

Appendix 4E Preliminary Final Report

Gage Roads Brewing Co Limited ABN 22 103 014 320

For the financial year ended 30 June 2015

Results for announcement to the market

				\$
Revenue from continuing activities	down	11%	to	24,395,423
Profit from ordinary activities after tax attributable to members	down	119%	to	(826,821)
Net profit attributable to members	down	119%	to	(826,821)

Dividends (distributions)

There were no dividends declared for the period.
The company does not have a Dividend Re-investment Plan.

Net tangible assets per share	30 June 2015	30 June 2014
	\$	\$
	0.03	0.03

Statement of accumulated losses

	30 June 2015	30 June 2014
	\$	\$
Balance 1 July	(10,314,893)	(9,937,651)
Net profit for the year	(826,821)	(377,243)
Balance 30 June	(11,141,714)	(10,314,893)

Details of controlled entities

There were no controlled entities acquired or disposed of during the period.

Details of associates and joint venture entities

There were no associates or joint venture entities associated with the company for the period.

Reporting Periods

The current reporting period is the financial year ended 30 June 2015. The previous corresponding period is the year ended 30 June 2014.

Financial statements

The Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and associated notes are contained in the attached Annual Report for the year ended 30 June 2015.

Commentary on the results for the year ended 30 June 2015

Full Year FY15 Results

- Total sales volume 1.4 million carton equivalents* (down 17% on prior year comparative period).
- Revenue \$24.4 million (down 11% on prior year comparative period).
- GRB products down 7% over prior year, however, new brands gaining traction and an 18% uplift achieved in Q4 FY15 compared to Q4 FY14.
- GRB draught sales up 134% over prior year comparative period.
- Gross Profit margin 50.7% (up from 47.5% in prior year comparative period).
- EBITDA down 29% to \$0.61 million.
- NPAT down 119% to (\$0.83 million).

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

FY15 total carton and keg sales decreased 17% to 1.4 million carton equivalents, in comparison to FY14, and has provided a corresponding 11% drop in revenue resulting in a net loss of \$0.83 million. These sales results are in accordance with guidance provided in April 2015.

As previously announced, challenging market conditions, material reduction of our customer's inventories and delays in the launch of our refreshed proprietary craft range all contributed to the disappointing sales result.

Whilst at odds with our ambitions for FY15, the company remains confident in the fundamental core of our business strategy, to produce and sell in excess of 2 million case equivalents per annum, move toward the full utilization of our 3 million case capacity of our Palmyra facility while maintaining strong margins and a relatively fixed cost structure.

To that end, during FY15 and continuing for FY16, the company has introduced a number of outward and inward facing turnaround strategies. Playing to our strengths as a flexible, efficient, quality driven craft brewery these strategies were designed to reverse the declining sales trend and strengthen the operations of the business with a view to delivering growth in sales and earnings during the crucial second quarter summer sales period and deliver a significantly improved result for shareholders in FY16.

<p>Target a sales mix shift toward the growing higher margin craft beer segment</p>	<ul style="list-style-type: none"> • Increase promotion of the Gage Roads' proprietary products • Advance our Western Australian content based event and social media marketing strategy • Advance our Western Australian on-premise strategy • Expand our on-premise and marketing strategies to NSW and VIC in summer 2016 • Work with committed partners to refresh, re-position existing brands, introduce of a number of new brand opportunities and line extensions and increase promotional activity • Target new domestic and international contract and export opportunities
<p>Target increased overall operating efficiency and reduce operating expenditure</p>	<ul style="list-style-type: none"> • Focus on production processes that improve quality • Utilise the warehouse strategy to improve production scheduling and minimise change overs • Target process change to reduce waste • Improve the HSE system • Improve the QA system

I am pleased to report that these measures are starting to deliver positive results. The last quarter has seen a reversal of the declining sales trend as the new range gained traction in consumer awareness resulting from increased marketing and promotional activity. The Gage Roads Craft Range delivered an 18% uplift in comparison to the Q4 FY14 and was the significant contributor to total sales improving 6% over the same period last year. The last quarter also saw Australian Quality Beverage's contract sales improved by 4% over Q4 FY14. The Company's West Australian draught strategy also performed well, exhibiting 71% growth in proprietary branded keg sales in comparison to Q4 FY14. The Company expects to execute its on-premise draught strategy and marketing activation in Sydney and Melbourne commencing September 2015.

During the year, the strength of the relationship with our major retail partner has also been underlined. The Company welcomed non-executive director Chris Baddock to our board. With extensive experience in sales and brand management in beer and liquor, and having taken the role as General Manager of Pinnacle Drinks, Chris has overseen the extension of the supply agreement and debt guarantee with Woolworths (to

the end of FY17) and has helped deliver a significant swing in momentum through a redefined portfolio plan and re-invigorated promotional activity.

Financial Results

The full year's sales volumes resulted in revenue of \$24.4 million, a decrease of 11% in comparison to the corresponding full-year period (FY14: \$27.4 million). The sales mix strategy for the full year focused on increasing volumes of other contract brewing customers, craft beers, cider and draught products which helped deliver a 50.7% gross profit margin, in line with our long-term expectations. The Company posted an EBITDA of \$0.61 million, a decrease of 29% over FY14 and a net loss after tax of \$0.83 million, representing a decrease of 119% in comparison to the previous year.

Sales

FY15 total carton and keg sales decreased 17% to 1.4 million carton equivalents, in comparison to FY14, and has provided a corresponding 11% drop in revenue.

During the year, sales to contract brewing customers from our contract brewing division Australian Quality Beverages declined by 18% over FY14. During the last 6 months Australian Quality Beverages has worked with its committed partners to refresh and reposition existing contract brands, introduce a number of new brand opportunities, and line extensions and increase promotional activity. We expect these efforts to continue to improve sales with an ensuing uplift in contract sales to fall into summer FY16.

Although full year results for Gage Roads' proprietary brands were down 7% on FY14, Q4 FY15 has seen a reversal of the trend as the new range gained traction in consumer awareness resulting from increased marketing and promotional activity. We expect this promotional activity to continue into FY16 and deliver strong growth for our brands.

During the last year the Company's West Australian draught strategy also performed well, exhibiting 134% growth in proprietary branded keg sales in comparison to FY14. The Company expects the on-premise strategy to continue to provide strong growth in Gage Roads' draught sales and we look forward to providing consumers in Melbourne and Sydney on-premise experiences with our brands this summer as we roll out our draught strategy and marketing activation to the East Coast commencing September 2015.

Gross Profit

Gross profit for the year increased to 50.7% from 47.5% in FY14. This is a result of a general price increase, the repositioning of our craft range to higher price points and a change in mix towards higher margin craft products during the financial year. We expect that the gross profit will continue to trend close to the 50% target that we have set for ourselves based on our current sales mix and pricing expectations.

Costs

During the year the Company actively worked on an organisation-wide review targeting reduced operating expenditure. The recent gains we have made with regards to improving our production efficiencies, executing our warehouse strategy, focusing on creating the highest quality products and reducing waste, improving our Health, Safety and Environment (HSE) systems and improving our labour utilisation are starting to bear fruit as increased production in recent months has been delivered in an environment of reduced variable costs. We hope to capitalise on those improvements over the summer period to generate better earnings on a per carton basis.

Operating Expenses have decreased by 25% over the previous year. It should be noted that they include \$0.4 million of operational waste expense (2014: \$1.1 million) which are expected to be non-recurring expenses. Excluding these extraordinary expenditure items, operating costs have decreased by 15%.

Employee expenditure has increased by 7% to \$5.9 million. This was a result of an increase in headcount in our Quality Assurance (QA) and HSE departments in early FY15 and salary adjustments to senior management to reflect market rates. The Company feels that the current management and operations team has the depth of experience and skills required to achieve our goals.

Sales and marketing expenses have also increased by 63% to \$0.6 million to accommodate the draught, marketing and rebranding strategies for the Company's proprietary product portfolio.

Cash Flow and Balance Sheet

Net operating cash outflows were \$1.1 million for the year. The main driver for this result was a net reduction of creditors by \$3.1 million compared to FY14. As a result, the Company's net current asset position has improved during the year excluding the long-term debt (further discussed below).

Investing cash outflows have been reduced to \$1.9 million during the year and relate primarily our continuous improvement program but also to trailing payments for existing equipment.

Net cash inflows from financing activities were \$4 million and our existing \$9.7 million debt facility is now drawn to \$9.6 million. Whilst this facility was extended by 12 months during the year and is not payable until 31 October 2016, the loan is required to be classified as a current liability under AASB 101 as the Company

did not have a covenant waiver in place at 30 June 2015. This waiver was subsequently granted on 13 August 2015. This facility is firstly secured by a floating charge over the assets of the Company and then fully guaranteed by Woolworths Limited as second recourse. The Company's \$2 million overdraft facility remains in place and is currently undrawn.

Brands Marketing & On-Premise

The first leg of our craft beer marketing strategy has been well executed. Primarily focused on Western Australia, the strategy encompasses three areas of focus: increasing brand awareness, increasing opportunities for trial, and creating an engaging brand experience.

On-premise distribution and events partnerships have been the key tactics employed in support of this strategy. In the half-year the Company executed partnerships with a number of organisations including the Art Gallery of WA, ArtBar, Perth Center for Photography, MOSARTS, Miss Universe WA, and Bar Pop amongst many others. These partnerships were in addition to pouring rights agreements at events such as the WA Festival of Cricket, and Fringeworld satellite events in Fremantle and Perth. Furthermore, the Company participated in major consumer and trade events including Margaret River Gourmet Escape, Taste of Perth, Fremantle Beer Festival, and Top Shelf amongst a roster of smaller consumer-facing events.

