

Appendix 4D

Half-Year Report

Gage Roads Brewing Co Limited
ABN 22 103 014 320

For the Half-Year ended 31 December 2008

Results for Announcement to the Market

Revenue from ordinary activities	down	7.4%	to	752,151
Loss from ordinary activities after tax attributable to members	down	42.1%	to	(1,162,070)
Net loss attributable to members	down	42.1%	to	(1,162,070)

Dividends (distributions)

There were no dividends declared for the period.

Net tangible assets per ordinary share	31 December	31 December
	2008	2007
	\$	\$
	0.02	0.07

Details of controlled entities acquired or disposed of

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

Details of aggregate share of profits (losses) of associates and joint venture entities

During the period the Company commenced the Southern Cross Cider Joint Venture with Ballydooly Cider Company (NZ) to manufacture and market cider products in Australia. The Company acts as the Joint Venture operator and holds a 50% share. The net contribution to the Company's loss attributable to the set up and operation of the Joint Venture is (\$91,750) (FY07: Nil).

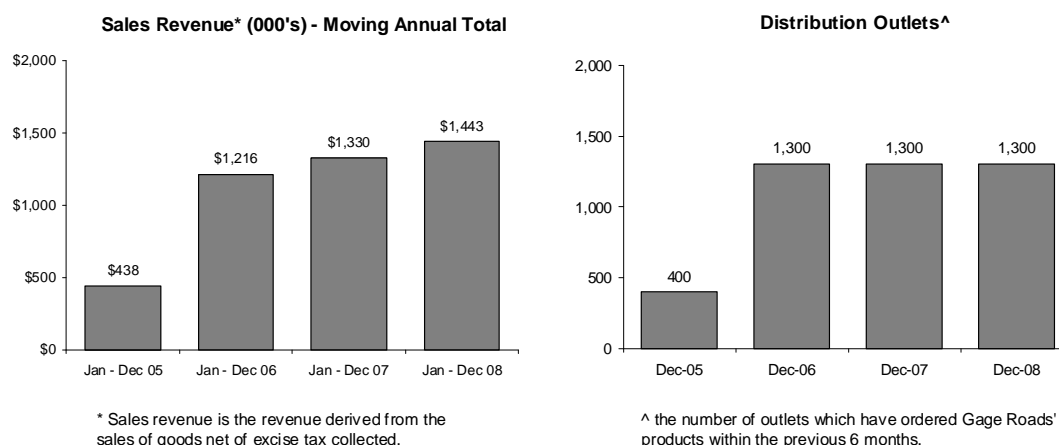
Commentary on the results for the half-year ended 31 December 2008

Highlights

- Wahoo grows to volume leader
- Launch of KUTT - craft brewed low carbohydrate beer - Dec 08
- Launch of Blue Angel - 7% ABV cider - Dec 08
- New distributor - Vok Beverages
- Reduction in operations costs
- 2 for 1 rights issue completed to raise \$1.5 million

The first half of the current financial year saw Gage Roads implement a number of strategies which were outlined in the previous Annual Report for 2008. Focusing on achieving profitability by December 2009, these strategies address the poor growth in both sales and distribution with a change in our distribution partner to Vok Beverages Pty Ltd ("VOK"), an accelerated new product development strategy, a new marketing strategy and significant cost reductions to the business.

The sales revenue* result of the half-year ended 31 December 2008 was \$733,882 (2007: \$766,529) and the distribution result as at the 31 December 2008 was 1,300 outlets^ (2007: 1,300 outlets). The lack of growth in these results and their moving annual totals (displayed in the graph below) highlights that there have been a number of challenges along the way. The company's foremost challenge is to increase the number of outlets that our products are ranged in and the volume per outlet pull through. We have continued to explore ways to improve this position as it ultimately determines the success of our brands. The team has also identified opportunities to improve return on capital investment through an increasing interest in contract brewing and bottling. All of these strategies will help form the foundation for a stronger business moving forward.



The release of new products was slower than expected as a result of delays in bottle supply and distribution. In April 2008 we launched Wahoo which gained sales traction in August and has since grown to be our biggest selling brand at 48% of our current sales. Wahoo represents the first product in our new product development strategy that targets a broader consumer palette with a quality better than other beers in its category. Wahoo's unique packaging and graphics also provide it with a point of difference that feedback has suggested, resonates with beer drinkers on both the east and west coasts of Australia. With improvements in production costs we anticipate the opportunity to drive sales further with Wahoo's competitive retail pricing strategy later this year.

In early December 2008 we launched KUTT a low carbohydrate beer which we feel has a taste profile superior to other "low-carb" beers currently on the market. This was a later launch date than we would have liked but our distributors were unable to accommodate it until then. Once again we have employed packaging and graphics that are uniquely different to other beers in its category to ensure KUTT stands out from the visual noise of bottle shop fridges and with an appeal specific to the target market currently consuming low-carb products. Improved sales and distribution are now starting to be realised for the product as retailers and consumers experience the quality of the new product.

