PYCP"), is in keeping with the Company's strategy for FY16 to deliver modest incremental volume growth over FY15 while concentrating on targeting higher margin volumes and improving efficiencies through the plant to improve earnings. Accordingly, despite a lower sales result, the EBITDA result for the quarter (unaudited) has improved over the PYCP by over 100%.

Sales made from our contract brewing division Australian Quality Beverages (AQB) declined by 33% over the PYCP. It should be noted that the PYCP had unseasonably high sales as the business was restoring a one-off depletion to customer stock levels during that time. In addition, this year, due to a price increase effective 1 July 2015 a number of our customers brought forward orders into Q4 FY15 that would have otherwise been fulfilled during Q1 FY16.

Pleasingly, sales of Gage Roads' proprietary brands, being the most profitable segment of our sales portfolio, have improved 240% over the same period last year. This is a strong indicator that the marketing and branding efforts that we are applying to the Company's brands are showing early success. The re-branding of our proprietary products was a major strategic milestone and is expected to make a significant contribution to the Company's growth

expectations. Draught sales have also improved by 469% as the Company's on-premise strategy achieves good traction.

Operations update

Q1 FY16 allowed the business to take full advantage of its warehousing strategy. The benefits of this strategy include reduced likelihood of loss of sales resulting from customer forecasting errors, planned maintenance or breakdowns. Increased raw material compliance and larger packaging runs also contributed greater production efficiencies. Larger pack runs and improved operational efficiencies have allowed for a change in shift structure, from 24/7 to 24/5 and continues to provide on-going cost benefits. Further, this shift structure allows the business to undertake weekly scheduled preventative maintenance during the weekends to further de-risk production capacity over the coming peak summer months.

Cash Flow and Balance Sheet

Net operating cash flows were \$497,000 for the quarter and were supported by the improved EBITDA result as discussed above.

Investing cash flows have been reduced to \$227,000 in the current quarter. These cash outflows relate to our continuous improvement program.

The Company has a \$9.7m debt facility which is drawn to \$9.6 million and a \$2 million overdraft facility which is currently undrawn.

Outlook for Q2 FY16

Managing Director John Hoedemaker said: "With our warehousing strategy delivering improved operating results and efficiencies, our on-premise, content, and events-based marketing efforts showing great results in Western Australia, and newly appointed resources looking to replicate the model on the east coast, the business is excited about our prospects this summer.

Our strategic partnership with Woolworths and other contract brewing customers remains strong and the Company's proprietary brands are now well-positioned. Whilst we expect to develop and achieve incremental sales during the year, through both our Australian Quality Beverages contract division, export opportunities and through new proprietary product and line extension opportunities, we are taking a more considered approach in FY16, targeting tactical opportunities that present both strong margins and category growth."

- 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")

30th September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	9,970	9,970
1.2 Payments for		
(a) staff costs	(1,356)	(1,356)
(b) advertising and marketing	(124)	(124)
(c) research and development	--	--
(d) leased assets	--	--
(e) other working capital	(7,828)	(7,828)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	--	--
1.5 Interest and other costs of finance paid	(165)	(165)
1.6 Income taxes paid	--	--
1.7 Other	--	--
Net operating cash flows	497	497

+ 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 (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	497	497
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	(227)	(227)
(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	(227)	(227)
1.14 Total operating and investing cash flows	270	270
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	--	--
1.18 Repayment of borrowings	(51)	(51)
1.19 Dividends paid	--	--
1.20 Other (provide details if material)	--	--
Net financing cash flows	(51)	(51)
Net increase (decrease) in cash held	219	219
1.21 Cash at beginning of quarter/year to date	1,617	1,617
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 Cash at end of quarter	1,836	1,836

+ 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	155
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	9,760	9,672
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

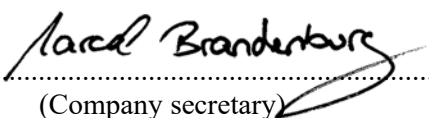
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,836	1,617
4.2 Deposits at call	--	--
4.3 Bank overdraft	--	--
4.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.23)	1,836	1,617

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 October 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.

+ See chapter 19 for defined terms.