Gage Roads' draught and on-premise strategy has gained significant traction with more tap points secured at key WA venues. This strategy forms an important part of our marketing approach and serves to build the Gage Roads brand and establish yet another touch-point for our customers.

The Company is increasing the number and scale of these event partnerships in Western Australia in the lead up to the 2015/16 summer and plans to replicate the second leg of this strategy in Melbourne and Sydney during FY16.

Outlook FY16

Although disappointed with the slowdown in sales and the loss of shareholder value during the year, we feel the contributing factors have been resolved and the strategy to turn around this trend has been well executed to date. The Company is confident that the improving fortunes as evidenced during the last quarter are indicators of the outlook for FY16. The business is in a better position to deliver near-term earnings growth than was previously the case.

1. Top line growth is underpinned by Gage Roads' proprietary brand refresh and repositioning, coupled with improved support from our retail partner.
2. Australian Quality Beverage's major customers have also worked to refresh and reposition existing brands, introduce a number of new brands and line extensions and increase promotional activity. Furthermore, enquiries from other potential contract brewing customers remains strong.
3. The business through its products, marketing strategies and retail partners is well placed to take advantage of the continuing growth of the domestic craft beer market.
4. The Company has worked to retain its 50% gross profit margin target and expects that to continue.
5. New export opportunities are emerging.
6. Although the cost structure of the business has remained largely fixed in line with our ambitions, allowing for leveraged earnings growth as incremental sales are achieved, we are actively working on an organisation-wide review targeting reduced operating expenditure.
7. To provide certainty over the longer term sales outlook, the Company is in discussions with its major contract partners to extend the term of its supply agreements beyond FY17.

The Company expects FY16 to be a year of stable growth as we target increasing profitability through a shift in our sales mix towards craft beer and other higher margin products while controlling costs and maintaining a modest continuous improvement program. 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.



John Hoedemaker
Managing Director

Further detailed commentary on the results for the year ended 30 June 2015 is provided in the Chairman's Letter, Review of Operations and Directors' Report sections of the attached Annual Report.

Compliance statement

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based upon accounts to which one of the following applies:

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5. The entity has a formally constituted audit committee.

Signed:


Company Secretary

Date: 28 August 2015

Name:

Marcel Brandenburg



**GAGE ROADS BREWING CO LIMITED
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

ABN 22 103 014 320

Gage Roads Brewing Co Limited
Annual Report
For the Year Ended 30 June 2015

Corporate Directory

Directors

Brad Banducci (Alternate Director to Chris Baddock)
Chris Baddock
Ian Olson (Chairman)
John Hoedemaker
Robert Gould

Managing Director

John Hoedemaker

Company Secretary

Marcel Brandenburg

Principal Place of Business & Registered Office

14 Absolon Street
PALMYRA WA 6157
Tel: (08) 9314 0000
Fax: (08) 9331 2400

Web: www.gageroads.com.au

Postal Address

PO Box 2024
PALMYRA WA 6961

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Legal Adviser

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
PERTH WA 6000

Stock Exchange Listing

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: GRB

Share Registry

Automic Registry Services
PO Box 223
WEST PERTH WA 6872

Registry Enquiries

Within Australia: 1300 288 664
Outside Australia: (+61 8) 9324 2099

Gage Roads Brewing Co Limited
Financial Report
For the Year Ended 30 June 2015

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**Gage Roads Brewing Co Limited
Chairman's Letter
For the Year Ended 30 June 2015**

Dear Shareholder

Following a year characterised by difficult operating conditions and softer sales across all segments, Gage Roads recorded a net loss after tax of \$0.83 million.

When your Board committed to the capital expansion program in 2011 we expected volumes in FY15 to be comfortably higher than 2.0 million case equivalents, indeed we were expecting volumes to be trending towards 3.0 million case equivalents by this time.

This year's disappointing result reflects materially lower volumes (1.4 million case equivalents) that were generated on a cost base geared for closer to 2.0 million case equivalents. The lower than expected sales has necessitated a thorough operating cost review and changes in operating structure to ensure the Company is profitable at these lower sales volumes.

The Board is frustrated with the level of sales achieved in FY15 and its impact on operations, however recent initiatives and developments with our key partner Pinnacle Drinks and the reaffirmed corporate support by Woolworths Ltd, the business is far better placed to work with Pinnacle to match our operating capacity with more realistic sales expectations.

The weakness of the Australian dollar and the continued growth of the craft segment should also provide further 3rd party contract brewing opportunities, which the team at Gage Roads is vigorously pursuing. Consolidation in the sector as small craft breweries become capital constrained should also provide opportunities for step-change in scale.

Your Board is cognisant of the impact of the current results on shareholder value and is committed to delivering a return to full-year earnings whilst also exploring opportunities for scale change in operating activity through the Palmyra facility.



Ian Olson

Chairman

**Gage Roads Brewing Co Limited
Review of Operations
For the Year Ended 30 June 2015**

Review of Operations

Full Year FY15 Results

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Gage Roads Brewing Co Limited
Review of Operations
For the Year Ended 30 June 2015

Financial Results

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Gross Profit

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Gage Roads Brewing Co Limited
Review of Operations
For the Year Ended 30 June 2015

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Outlook FY16

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4. The Company has worked to retain its 50% gross profit margin target and expects that to continue.
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6. Although the cost structure of the business has remained largely fixed in line with our ambitions, allowing for leveraged earnings growth as incremental sales are achieved, we are actively working on an organisation-wide review targeting reduced operating expenditure.
7. To provide certainty over the longer term sales outlook, the Company is in discussions with its major contract partners to extend the term of its supply agreements beyond FY17.

The Company expects FY16 to be a year of stable growth as we target increasing profitability through a shift in our sales mix towards craft beer and other higher margin products while controlling costs and maintaining a modest continuous improvement program. 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.



John Hoedemaker
Managing Director

Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015

Directors' Report

Your Directors present their report on Gage Roads Brewing Co Limited (the Company) for the year ended 30 June 2015.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated.

Brad Banducci	(Alternate Director to Chris Baddock)
Chris Baddock	(Appointed 20 February 2015)
Ian Olson	(Chairman)
John Hoedemaker	(Managing Director)
Robert Gould	

Company Secretary

Marcel Brandenburg

Principal activities

During the year the principal continuing activities of the Company were the brewing, packaging, marketing and selling of craft brewed beer, cider and other beverages.

No significant change in the nature of these activities occurred during the year.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review and results of operations

The (loss) of the Company for the financial year after providing for income tax amounted to (\$826,821) (2014: \$(377,243)).

A review of the Company's operations and its financial position, business strategies and prospects is located at page 5 of this report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

- (a) **Revenue and Volume Growth** – This year saw a decline in sales volumes resulting in Revenue for FY15 of \$22.4 million, a decrease of 11% in comparison with the corresponding full year period (2014: \$27.4 million). This result was primarily driven by an 18% decrease in contract brewing production. Gage Roads' proprietary products declined by 7% over FY14.

- (b) **Debt facility increase** – During the year, the Company increased its \$5.7 million debt facility with the ANZ by \$4 million to \$9.7 million. The facility was also extended to now expire on 31 October 2016. This facility is drawn to \$9.6 million at 30 June 2015.

**Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015**

Matters subsequent to the end of the financial year

On 13 August 2015, the Company has executed a letter of variation with the ANZ Banking Group on its existing credit facility. This letter waived the requirement for the Company to report on the 30 June 2015 covenant, which would have otherwise been breached.

No matter or circumstance, other than the one described above has arisen since 30 June 2015, which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

The Company will continue to brew, sell and market beer and cider and continue to expand its distribution.

Information on Directors

Brad Banducci BCom, LLB, MBA

(Alternate Non-Executive Director to Chris Baddock, appointed 26 July 2012)

Experience and expertise - Brad Banducci was formally CEO of the Cellarmasters Group and joined Woolworths following the acquisition of that business in May 2011. Brad has a distinguished business background in Australia and internationally, including 15 years with The Boston Consulting Group where he was a Vice President and Director. He has extensive experience in the beverage and fast moving consumer goods industry. Brad was appointed to Managing Director of the Woolworths Food Group in February 2015.

Other current public directorships – None.

Former directorships in listed companies in last 3 years - None.

Special responsibilities - None.

Interests (direct and indirect) in shares and options - Nil shares and nil options in the Company.

Chris Baddock AICD

(Non-Executive Director, appointed 20 February 2015)

Experience and expertise - Chris was appointed General Manager of Pinnacle Drinks in February 2015. Pinnacle Drinks is a wholly owned subsidiary of Woolworths Liquor Group and supply Beer, Spirits and Wine to BWS, Dan Murphy's, Cellarmasters, Progressive NZ and Summergate China through owned manufacturing facilities, owned brands and exclusive brands.

Prior to joining Woolworths Chris spent 11 years with Lion Australia in a number of senior management roles including Managing Director of Fine Wine Partners (3 years) and National Customer Director of Lion Australia (4 years). Chris has a long history of building partnerships with key customers across the liquor and grocery categories. He is a member of the Australian Institute of Company Directors and is a graduate of the Australian Graduate School of Management

Other current public directorships – None.

Former directorships in listed companies in last 3 years - None.

Special responsibilities - None.

Interests (direct and indirect) in shares and options - Nil shares and nil options in the Company.