Blue Angel cider was released in late December 2008 and is currently stocked by 60 liquor stores in Western Australia. At this point in time the Joint Venture has chosen direct distribution from Gage Roads to ensure correct sell-in and follow up for the product is achieved. Coles are currently trialling Blue Angel in selected First Choice outlets in WA. Once again the unique blue bottles, packaging and graphics were designed to stand out and appeal to the target market, and initial feedback has been extremely positive.

Our transition from Constellation Wines Australia to Vok as distribution partners proved to be both amicable and smooth. A sales lag period of 2 months after the hand over was experienced with sales being 50% of what we would have expected for the period. To date our sales expectation has not been realised and we are working with Vok to explore ways to improve the performance.

In reviewing opportunities in the beverage sector we identified a growing demand for contract brewing services in a market with few suppliers and limited production capacity. This provides the Company with an opportunity to leverage our packaging assets to provide incremental revenue. These opportunities should help increase volume throughput, provide economies of scale for the business, further reduce operating costs and improve return on investment for our assets.

Operating costs and investment in marketing support, brand building and new product development resulted in a net loss after providing income tax of (\$1,162,070) for the half-year ending 31 December 2008 (2007: (\$2,005,696)). The \$843,626 improvement was primarily the result of cost reductions in operating expenses, wages, administration and marketing costs introduced by the new board. These improved efficiencies are part of a new culture within the business to ensure better utilisation of capital.

During the half-year Gage Roads successfully completed a placement of 3 million shares at an issue price of 6 cents per share to raise \$180,000 and a partially underwritten 2 for 1 rights issue which was fully taken up and saw the issue of 147.2 million shares at an issue price of 1 cent per share to raise \$1.5 million. The monies raised will be used to fund the costs of the offer, on going operating costs and marketing expenses.

The Company will continue to focus on these strategies, to drive not only volume per outlet but also the total number of outlets for our brands. We are now equipped with products like Wahoo, KUTT and Blue Angel Cider that are designed to have broad appeal and sit within rapidly growing segments of the market such as low carbohydrate beer and cider. An expected increase in contract brewing activity will help improve not only revenue but our variable and fixed overhead recovery per case with overall volumes that utilise more of the current installed capacity.

The business remains committed to a strategic business plan focused on achieving profitability by December 2009. Our goal is to continue a path to profitability through brand building, distribution and sales growth and contract brewing. While the challenges of distribution and control over sales execution remain, I am confident that the steps we are taking to utilise current capacity and reduce costs is the best one for the business.

Please refer to the attached Financial Report for the half-year ended 31 December 2008 for further information.

I look forward to helping further the objectives of the Company and meeting you at our next AGM.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'N Hayler', written over a circular stamp or watermark.

Nick Hayler
CEO
Gage Roads Brewing Co Ltd
20th day of February 2009

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 auditors' review report is attached.
6. The entity has a formally constituted audit committee.



Signed:

Company Secretary

Date: 20 February 2008

Name:

John Hoedemaker (Company Secretary)



**GAGE ROADS BREWING CO LIMITED
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

ABN 22 103 014 320

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 30 June 2008, and any public announcements made by Gage Roads Brewing Company Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Gage Roads Brewing Co Ltd
Financial Report
For the Half-Year Ended 31 December 2008

Corporate Directory

Directors

Ian Olson (Chairman)
Robert Gould
Bill Hoedemaker
John Hoedemaker

Auditor

BDO Kendalls Audit & Assurance
(WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

Chief Executive Officer

Nick Hayler

Legal Adviser

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

Company Secretary

John Hoedemaker

Principal Place of Business & Registered Office

14 Absolon Street
PALMYRA WA 6157
Tel: (08) 9331 2300
Fax: (08) 9331 2400
Web: www.gageroads.com.au

Stock Exchange Listing

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: GRB

Postal Address

PO Box 2024
PALMYRA WA 6961

Share Registry

Computershare Investor
Services Pty Limited
GPO Box D182
PERTH WA 6840

Shareholder Enquiries

Within Australia: 1300 798 285
Outside Australia: (03) 9415 4823

**Gage Roads Brewing Co Ltd
Financial Report
For the Half-Year Ended 31 December 2008**

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Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2008