Ian Olson CA, BCom, MAICD

(Non-Executive Chairman, appointed 12 November 2007)

Experience and expertise - An experienced Chartered Accountant, Ian Olson brings extensive knowledge in corporate advisory, audit and assurance to the Board. Ian is the proprietor and Executive Chairman of WKC (formerly King Group), a diversified surveying, drafting, mapping and GIS business. Prior to the acquisition of WKC Ian was Managing Partner of PKF Chartered Accountants in Western Australia.

Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015

Other current public directorships - None.

Former directorships in listed companies in last 3 years – RuralAus Investments Limited, Diploma Group Limited and Range Resources Limited.

Special responsibilities - Chairman of the Board, Chairman of the Remuneration Committee, member of the Audit and Remuneration Committee.

Interests (direct and indirect) in shares and options - 332,500 shares and nil options in the Company.

John Hoedemaker BCom

(Managing Director, appointed 17 August 2011, Chief Financial Officer, appointed 3 December 2002, resigned as Chief Financial Officer 30 June 2014)

Experience and expertise - John is a founding Shareholder and Director of Gage Roads. He has played a key role in achieving profitability by developing and implementing the growth and cost reduction strategies for the business. John has an acute understanding of both the Company's operational needs and financial requirements. John is responsible for the strategic planning, leadership and management of the operations of the Company. Prior to his involvement with Gage Roads, John was a Shareholder, General Manager and Chief Financial Officer of a successful building products manufacturing business, Architectural & Structural Adhesives (WA), which he managed from a start-up operation through to a trade sale to a multi-national conglomerate.

Other current public directorships - None.

Former public directorships in last 3 years - None.

Special responsibilities - Member of the Audit Committee.

Interest (direct and indirect) in shares and options – 6,404,669 shares and nil options in the Company.

Robert Gould FAICD

(Non-Executive, appointed 12 November 2007)

Experience and expertise - Robert Gould has held a number of roles in finance and the management and guidance of start-up, early stage and fast growing companies. His experience includes international mergers and acquisition activity and previous management of a venture capital fund with \$113 million under management. Robert was a seed capital investor in Gage Roads and is currently a Director and Shareholder of Javelin Partners Pty Ltd, a private equity advisory business.

Other current public directorships - None.

Former directorships in listed companies in last 3 years - None.

Special responsibilities - Chairman of the Audit Committee and member of the Remuneration Committee.

Interests (direct and indirect) in shares and options – 50,000 shares and nil options in the Company.

Information on Company Secretary

Marcel Brandenburg CA, AGIA, ACIS, MAcc, BCom

(Company Secretary, appointed to Chief Financial Officer on 30 June 2014)

Experience and expertise - Marcel has been with the Company since October 2011 in the capacity of Financial Controller and is responsible for the areas of financial accounting, governance and administration aspects of the business. He was appointed Chief Financial Officer on 30 June 2014. He has extensive experience in dealing with ASX-listed companies, having spent a significant part of his career auditing publicly listed entities. As a Chartered Accountant and Chartered Company Secretary, he has an excellent understanding of financial markets, market compliance and regulations. Marcel has also previously held company secretarial roles in a number of unlisted companies.

Other current public directorships - None.

Former public directorships in last 3 years - None.

**Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015**

Special responsibilities – Chief Financial Officer.

Interest (direct and indirect) in shares and options – 300,000 shares and nil options in the Company.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each Director, were as follows:

Directors	Full Meeting of Directors		Meetings of Audit Committee		Meetings of Remuneration Committee	
	A	B	A	B	A	B
Brad Banducci (Alternate Non-Executive)	6	6	n/a	n/a	n/a	n/a
Chris Baddock (Non-Executive)	4	4	n/a	n/a	n/a	n/a
Ian Olson (Non-Executive)	10	10	2	2	1	1
Robert Gould (Non-Executive)	10	7	2	1	1	1
John Hoedemaker (Executive)	10	10	2	2	n/a	n/a

A = number of meetings held during the time the Director held office or was a member of the committee during the year.

B = number of meetings attended.

n/a = not a member of the relevant committee.

Total shares under options

There were no unissued ordinary shares under option at the date of this report (2014: Nil).

Shares issued on the exercise of options

There were no shares issued on the exercise of options during the year ended 30 June 2015 (2014: Nil).

Options granted to Directors

No options over unissued ordinary shares were granted to Directors during the year ended 30 June 2015 (2014: Nil).

Options granted to Key Management Executives and other employees

No options over unissued ordinary shares were granted to Key Management Executives or other employees during the year ended 30 June 2015 (2014: Nil).

Options cancelled, forfeited or lapsed

No options were voluntarily forfeited or cancelled during the year ended 30 June 2015 (2014: Nil).

Shares issued to Directors

No shares were issued to Directors during the year ended 30 June 2015 (2014: Nil).

Shares issued to Employees

No shares were issued to Employees during the year ended 30 June 2015 (2014: Nil).

**Gage Roads Brewing Co Limited
Remuneration Report
For the Year Ended 30 June 2015**

Audited Remuneration Report

The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The Remuneration Committee is responsible for determining and reviewing remuneration packages of all Directors and Key Management Personnel (“KMP”) on an annual basis. The Remuneration Committee currently consists of Non-Executive Directors Ian Olson and Robert Gould.

The committee’s reward policy reflects its obligation to align Directors’ and Executives’ remuneration with Shareholders’ interests and to retain appropriately qualified talent for the benefit of the Company. The main principles of the policy are:

- (a) the reward considers comparative industry benchmarks and reflects the competitive market in which the Company operates;
- (b) individual reward should be linked to performance criteria if appropriate;
- (c) Executives should be rewarded for both financial and non-financial performance; and
- (d) the committee shall have access to external professional advice if required to assist in determining appropriate remuneration.

Non-Executive Directors - The Remuneration Committee is responsible for recommending individual Non-Executive Directors’ fees within the limit approved by Shareholders. The current aggregate Directors’ fee limit is \$400,000. Directors are entitled to have premiums paid for Directors’ & Officers’ insurance.

Executives and Executive Directors - The total remuneration of the Key Management Personnel and Executive Directors consists of the following:

- (a) *salary* - the Key Management Personnel and Executive Directors receive a fixed sum payable monthly in cash;
- (b) *cash at risk component* - Key Management Personnel and Executive Directors are eligible to participate in a cash bonus plan if deemed appropriate;
- (c) *share and option at risk component* - Key Management Personnel and Executive Directors may participate in share and option schemes generally being made in accordance with thresholds set in plans approved by Shareholders if deemed appropriate. The Board, however, considers it appropriate to retain the flexibility to issue shares and options to Key Management Executives and Executive Directors outside of an approved option scheme in exceptional circumstances; and
- (d) *other benefits* - Key Management Personnel and Executive Directors are eligible to participate in superannuation schemes, may be entitled to have loss of income insurance paid by the Company, be provided a fully expensed Company car or Company car allowance and be provided a fully expensed mobile phone and other forms of remuneration if deemed appropriate.

There is no Company policy in place at this point in time in relation to prohibiting margin lending against financial instruments granted to Directors or Key Management Personnel.

The objective of the Company’s remuneration policy for Directors and other Key Management Personnel is to ensure reward for performance is adequate and appropriate for the results delivered, taking into account competitiveness, reasonableness, acceptability to Shareholders and transparency. Equity instruments issued may be for services rendered by eligible employees and Directors to date and, going forward, for services rendered by existing and any new eligible employees and Directors who are appointed in the future. The Company feels that incentive shares are effective consideration to eligible employees and Directors for their ongoing commitment and contribution to the Company.

An Employee and Executive Share Plan provides some senior executives with incentive over and above their base salary. The allocation of shares under the Employee and Executive Share Plan may not be subject to performance conditions of the Company. The reasons for establishing the Employee and Executive Share Plan were:

- (a) To align the interests of senior management with Shareholders. The Employee and Executive Share Plan provides employees with incentive to strive for long term profitability which is in line with Shareholder objectives; and
- (b) To provide an incentive for employees to extend their employment terms with the Company. The experience of senior employees is an important factor in the long term success of the Company.

**Gage Roads Brewing Co Limited
Remuneration Report
For the Year Ended 30 June 2015**

Details of remuneration

Details of the remuneration of the Directors and Key Management Personnel (as defined in AASB 124 Related Party Disclosures) of the Company for the financial year are set out in the following tables. The Key Management Personnel of the Company are the following Non-Executive and Executive Directors and officers of the Company:

Executive Directors

John Hoedemaker Managing Director

Non-Executive Directors

Brad Banducci Alternate Non-Executive Director to Chris Baddock
Chris Baddock Appointed 20 February 2015
Ian Olson Chairman
Robert Gould

Executive Officers

Aaron Heary Chief Operating Officer
Marcel Brandenburg Chief Financial Officer and Company Secretary

No other employee had authority or responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, during the financial year.

2015 Remuneration - Key Management Personnel

Name	Short term benefits			Post-employment benefits	Share based benefits	Total
	Cash salary & fees	Cash bonus	Non-monetary Benefits	Super-annuation	Shares	
	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors</i>						
Brad Banducci	-	-	1,023	-	-	1,023
Ian Olson	120,000	-	1,023	-	-	121,023
Robert Gould	75,000	-	1,023	-	-	76,023
<i>Sub-total Non-Exec Directors</i>	<i>195,000</i>	<i>-</i>	<i>3,069</i>	<i>-</i>	<i>-</i>	<i>198,069</i>
<i>Executive Key Management</i>						
Aaron Heary [^]	400,000	-	5,919	38,000	-	443,919
John Hoedemaker (MD) [^]	500,000	-	6,808	47,500	-	554,308
Marcel Brandenburg	160,000	15,000	2,894	16,625	1,550	196,069
<i>Sub-total Executive</i>	<i>1,060,000</i>	<i>15,000</i>	<i>15,621</i>	<i>102,125</i>	<i>1,550</i>	<i>1,194,296</i>
Totals	1,255,000	15,000	18,690	102,125	1,550	1,392,365

[^]The Remuneration Committee awarded \$110,000 each to Mr Aaron Heary and Mr John Hoedemaker in the current financial period in lieu of not having adjusted their remuneration in FY12, FY13 and FY14. This was a one-off compensation and was fully absorbed in FY15.

**Gage Roads Brewing Co Limited
Remuneration Report
For the Year Ended 30 June 2015**

2014 Remuneration - Key Management Personnel

Name	Short term benefits			Post-employment benefits	Share based benefits	Total
	Cash salary & fees	Cash bonus	Non-monetary Benefits	Super-annuation	Shares	
	\$	\$	\$	\$	\$	
<i>Non-Executive Directors</i>						
Brad Banducci	-	-	1,203	-	-	1,203
Ian Olson	75,000	-	1,203	-	-	76,203
Robert Gould	50,000	-	1,203	-	-	51,203
<i>Sub-total Non-Exec Directors</i>	<i>125,000</i>	<i>-</i>	<i>3,609</i>	<i>-</i>	<i>-</i>	<i>128,609</i>
<i>Executive Key Management</i>						
Aaron Heary	170,000	-	19,842	15,690	30,919	236,451
Bill Hoedemaker	190,000	-	9,662	17,535	23,424	240,621
John Hoedemaker (MD)	220,000	-	7,911	20,304	39,352	287,567
Marcel Brandenburg	140,000	-	2,243	12,921	2,202	157,366
<i>Sub-total Executive</i>	<i>720,000</i>	<i>-</i>	<i>39,658</i>	<i>66,450</i>	<i>95,897</i>	<i>922,005</i>
Totals	845,000	-	43,267	66,450	95,897	1,050,614

Service agreements

Remuneration and other terms of employment for the following Key Management Personnel are formalised in employment agreements. The significant terms of employment at the date of this report are set out below:

Aaron Heary – Chief Operating Officer

- Term of agreement: No fixed term
- Base salary: \$290,000 pa, plus 9.5% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause)
- Termination notice period: 4 month notice (with cause)

John Hoedemaker – Managing Director

- Term of agreement: No fixed term
- Base salary: \$390,000 pa, plus 9.5% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause).
- Termination notice period: 4 month notice (with cause)

Marcel Brandenburg– Chief Financial Officer and Company Secretary

- Term of agreement: No fixed term
- Base salary: \$160,000 pa, plus 9.5% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Bonus: \$20,000 per annum , payable in equal quarterly instalments of \$5,000 subject to satisfactory conformance to key performance indicators
- Termination notice period: 8 month notice (without cause)
- Termination notice period: 4 month notice (with cause)

No Director or Executive is entitled to any termination payments apart from payment in lieu of the notice periods outlined above, remuneration payable up to and including the date of termination and payments due by way of accrued leave entitlements. There are no service agreements in respect of non-executive directors.

Equity instruments held by Key Management Personnel

Shares issued to key management personnel

The following tables show the number of:

- (i) options over ordinary shares in the company; and

**Gage Roads Brewing Co Limited
Remuneration Report
For the Year Ended 30 June 2015**

(ii) ordinary shares in the Company that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

(i) *Options over ordinary shares*

	Balance at start of the year	Cancelled - Forfeited	Exercised	Balance at end of the year
2015				
Directors				
Brad Banducci	-	-	-	-
Chris Baddock	-	-	-	-
Ian Olson	-	-	-	-
John Hoedemaker	-	-	-	-
Robert Gould	-	-	-	-
Executive Key Management				
Aaron Heary	-	-	-	-
Marcel Brandenburg	-	-	-	-
	-	-	-	-

No options over unissued ordinary shares were granted to Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

There were no options over unissued ordinary shares granted to Key Management Personnel in existence at the date of this report (2014: Nil). Details of the options forfeited and cancelled by Key Management Personnel during the year can be found at Note 18 to the Financial Statements.

(ii) *Ordinary shares in the Company*

	Nominally Held+	Balance at start of the year	Net Purchase (Disposal) of shares	Employee Share Plan Shares Received	Balance at end of the year
2015					
Directors					
Brad Banducci	0%	-	-	-	-
Chris Baddock	0%	-	-	-	-
Ian Olson	25%	332,500	-	-	332,500
John Hoedemaker	6%	6,404,669	-	-	6,404,669
Robert Gould	0%	50,000	-	-	50,000
Executive Key Management					
Marcel Brandenburg	100%	300,000	-	-	300,000
Aaron Heary	100%	3,001,604	-	-	3,001,604
		10,088,773	-	-	10,088,773

No shares were granted to Key Management Personnel during the year ended 30 June 2015 (2015: Nil).

Shares issued to Key Management Personnel on the exercise of options

No ordinary shares were issued during the financial year on the exercise of options granted to Key Management Personnel (2014: Nil).

All shares were valued using the Black Scholes pricing model, convert into one ordinary share and carry no dividend or voting rights. Further details of the option valuations and model inputs can be found at Note 18 to the Financial Statements.

A cash bonus of \$15,000 was paid to Marcel Brandenburg during the year ended 30 June 2015. No other cash bonuses were paid to or forfeited by any Directors or Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

Loan instruments to Key Management Personnel

The following tables show the non-recourse loan balances provided to Key Management Personnel that are linked to shares issued as part of its Employee and Executive Share Plan.

**Gage Roads Brewing Co Limited
Remuneration Report
For the Year Ended 30 June 2015**

30-Jun-14	Balance at the start of the year	Loans provided during the year	paid back by the Employee	Interest paid and payable for the year	Interest not charged	Balance at the end of the year
Aaron Heary	496,000	-	301,593	-	-	194,407
Bill Hoedemaker	372,000	-	372,000	-	-	-
John Hoedemaker	620,000	-	248,000	-	-	372,000
Marcel Brandenburg	18,600	-	-	-	-	18,600
Total	1,506,600	-	921,593	-	-	585,007

30-Jun-15	Balance at the start of the year	Loans provided during the year	paid back by the Employee	Interest paid and payable for the year	Interest not charged	Balance at the end of the year
Aaron Heary	194,407	-	-	-	-	194,407
John Hoedemaker	372,000	-	-	-	-	372,000
Marcel Brandenburg	18,600	-	-	-	-	18,600
Total	585,007	-	-	-	-	585,007

Use of remuneration consultants

The Company did not engage in remuneration consultants during the financial year ended 30 June 2015.

Voting and comments made at the Company's 2014 Annual General Meeting

Gage Roads Brewing Co Ltd received more than 92.85% of "Yes" votes on its remuneration report for the 2014 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the audited remuneration report.

**Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015**

Loans to Directors and Executives

The Company has not made any loans to Directors or Executives during the financial year to 30 June 2015. It has carried forward non-recourse loans from prior years as disclosed in Note 19 (b).

Environmental regulation

The Directors have not been notified and are not aware of any breach of any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2014 to 30 June 2015 the Directors have assessed that there are no current reporting requirements, but the Company may be required to do so in the future.

Insurance of officers

During the financial year the Company paid a premium of \$7,163 to insure the Directors and Officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

Non-Audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

Assurance services

BDO Audit (WA) Pty Ltd: Audit and review of financial reports and other audit work under the *Corporations Act 2001* \$50,661 (2014: \$51,857).

**Gage Roads Brewing Co Limited
Directors' Report
For the Year Ended 30 June 2015**

Non-audit services

BDO Corporate and International Tax Pty Ltd: Services in relation to taxation advice \$0 (2014: \$0).

The Board of Directors, in conjunction with the Audit Committee, has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*, and did not compromise these auditor's independence requirements because they did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

This report is made in accordance with a resolution of Directors, and signed for on behalf of the Board by:



Ian Olson
Chairman

Palmyra

Dated this 28th day of August 2015

**Gage Roads Brewing Co Limited
Corporate Governance Statement
For the Year Ended 30 June 2015**

Corporate Governance Statement

The Board is committed to achieving and demonstrating high standards of corporate governance. As such Gage Roads Brewing Co Ltd has adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the financial year ending 30 June 2015 was approved by the Board on 26 August 2015. The Corporate Governance Statement can be located on the Company's website: www.gageroads.com.au/investor-info

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF GAGE ROADS BREWING CO. LIMITED

As lead auditor of Gage Roads Brewing Co. Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 28 August 2015

Gage Roads Brewing Co Limited
Directors' Declaration
As at 30 June 2015

The Directors of the Company declare that:

- (a) the financial statements comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, and;
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The Company has included in the notes to the financial statements an explicit and unreserved Statement of Compliance with International Financial Reporting Standards.
- (d) The Directors have been given the declarations by the Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Chairman