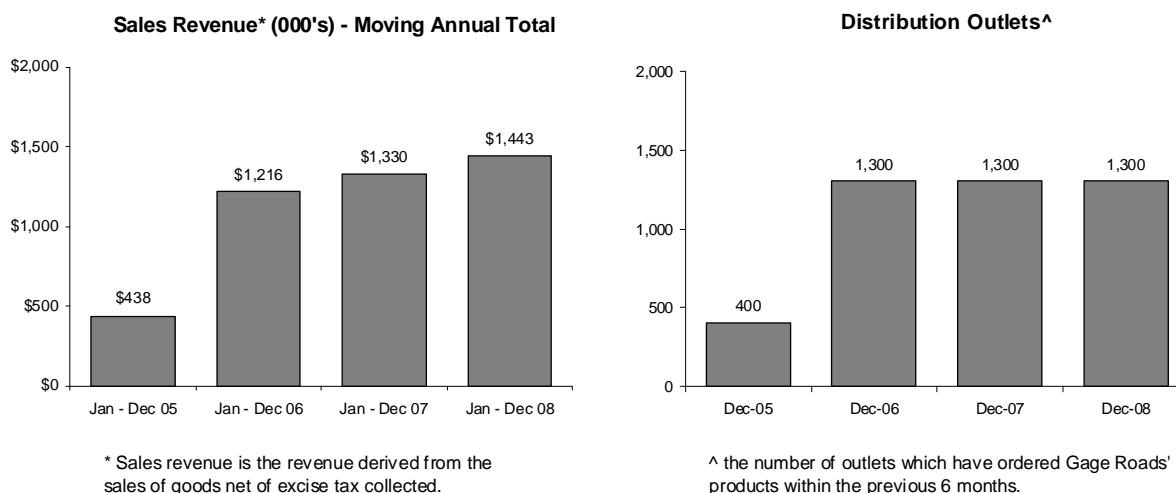
Review of operations

Highlights

- *Wahoo grows to volume leader*
- *Launch of KUTT - craft brewed low carbohydrate beer - Dec 08*
- *Launch of Blue Angel - 7% ABV cider - Dec 08*
- *New distributor - Vok Beverages*
- *Reduction in operations costs*
- *2 for 1 rights issue completed to raise \$1.5 million*

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Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2008

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I look forward to helping further the objectives of the Company and meeting you at our next AGM.

Yours faithfully,



Nick Hayler
Chief Executive Officer

20th day of February 2009

Gage Roads Brewing Co Ltd
Directors' Report
For the Half-Year Ended 31 December 2008

Directors' Report

Your Directors present their report on Gage Roads Brewing Co Limited for the half-year ended 31 December 2008.

Directors

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

Ian Olson (Chairman)
Brett Fraser (resigned 25 September 2008)
Robert Gould
Bill Hoedemaker
John Hoedemaker

Chief Executive Officer

Nick Hayler

Principal Activities

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

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 half-year ended 31 December 2008 after providing for income tax amounted to (\$1,162,070) (2007: (\$2,005,696)).

A review of the Company's operations and its financial position, business strategies and prospects is located at page 4 of this report.

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 7.

This report is made in accordance with a resolution of Directors.



Ian Olson
Chairman

Palmyra
Dated this 20th day of February 2009

20th February 2009

The Directors
Gage Roads Brewing Co Limited
14 Absolon Street
PALMYRA WA 6127

Dear Sirs

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF GAGE
ROADS BREWING CO. LIMITED**

As lead auditor of Gage Roads Brewing Co. Limited for the half year ended 31 December 2008,
I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Glyn O'Brien
Director



BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

Gage Roads Brewing Co Ltd
Directors' Declaration
For the half-year ended 31 December 2008

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Ian Olson
Chairman

Palmyra

Dated this 20th day of February 2009

Gage Roads Brewing Co Ltd
Income Statement
For the half-year ended 31 December 2008

		31 December 2008	31 December 2007
	Notes	\$	\$ <i>Restated</i>
Revenue from continuing operations			
Sales Revenue		733,882	766,529
Interest Revenue		18,269	45,828
	2	752,151	812,357
Other income		(3,177)	5,137
Raw materials, excise, consumables & delivery		(339,507)	(391,906)
Operating expenses		(164,268)	(257,342)
Employee expense	3	(813,846)	(973,671)
Depreciation and amortisation expense		(73,657)	(68,688)
Sales and marketing		(226,421)	(750,323)
Administration costs		(192,934)	(296,134)
Occupancy costs		(79,301)	(62,565)
Finance costs		(21,110)	(22,562)
Loss before income tax		(1,162,070)	(2,005,696)
Income tax benefit		-	-
Loss for the half-year		(1,162,070)	(2,005,696)
Loss attributable to members of Gage Roads Brewing Co Ltd		(1,162,070)	(2,005,696)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share		(0.01)	(0.04)
Diluted loss per share		(0.01)	(0.04)

The above income statement should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Balance Sheet
As at 31 December 2008