Palmyra

Dated this 28th day of August 2015

Gage Roads Brewing Co Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations			
Sales revenue		24,395,423	27,430,177
Interest revenue		5,782	76,281
	3	<u>24,401,205</u>	<u>27,506,458</u>
Other income		157,154	84,217
Foreign Exchange Gain		46,509	-
Raw materials, consumables & delivery		(12,021,626)	(14,393,427)
Operating expenses	4	(4,174,569)	(5,553,261)
Employee benefit expenses		(5,903,931)	(5,529,226)
Depreciation and amortisation expenses	4	(1,266,202)	(1,002,136)
Impairment Charges	4	(170,654)	(32,686)
Sales and marketing expenses		(626,598)	(384,345)
Administration expenses		(576,105)	(507,607)
Occupancy expenses		(524,437)	(337,596)
Finance costs	4	(514,449)	(331,820)
(Loss) before income tax		<u>(1,173,703)</u>	<u>(481,430)</u>
Income tax benefit	5	346,882	104,187
(Loss) for the year after Income tax		<u>(826,821)</u>	<u>(377,243)</u>
Total comprehensive loss for the year		<u>(826,821)</u>	<u>(377,243)</u>
(Loss) and other comprehensive income attributable to the members of Gage Roads Brewing Co Ltd		<u>(826,821)</u>	<u>(377,243)</u>
(Loss) per share for (Loss) attributable to the ordinary equity holders of the company:			
Basic (loss) per share (cents)	17	(0.21)	(0.10)
Diluted (loss) per share (cents)		(0.21)	(0.10)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Limited
Statement of Financial Position
As at 30 June 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,617,075	1,027,436
Trade and other receivables	7	2,132,905	2,634,527
Inventories	8	2,162,652	2,840,085
Total current assets		5,912,632	6,502,048
Non-current assets			
Property, plant and equipment	9	23,335,740	22,815,014
Deferred tax assets	5	3,239,625	2,899,695
Intangible assets	10	48,405	136,377
Total non-current assets		26,623,770	25,851,086
Total assets		32,536,402	32,353,134
LIABILITIES			
Current liabilities			
Trade and other payables	11	6,720,160	9,798,834
Borrowings	11	9,723,170	84,038
Total current liabilities		16,443,330	9,882,872
Non-current liabilities			
Provisions	12	197,600	149,500
Borrowings	13	-	5,612,564
Total non-current liabilities		197,600	5,762,064
Total liabilities		16,640,930	15,644,936
Net assets		15,895,471	16,708,198
EQUITY			
Contributed equity	14	26,012,998	26,012,998
Share options reserve	15	1,024,187	1,010,093
Accumulated losses	15	(11,141,714)	(10,314,893)
Total equity		15,895,471	16,708,198

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Limited
Statement of Changes in Equity
For the year ended 30 June 2015

	Notes	Contributed equity \$	Accumulated losses \$	Share Option reserve \$	Total equity \$
Balance at 1 July 2013		25,091,405	(9,937,651)	888,612	16,042,366
Total comprehensive (loss) for the year		-	(377,242)	-	(377,242)
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	14	921,593	-	-	921,593
Employee share plan shares expensed	15	-	-	121,481	121,481
Balance at 30 June 2014		26,012,998	(10,314,893)	1,010,093	16,708,198
Total comprehensive (loss) for the year		-	(826,821)	-	(826,821)
Transactions with equity holders in their capacity as equity holders:					
Employee and other share options expensed	15	-	-	14,094	14,094
Balance at 30 June 2015		26,012,998	(11,141,714)	1,024,187	15,895,471

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Limited
Statement of Cash Flows
For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		39,069,365	44,462,976
Payments to suppliers and employees (inclusive of GST)		<u>(40,133,470)</u>	<u>(44,265,740)</u>
		(1,064,105)	197,236
Interest received		5,782	76,281
Interest paid		<u>(514,449)</u>	<u>(331,820)</u>
Net cash (outflow) from operating activities	16	<u>(1,572,771)</u>	<u>(58,303)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(1,864,159)</u>	<u>(5,044,879)</u>
Net cash (outflow) from investing activities		<u>(1,864,159)</u>	<u>(5,044,879)</u>
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities (gross)		-	921,593
Proceeds from borrowings		4,293,255	204,690
Repayment of borrowings		<u>(266,686)</u>	<u>(168,949)</u>
Net cash inflow from financing activities		<u>4,026,569</u>	<u>957,334</u>
Net increase / (decrease) in cash and cash equivalents		589,639	(4,145,847)
Cash and cash equivalents at the beginning of the financial year		<u>1,027,436</u>	<u>5,173,283</u>
Cash and cash equivalents at the end of the financial year	6	<u>1,617,075</u>	<u>1,027,436</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. This Company is a for-profit entity for the purpose of preparing the Financial Statements.

Compliance with IFRS

The financial statement of Gage Roads Brewing Co Ltd also complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These Financial Statements have been prepared under the historical cost convention.

Critical Accounting Estimates and Significant Judgements

The preparation of Financial Statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The major area involving a higher degree of judgement or complexity, and where assumptions and estimates are significant to the Financial Statements, is the recognition basis of the Deferred Tax Asset based on management's assessment of future profits to support its recovery (refer Note 5).

The Company's cash flow forecasts support the going concern assumption through the ordinary course of business. These forecasts are supported by Woolworths' 1 million carton per annum contractual commitment, its own proprietary beer sales and other contract brewing contracts.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and members of the Board of Management.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(ii) Interest income

Interest revenue is recognised on a time proportional basis using the effective interest method, see Note 1(j).

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency of payments, are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the profit and loss.

(i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials for work-in-progress and finished goods. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade receivables in the Statement of Financial Position (Note 7).

Regular purchases and sales of financial assets are recognised on trade-date, i.e. when committed. Financial assets are de-recognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred. Depreciation is calculated using both the straight line and reducing balance methods to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Brewery, plant & equipment	3.33% - 30%
Office equipment	7.50% - 50%
Motor vehicles	13.64% - 18.75%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss.

(m) Intangible assets

Trademarks

Trademarks are treated as having an indefinite useful life because they are expected to contribute to the net cash flows indefinitely. Therefore, the trademarks would not be amortised until their useful life is determined to be finite. They would be individually tested for impairment in accordance with AASB 136 annually and whenever there is an indication that any of the trademarks may be impaired. They are carried at cost.

Product Development

Product Development costs are carried at cost less amortisation. Amortisation is calculated on a straight-line basis over the assets estimated useful life of 2 years.

Costs incurred in developing products will contribute to future period revenue generation. Costs capitalised include external direct costs of materials and services.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service.

(iii) Share-based payments

The fair value of options at grant date is determined using a Black-Scholes or Binomial option pricing model that takes into account the exercise price, term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of the options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received are credited to share capital.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(t) Foreign currency

The functional and presentational currency of Gage Roads Brewing Co. Ltd is the Australian dollar. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(u) Earnings per share

Basic earnings per share

This is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(v) Excise Tax

As of the 1 July 2008 the Company has adopted an accounting treatment which accounts for Excise Tax as monies received on behalf of a third party and not as revenue. Excise tax collected is accounted for as a current liability until it is paid on a weekly basis.

(w) Provisions

Provisions for legal claims and other obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(x) New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2015. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

(i) AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Company will adopt this standard and the amendments from 1 July 2018. It is expected that the application of the new amendments will not have an impact on the entity's financial statements.

(ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued this new standard for the recognition of revenue. This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Company will adopt this standard and the amendments from 1 July 2017. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
As at 30 June 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(iii) New standards and interpretations not expected to have a significant impact

The following standards are not yet effective and are not expected to have a significant impact on the Company's financial statements:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2015

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 2 : Financial Risk Management

The Company's activities expose it to a variety of financial risks, market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the management team under policies approved by the Board of Directors. Details of policies for each risk are detailed below.

Fair Value Measurement

The Carrying Value and Fair Value of financial assets and financial liabilities, both recognised and unrecognised at reporting date, are as follows:

	2015 \$	2015 \$	2014 \$	2014 \$
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash and cash equivalents	1,617,075	1,617,075	1,027,436	1,027,436
Trade and other receivables	2,132,905	2,132,905	2,634,527	2,634,527
	3,749,980	3,749,980	3,661,963	3,661,963
Financial liabilities at amortised cost				
Trade and other payables	6,720,160	6,720,160	9,798,835	9,798,835
Borrowings	9,723,170	9,723,170	5,696,602	5,696,602
	16,443,331	16,443,330	15,495,437	15,495,437

(a) Market risk

(i) *Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company does not have any significant exposure to foreign exchange risk.

(ii) *Price risk*

The Company does not have any investments classified as available-for-sale or at fair value through profit or loss and therefore does not have any exposure to price risk.

(iii) *Cash flow interest rate risk*

Refer to (d) over page.

(b) Credit risk

Credit risk arises in relation to cash and cash equivalents and deposits with financial institutions (Credit Rating: AA). Cash transactions are limited to high credit quality financial institutions.

Credit risk also arises in relation to trade receivables. The Company only has a credit risk concentration in trade receivables with respect to national wholesalers and Woolworths Ltd, through their purchasing of large quantities of goods. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Refer to Note 7 for the Company's assessment of past due trade receivables.

The maximum exposure to credit risk is the carrying amount of the financial assets as disclosed above.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 2 : Financial Risk Management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities or Shareholder support. The Company has a committed credit facility of \$9.7 million with the ANZ Banking Group which is drawn to \$9.611 million at year-end. Furthermore, the Company has a \$2m overdraft facility with ANZ which is undrawn at 30 June 2015. The Company has relied on equity raising and prudent management to manage this risk.

2015	< 1 year	1 - 2 years	2 - 5 years	Total	
				Cash flows	Carrying Value
Trade payables	5,167,364	-	-	5,167,364	5,167,364
Other payables	1,861,003	-	-	1,861,003	1,861,003
Loans & leases	1,266,269	9,744,016	-	11,010,285	9,612,564
Total Payable	8,294,635	9,744,016	-	18,038,651	16,640,930

2014	< 1 year	1 - 2 years	2 - 5 years	Total	
				Cash flows	Carrying Value
Trade payables	8,266,690	-	-	8,266,690	8,266,690
Other payables	1,765,683	-	-	1,765,683	1,765,683
Loans & leases	624,635	5,691,841	-	6,316,476	5,612,564
Total Payable	10,657,008	5,691,841	-	16,348,849	15,644,937

(d) Cash flow interest rate risk

The Company's interest-bearing assets are at floating interest rates, thereby exposing the Company to cash flow interest-rate risk through changes in market interest rates. The Company policy is to accept this risk by linking in deposit terms with funding requirements and market interest rates available for different terms.

As at 30 June 2015, if interest rates had changed by 100 basis points (based on indicative forward cash rates) from the year-end rates and all other variables held constant, the loss for the year would have been \$10,553 higher/lower (2014: \$32,065 higher/lower) from interest income on cash and cash equivalents, based upon the average cash on hand balance of \$1,055,264 (2014: \$3,206,523).

All of the Company's long term borrowings are at a fixed interest rate and as such there is no risk to the Company's interest payments and operational cash flows arising from those liabilities.

As at 30 June 2015, if interest rates had changed by 100 basis points (based on indicative forward cash rates) from the year-end rates and all other variables held constant, the loss for the year would have been \$86,959 higher/lower (2014: \$89,450) from interest expense on borrowings, based upon the average loan balance of \$8,695,897 (2014: \$5,612,564).

Note 3 : Revenue

	2015	2014
	\$	\$
<i>Revenue</i>		
Sale of goods	34,881,089	40,592,152
Less: Excise tax collected	(9,353,533)	(11,412,519)
Less: Wine Equalisation Tax Collected	(1,132,133)	(1,749,456)
Interest	5,782	76,281
	24,401,205	27,506,458
<i>Other revenue</i>		
Sundry sales	157,154	84,217
	157,154	84,217

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 4 : Expenses

	2015	2014
	\$	\$
Profit (loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	1,110,933	885,844
Office equipment	36,583	30,980
Motor vehicles	14,784	7,930
Amortisation of intangible assets	103,903	77,382
Total depreciation	<u>1,266,202</u>	<u>1,002,136</u>
<i>Impairment</i>		
Impairment in relation to obsolete plant and equipment	170,654	32,686
Impairment Charges	<u>170,654</u>	<u>32,686</u>
<i>Bad Debt Expense</i>		
Bad debts written off	18,693	35,491
Bad Debts Expensed	<u>18,693</u>	<u>35,491</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	514,449	331,820
Finance costs expensed	<u>514,449</u>	<u>331,820</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	524,437	337,596
Total rental expense relating to operating leases	<u>524,437</u>	<u>337,596</u>
<i>Defined contribution superannuation expense</i>		
Defined contribution superannuation expense	439,426	347,065
Total defined contribution superannuation expense	<u>439,426</u>	<u>347,065</u>
<i>Share-based payments expense (Note 18 b)</i>		
Non-recourse loan-funded shares	14,094	121,481
Total share-based payments expense	<u>14,094</u>	<u>121,481</u>
<i>Operating Expenses</i>		
Operational Waste	407,223	1,125,038
Operational Waste Expense	<u>407,223</u>	<u>1,125,038</u>

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 5 : Income tax expense / (benefit)

	2015	2014
	\$	\$
(a) Income tax expense / (benefit)		
Current tax	-	-
Deferred tax - origination of temporary differences	(346,882)	(104,187)
	(346,882)	(104,187)
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable		
Profit (loss) before income tax expense	(1,173,702)	(481,429)
Tax at the Australian tax rate of 30% (2014 - 30%)	(352,111)	(144,429)
Tax effect of amounts which are not deductible (taxable) in		
Share-based payments	4,228	36,444
Fines and entertaining	1,000	3,798
	(346,882)	(104,187)
Income tax expense / (benefit)	(346,882)	(104,187)
(c) Unrecognised tax losses		
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit @ 30%	-	-

Deferred tax assets and liabilities were not brought to account in 2009 after considering the level of tax losses carried forward and available to the Company against future taxable profits and the probability within the immediate future that taxable profits will be available against which the benefit of the deductible temporary differences can be claimed.

(c) Recognised tax losses

Unused tax losses for which a deferred tax asset has been recognised	10,821,922	9,665,649
Deferred tax asset @ 30%	3,239,625	2,899,695

Movement in Deferred tax asset

Recognition of deferred tax asset - prior year losses	-	-
- current year (profit) loss	346,882	104,187
	346,882	104,187

Deferred tax assets and liabilities have been brought to account in 2014 after considering the level of tax losses carried forward and available to the Company against future taxable profits and the probability within the future that taxable profits will be available against which the benefit of the deductible temporary differences can be claimed. The Company believes that due to the growth of Gage Roads' proprietary brands and contract brew brands it is probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

Note 6 : Current assets - Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank and in hand	1,617,075	1,027,436
	1,617,075	1,027,436

(a) Reconciliation to cash at the end of the year

The above figure agrees to cash at the end of the financial year as shown in the statement of cash flows.

(b) Cash at bank and on hand

The cash at bank and in hand balances above bear interest rates of between 0% and 1%.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 7 : Current assets - Trade and other receivables

	2015	2014
	\$	\$
Trade receivables	2,056,368	2,553,161
Other receivables	76,537	81,366
	2,132,905	2,634,527

(a) Impaired trade receivables

Impaired trade receivables that are known to be uncollectable during the year ended 30 June 2015 have been written off. The Company is unaware of any doubtful trade receivables and has not made any allowance for any doubtful trade receivables as of 30 June 2015. Bad trade receivables which have been expensed during 2015 to bad debts expense are amounts past due which were uncollectable from debtors who did not settle their obligations. Please see note 4 Bad Debt Expense for receivables written off during the year.

(b) Interest rate risk

There are no interest-bearing balances in receivables, therefore the Company has no interest rate risk.

(c) Past due but not impaired

As of 30 June 2015 trade receivables of \$1,213,882 (2014 - \$833,951) were past due but not impaired. These relate to a number of unrelated customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	\$	\$
Up to 3 months	1,151,873	757,053
3 to 6 months	62,009	76,898
	1,213,882	833,951

(d) Fair value and credit risk

Due to their short-term nature, the fair value of receivables approximates their carrying value. The maximum exposure to credit risk is their carrying value above. The Company only has a credit risk concentration with respect to its major customers. The Company has policies in place to ensure that sales of products are made to customers with an appropriate credit history. See note 2 for more information on the risk management policy of the Company.

Note 8 : Current assets - Inventories

	2015	2014
	\$	\$
Raw material and stores - at cost	1,502,822	2,407,630
Work-in-progress - at cost	83,521	153,729
Finished goods - at cost	576,309	278,726
	2,162,652	2,840,085

Inventory expense

Inventories recognised as an expense (cost of goods sold) during the year ended 30 June 2015 amounted to \$12,021,626 (2014: \$14,393,427). Inventories written off during the year as new product development costs, obsolete stock and operational waste amounted to \$407,223 (2014: \$1,125,0387).

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 9 : Non-current assets - Property, plant and equipment

	Plant and equipment	Office equipment	Motor vehicles	Total
Year ended 30 June 2014				
Opening net book amount	20,857,635	49,416	37,301	20,944,352
Additions	2,819,661	45,093	22,164	2,886,918
Depreciation charge	(885,844)	(30,980)	(7,930)	(924,754)
Impairment Charge on obsolete equipment	(32,686)	-	-	(32,686)
Disposals	(55,157)	-	(3,659)	(58,816)
Closing net book amount	22,703,609	63,529	47,876	22,815,014
At 30 June 2014				
Cost or fair value	26,149,878	256,693	220,892	26,627,463
Accumulated depreciation	(3,446,269)	(193,164)	(173,016)	(3,812,449)
Net book amount	22,703,609	63,529	47,876	22,815,014
Year ended 30 June 2015				
Opening net book amount	22,703,609	63,529	47,876	22,815,014
Additions	1,761,058	62,598	44,139	1,867,795
Depreciation charge	(1,110,933)	(36,583)	(14,784)	(1,162,300)
Impairment Charge on obsolete equipment	(170,654)	-	-	(170,654)
Disposals	-	-	(14,115)	(14,115)
Closing net book amount	23,183,080	89,544	63,116	23,335,740
At 30 June 2015				
Cost or fair value	27,910,936	319,290	250,916	28,481,142
Accumulated depreciation	(4,727,856)	(229,746)	(187,800)	(5,145,402)
Net book amount	23,183,080	89,544	63,116	23,335,740

(a) Assets in the course of construction

The carrying value of assets disclosed above include the following expenditure recognised in relation to plant and equipment which is in the course of construction. As it is not yet available for use this plant and equipment has not been depreciated.

	2015 \$	2014 \$
Plant and equipment	58,229	869,167

(b) Non-current assets pledged as security.

Refer to note 13 for information on non-current assets pledged as security by the Company.

Note 10 : Non-current assets - Intangible assets

Year ended 30 June 2014		\$
Opening net book amount		94,971
Additions		118,788
Amortisation		(77,382)
Closing net book amount		136,377
Year ended 30 June 2014		
Opening net book amount		94,971
Closing net book amount		136,377

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 10 : Non-current assets - Intangible assets (Continued)

Year ended 30 June 2015	\$
Opening net book amount	136,377
Additions	15,930
Amortisation	(103,902)
Closing net book amount	<u>48,405</u>
Year ended 30 June 2015	
Opening net book amount	136,377
Closing net book amount	<u>48,405</u>

Note 11 : Current liabilities - Trade, other payables & borrowings

Trade and other payables

	2015	2014
	\$	\$
Trade payables	5,144,795	8,137,135
Payables for capital purchases	460,799	455,638
GST payable	184,305	202,165
Other payables (a)	930,261	1,003,896
	<u>6,720,160</u>	<u>9,798,834</u>

(a) Amounts not expected to be settled within one year

Other payables include accruals for annual leave. The entire obligation is expressed as a current liability as the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The estimated leave that is not expected to be taken in the next twelve months is \$70,000 (2014: \$70,000). This is considered to be immaterial.

(b) Risk exposure

Information about associated liquidity and fair value risk is set out in note 2.

Borrowings

	2015	2014
Unsecured		
Insurance premium funding	<u>57,182</u>	<u>65,068</u>
Secured		
Motor Vehicle finance lease	53,424	18,970
Bank loans (a)	9,612,564	-
Total current borrowings	<u>9,723,170</u>	<u>84,038</u>

(a) Bank Loan

This loan with the ANZ Banking Group is secured by first recourse to a fixed and floating charge over the assets of the Company and then by a guarantee from Woolworths Limited. Repayment is due on 31 October 2016 unless an extension is granted prior to that date. The average interest rate on the loan is 5.47%. Whilst this loan is not payable until 31 October 2016, the loan is required to be classified as a current liability under AASB 101 as the Company did not have a covenant waiver in place at 30 June 2015. This waiver was subsequently granted on 13 August 2015.

(b) Risk exposure

Details of the Companies exposure to risks arising from current and non-current borrowings are set out in note 2.

(c) Fair value disclosures

The fair value of borrowings for the Company are consistent with their carrying values above due to their short term

(c) Security

Details of the security relating to each of the secured liabilities are set out in note 13.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 12 : Non Current liabilities - Provisions

	2015 \$	2014 \$
Provision for long service leave	197,600	149,500
	<u>197,600</u>	<u>149,500</u>

Note 13 : Non-current liabilities - Borrowings

	2015 \$	2014 \$
Unsecured		
Total unsecured non-current borrowings	-	-
Secured		
Bank loans (a)	-	5,612,564
Total secured non-current borrowings	-	5,612,564
Total non-current borrowings	-	<u>5,612,564</u>

(a) Bank Loan

This loan with the ANZ Banking Group is secured by first recourse to a fixed and floating charge over the assets of the Company and then by a guarantee from Woolworths Limited. Repayment is due on 31 October 2016 unless an extension is granted prior to that date. The average interest rate on the loan is 5.47%. Whilst this loan is not payable until 31 October 2016, the loan is required to be classified as a current liability under AASB 101 as the Company did not have a covenant waiver in place at 30 June 2015. This waiver was subsequently granted on 13 August 2015.

(b) Risk exposure

Details of the Company's exposure to risks arising from current and non-current borrowings are set out in note 2.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2015 \$	2014 \$
<i>Fixed & Floating charges</i>		
Plant and equipment	23,272,624	22,767,138
Motor vehicles	63,115	47,875
<i>Total Fixed & Floating charges</i>	<u>23,335,740</u>	<u>22,815,013</u>
Total assets pledged as security	<u>23,335,740</u>	<u>22,815,013</u>

Note 14 : Contributed equity

	2015 Shares	2014 Shares	2015 \$	2014 \$
(a) Share Capital				
Fully paid ordinary shares	395,332,293	395,332,293	26,012,998	26,012,998
	<u>395,332,293</u>	<u>395,332,293</u>	<u>26,012,998</u>	<u>26,012,998</u>
(b) Movement in contributed equity:				
1 July (opening balance)	395,332,293	396,132,293	26,012,998	25,091,405
<i>Issues of shares during the year</i>				
Proceeds from loan-funded shares	-	-	-	921,593
Shares cancelled	-	(800,000)	-	-
30 June (closing balance)	395,332,293	395,332,293	26,012,998	26,012,998

At 30 June 2015 there were 395,332,293 ordinary shares on issue.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 14 : Contributed equity (Continued)

Ordinary shares

Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Capital risk management

The Company's objectives when managing capital is to maintain an ability to trade profitably, so that they can provide returns for shareholders and benefits for other stakeholders and to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may seek to issue new shares and/or debt. Capital is monitored on its ability to fund the Company's objectives. Capital ratios monitored by management are those reported to the Company's financiers as part of its facility agreements (interest coverage, net tangible assets).

Note 15 : Reserves and accumulated losses

	2015	2014
	\$	\$
(a) Share options reserve		
Movements in share options reserve were as follows:		
Balance 1 July	1,010,093	888,612
Options expensed	14,094	121,481
Balance 30 June	1,024,187	1,010,093

The share options reserve is used to recognise the fair value of options issued but not exercised.

(b) Accumulated losses

Movements in accumulated losses were as follows:

Balance 1 July	(10,314,893)	(9,937,651)
Net profit (loss) for the year	(826,821)	(377,242)
Balance 30 June	(11,141,714)	(10,314,893)

Note 16 : Reconciliation of profit after income tax to net cash outflow from operating activities

	2015	2014
	\$	\$
Profit (loss) for the year	(826,821)	(377,243)
Depreciation, amortisation & impairment	1,436,856	1,034,822
Employee share issue expense	14,094	121,481
(Increase) decrease in Future Tax Benefit	(346,882)	(104,187)
Changes in operating assets and liabilities		
(Increase) decrease in trade debtors	496,792	(271,110)
(Increase) decrease in other debtors	4,829	(17,550)
(Increase) decrease in inventories	677,433	(1,085,657)
Increase (decrease) in trade creditors	(2,992,340)	1,193,023
Increase (decrease) in other operating liabilities	(84,833)	(570,880)
Increase (decrease) in other provisions	48,100	18,998
Net cash inflow (outflow) from operating activities	(1,572,772)	(58,303)

The Company did not undertake any non-cash investing and financing activities.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 17 : Earnings Per Share

	2015	2014
Basic loss per share ("EPS") (cents)	(0.21)	(0.10)
Diluted loss per share (cents)	(0.21)	(0.10)
(a) Basic earnings (loss) per share	\$	\$
Profit (loss) used in calculating basic EPS	(826,821)	(377,242)
Weighted average number of ordinary shares used in calculating basic EPS	395,332,293	395,601,249

The profit (loss) used in the calculation of basic earnings per share equates to the net profit (loss) in the statement of profit or loss and other comprehensive income.

The weighted average number of ordinary shares used in calculating basic earnings per share does not include potential ordinary shares such as shares under option.

(b) Diluted earnings per share

The diluted profit (loss) per share is the same as the basic profit (loss) per share as the Company's potential ordinary shares are not likely to be diluted as there are no currently issued options at 30 June 2015.

Note 18 : Share-based payments

(a) Executive and Employee Share Plan

Shares issued pursuant to this Plan (Incentive Shares) are for services rendered by eligible employees and Directors to date and, going forward, for services rendered by existing and any new eligible employees and Directors who are appointed in the future. The Company feels that incentive shares are effective consideration to eligible employees and Directors for their ongoing commitment and contribution to the Company. Where the Company offers to issue Incentive Shares to a Director, the Company may offer to provide the Director a limited recourse, interest free loan to be used for the purposes of subscribing for the Incentive Shares in the Company.

Executive and Employee Share Plan shares

	Date shares granted	Loan Expiry date	Issue price	Balance at start of the year	Granted during the year	Sold during the year	Forfeited during the year	Balance at end of the year	Vested at end of the year
Executives	07-Oct-11	06-Oct-18	\$0.062	9,135,595	-	-	-	9,135,595	-
Employees	22-Nov-11	21-Nov-18	\$0.062	2,400,000	-	-	-	2,400,000	-
Total				11,535,595	-	-	-	11,535,595	-

(i) Employee and Executive Share Plan shares issued to key management personnel

On 7 October 2011, 24,000,000 shares were issued to three key management personnel of the Company at an issue price of 6.2 cents per share and corresponding non-recourse loans totalling \$1,488,000 were entered into in accordance with the Company's Employee and Executive Share Plan as part of their remuneration and having regard for their past and potential contribution to the Company.

Summary of key Loan Terms:

- Loan amount: \$0.062 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 6 October 2018)
- Vesting condition for 50%: remains eligible employee for 12 months
- Vesting condition for balance: remains eligible employee for 24 months
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 29 September 2011

The loans are non-recourse except against the Shares held by the participant to which the Loan relates. The Board may, in its absolute discretion, agree to forgive a Loan made to a participant.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 18 : Share-based payments (Continued)

The fair value at grant date of \$610,613 was calculated using the Black Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Model inputs used to value the options granted included:

- exercise price is \$0.062
- market price of shares at grant date, \$0.062
- expected volatility of the Company's shares is 50%,
- risk-free interest rate used is 3.95%
- time to maturity, 5 years; and
- a dividend yield of 1%

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities and entities in similar industries at grant date.

No shares were granted, forfeited or lapsed during the year ended 30 June 2015 (2014: nil). No shares were sold during the year-ended 30 June 2015 (2014: 14,864,405) and the corresponding loans have been paid to the Company.

For the purposes of the Black & Scholes valuation a 1% dividend yield has been used as a model input as, given the length of term, it is reasonable to assume that dividends will be available to be distributed during this term. However, at this time the Company does not have a current dividend policy.

The corresponding non-recourse loan balance at 30 June 2015 relating to these shares was \$566,407.

The value of the instruments has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. The proportion of the value of the instrument which was expensed to remuneration and accounted for in the share option reserve was \$0 for the year ended 30 June 2015 (2014: \$93,850).

(ii) Employee and Executive Share Plan shares issued to employees 22 November 2011

On 22 November 2011, 2,700,000 shares were issued to eligible employees of the Company at an issue price of 6.2 cents per share and corresponding non-recourse loans totalling \$167,400 were entered into in accordance with the Company's Employee and Executive Share Plan as part of their remuneration and having regard for their past and potential contribution to the Company.

Summary of key Loan Terms:

- Loan amount: \$0.062 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 21 November 2018)
- Vesting condition: remains eligible employee for 36 months
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 29 September 2011

The loans are non-recourse except against the Shares held by the participant to which the Loan relates.

The Board may, in its absolute discretion, agree to forgive a Loan made to a participant.

The fair value at grant date of \$72,614 was calculated using the Black Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

Model inputs used to value the options granted included:

- exercise price is \$0.062
- market price of shares at grant date, \$0.062
- expected volatility of the Company's shares is 50%,
- risk-free interest rate used is 3.57%
- time to maturity, 5 years; and
- a dividend yield of 1%

The expected volatility during the term of the options is based around assessments of the volatility of similar-sized listed, including newly listed, entities and entities in similar industries at grant date.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 18 : Share-based payments (Continued)

No options were granted, exercised or lapsed during the year ended 30 June 2015 (2014: nil). No shares were forfeited during the year (2014: 300,000).

For the purposes of the Black & Scholes valuation a 1% dividend yield has been used as a model input as, given the length of term, it is reasonable to assume that dividends will be available to be distributed during this term. However, at this time the Company does not have a current dividend policy.

The corresponding non-recourse loan balance at 30 June 2015 relating to these shares was \$148,800.

The value of the instruments has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. The proportion of the value of the instrument which was expensed to remuneration and accounted for in the share option reserve was \$14,094 for the year ended 30 June 2015 (2014: \$19,815).

	2015	2014
	\$	\$
(b) Expenses arising from Share-based payments		
Incentive Share Scheme (a)	14,094	121,481
	14,094	121,481

Note 19 : Related party transactions

(a) Key Management Personnel

Key Management Personnel as defined by AASB 124 Related Party Transactions are listed as follows:

(i) Executive Officers

Aaron Heary	Chief Operating Officer
Marcel Brandenburg	Chief Financial Officer and Company Secretary

(ii) Executive Directors

John Hoedemaker	Managing Director
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(iii) Non-Executive Directors

Brad Banducci	Alternate Director to Chris Baddock
Chris Baddock	Appointed 20 February 2015
Ian Olson	Chairman
Robert Gould	

Directors have been in office from the start of the financial year to the date of this report unless otherwise stated.

No other employee had authority or responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, during the financial year.

	2015	2014
	\$	\$
(a) Key Management Personnel compensation		
Short-term employment benefits		
- Executives & Executive Directors	1,090,621	759,658
- Non-Executive Directors	198,069	128,609
Post-employment benefits	102,125	66,450
Share-based payments	1,550	95,897
	1,392,365	1,050,614

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 19 : Related party transactions (Continued)

(b) Loans to key management personnel

Details of loans made to directors of the Company and other Key Management Personnel, including their personally related parties are set out below.

Key Management Personnel with loans during the financial year:

30-Jun-15	Balance at the start of the year	Loans provided during the year	paid back by the Employee	Interest paid and payable for the year	Interest not charged	Balance at the end of the year
Aaron Heary	194,407	-	-	-	-	194,407
John Hoedemaker	372,000	-	-	-	-	372,000
Marcel Brandenburg	18,600	-	-	-	-	18,600
Total	585,007	-	-	-	-	585,007

All loans to key management personnel are under the terms and conditions as set out in Note 18 relating to the incentive share plan.

The amounts shown for interest not charged in the tables above represents the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arms length basis.

Note 20 : Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2015	2014
(a) Assurance services	\$	\$
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	50,661	51,857
Total remuneration for assurance services	50,661	51,857
(b) Non-audit services		
BDO Corporate & International Tax Pty Ltd		
Services in relation to taxation advice	-	-
Total remuneration for non-assurance services	-	-

Note 21 : Commitments

	2015	2014
	\$	\$
(a) Lease commitments - Company as lessee		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	740,462	307,525
Later than one year but not later than five years	1,261,851	1,508,581
Later than five years	1,393,935	-
	3,396,248	1,816,106
Representing:		
Operating leases as per (i) below	3,396,248	1,816,106
below	3,396,248	1,816,106

(i) Operating leases

The Company leases its Absolon Street premises under an operating lease expiring 1 September 2023 with on-going options to extend the lease by 5 years until 2034.

Gage Roads Brewing Co Limited
Notes to the Financial Statements
30 June 2015

Note 21 : Commitments (Continued)

The Company furthermore leases warehousing premises under an operating lease which commenced 1 October 2014 and expires 30 June 2015. The Company has taken up an option to extend the lease by 12 months from 1 July 2015. The lease has further options to extend by 2 years thereafter until 30 June 2024.

Commitments for minimum lease payments in relation to operating leases are payable as follows:

	2015	2014
	\$	\$
Within one year	740,462	307,525
Later than one year but not later than five years	1,261,851	1,508,581
Later than five years	1,393,935	-

The weighted average interest rate implicit in the leases is Nil (2014 - nil).

(b) Capital Commitments

The Company has current commitments to specific items of capital expenditure totalling \$460,799 (2014: \$455,638).

Note 22 : Events occurring after the reporting date

On 13 August 2015, the Company has executed a letter of variation with the ANZ Banking Group on its existing credit facility. This letter waived the requirement for the Company to report on the 30 June 2015 covenant, which would have otherwise been breached.

No matter or circumstance, other than the one described above has arisen since 30 June 2015, which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Note 23 : Segment reporting

Management has determined that the company has two reportable segments, being proprietary brand brewing and contract brewing. As the processes from production to retailing are almost identical for both products, and they exhibit similar economic characteristics, they meet the AASB 8 criteria for aggregation.

Due to the extensive overlapping of the two reportable segments, the Board monitors the company based on overall Net Profit level along with production volumes. This internal reporting framework is considered the most relevant to assist the chief operating decision maker (the Board of Directors) with making decisions regarding the company and its operating activities.

	2015	2014
	\$	\$
Revenue from external sources	24,395,423	27,430,177
Net profit (loss) before tax	(1,173,703)	(481,430)
Reportable segment assets	32,536,402	32,457,321
Reportable segment liabilities	16,640,930	15,644,936

Woolworths Limited is a major customer of the company as defined by AASB 8, as revenue from that customer exceeds 10% of total revenue from external sources. The Company sells into the Woolworth's national distribution network and also to other national and international outlets.

Note 24 : Contingencies

The Company had no contingent assets or liabilities as at 30 June 2015 or 2014.

INDEPENDENT AUDITOR'S REPORT

To the members of Gage Roads Brewing Co. Limited

Report on the Financial Report

We have audited the accompanying financial report of Gage Roads Brewing Co. Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gage Roads Brewing Co. Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Gage Roads Brewing Co. Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Gage Roads Brewing Co. Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 28 August 2015

Gage Roads Brewing Co Limited
Additional ASX Information
As at 28 August 2015

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in the annual report is as follows. This information is as at 28 August 2015.

Substantial Shareholders (holding more than 5%)

Shareholder	Fully Paid Ordinary Shares	
	Ordinary Shares	Percentage
Woolworths Limited	100,016,305	25.30%
Mr Shimin Song	51,881,412	13.12%

Top 20 Shareholders

(a) Fully Paid Ordinary Shares

Shareholder	Fully Paid Ordinary Shares	
	Ordinary Shares	Percentage
Woolworths Limited	100,016,305	25.30%
Mr Shimin Song	51,881,412	13.12%
National Nominees Limited	8,368,765	2.12%
J And L Hoedemaker Pty Ltd	6,000,000	1.52%
Giromol Pty Ltd	6,000,000	1.52%
Mr Frederick George Thomas	4,000,000	1.01%
Kinetic Ventures Pty Ltd	4,000,000	1.01%
Mr Peter Howells	4,000,000	1.01%
Honne Investments Pty Limited	4,000,000	1.01%
J P Morgan Nominees Australia	3,698,756	0.94%
Mr Aaron Joel Heary	3,000,270	0.76%
Jove Pty Ltd	2,500,000	0.63%
Kinetic Ventures Pty Ltd	2,042,053	0.52%
Mortcorp Holdings Pty Ltd	2,000,031	0.51%
Bryt Pty Ltd	1,800,000	0.46%
Hsbc Custody Nominees	1,774,952	0.45%
Botsis Super Pty Ltd	1,750,000	0.44%
Mr Jim Chantry	1,650,000	0.42%
Mr Peter David Wade	1,500,000	0.38%
Naude Superannuation Pty Ltd	1,500,000	0.38%
	211,482,544	53.49%

(b) Unlisted Options over Fully Paid Ordinary Shares

There are NIL options over ordinary shares	-	0.00%
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Gage Roads Brewing Co Limited
Additional ASX Information
As at 28 August 2015

Additional ASX Information (continued)

Distribution of Holders of Ordinary Fully Paid Shares

Range	Total Holders	Units	Percentage
1-1,000	69	4,390	0.00%
1,001-5,000	254	948,502	0.24%
5,001-10,000	341	2,864,399	0.72%
10,001-100,000	1,365	54,320,009	13.74%
100,001 and above	434	337,194,993	85.29%
Total	2,463	395,332,293	100.00%

As at 28 August 2015 there were 65 Shareholders with less than marketable parcels.

Voting rights

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote. Options have no voting rights.

Shares and Options subject to escrow

As at 28 August 2015 there are nil ordinary shares and options held in escrow.