	Notes	31 December 2008 \$	30 June 2008 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,399,515	698,537
Trade and other receivables		316,804	490,329
Inventories		635,082	581,565
Total current assets		2,351,401	1,770,431
Non-current assets			
Property, plant and equipment		2,513,949	2,507,781
Intangible assets		3,769	3,769
Total non-current assets		2,517,718	2,511,550
Total assets		4,869,119	4,281,981
LIABILITIES			
Current liabilities			
Trade and other payables		601,101	593,951
Borrowings		270,860	182,390
Total current liabilities		871,962	776,341
Non-current liabilities			
Borrowings		324,260	279,113
Total non-current liabilities		324,260	279,113
Total liabilities		1,196,222	1,055,454
Net assets		3,672,897	3,226,527
EQUITY			
Contributed equity		14,566,721	13,005,942
Share options reserve		332,738	285,077
Accumulated losses		(11,226,562)	(10,064,492)
Total equity		3,672,897	3,226,527

The above balance sheet should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Statement of Changes in Equity
For the half-year ended 31 December 2008

	Notes	31 December 2008 \$	31 December 2007 \$
Total equity at the beginning of the half-year		<u>3,226,527</u>	<u>4,369,512</u>
Loss for the half-year		<u>(1,162,070)</u>	<u>(2,005,696)</u>
Total recognised income and expense for the half-year attributable to the members of Gage Roads Brewing Co Ltd		<u>(1,162,070)</u>	<u>(2,005,696)</u>
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	4	1,560,779	845,970
Shares issued to employees		-	16,800
Director share options expensed, net of expired options write back		30,330	67,447
Employee and other share options expensed		<u>17,331</u>	<u>42,367</u>
		<u>1,608,440</u>	<u>972,584</u>
Total equity at the end of the half-year		<u>3,672,897</u>	<u>3,336,400</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Cash Flow Statement
For the half-year ended 31 December 2008

	Notes	31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST and Excise Tax)		718,022	1,281,972
Payments to suppliers and employees (inclusive of GST and Excise Tax)		<u>(1,624,665)</u>	<u>(2,484,621)</u>
		(906,644)	(1,202,648)
Interest received		17,337	61,083
Interest paid		<u>(21,110)</u>	<u>(22,391)</u>
Net cash outflow from operating activities		(910,416)	(1,163,956)
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(83,003)</u>	<u>(125,817)</u>
Net cash outflow from investing activities		(83,003)	(125,817)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		1,652,334	855,974
Share issue transaction costs		<u>(91,555)</u>	<u>(10,005)</u>
Proceeds from borrowings		223,807	-
Repayment of borrowings		<u>(90,190)</u>	<u>(71,060)</u>
Net cash inflow from financing activities		1,694,396	774,909
Net increase/(decrease) in cash and cash equivalents		700,978	(514,864)
Cash and cash equivalents at the beginning of the financial half-year		<u>698,537</u>	<u>2,475,775</u>
Cash and cash equivalents at the end of the financial half-year		1,399,515	1,960,911

The above cashflow statement should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Notes to the accounts
For the half-year ended 31 December 2008

Note 1: Summary of significant accounting policies

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Gage Roads Brewing Co Ltd during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, other than the treatment of excise tax as described below in Note 1 (b).

(b) Excise Tax - Restatement of Comparatives

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. Consequentially in order to provide an accurate comparison, the comparative period's (Half-Year ended 31 December 2007) revenue has been adjusted to present revenue net of Excise Tax collected. Excise tax collected is accounted for as a current liability until it is paid on a weekly basis. There is a corresponding decrease in the Raw Materials, Excise, Consumables and Delivery comparative. The financial impact of this change in accounting treatment is disclosed in Note 2 to this financial half-year report.

(b) Going concern

The Company has adopted a strategic plan which addresses the fundamental requirement of the business to increase both distribution outlets and volume per outlet to increase total revenue and achieve profitability. The overarching objective of the strategic plan is to achieve profitability by December 2009.

The Company monitors its forecasts and cash flows continuously to ensure the Company has sufficient working capital and the financial flexibility required to implement its strategic plan. Notwithstanding the loss for the half-year, these financial statements have been prepared on a going concern basis on this basis.

Should the Company not continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Gage Roads Brewing Co Ltd
Notes to the accounts
For the half-year ended 31 December 2008

Note 2 : Revenue

	31 December 2008 \$	31 December 2007 \$ <i>Restated</i>
<i>Revenue</i>		
Sale of goods	836,830	1,076,496
Less: Excise tax collected	(102,948)	(309,967)
Total sale of goods	<u>733,882</u>	<u>766,529</u>
Interest	18,269	45,828
	<u>752,151</u>	<u>812,357</u>
<i>Other income</i>		
Foreign exchange profit (loss)	-	(1,080)
Sale of assets - profit (loss)	(3,177)	-
Other	-	6,217
	<u>748,974</u>	<u>817,494</u>

Note 3 : Expenses

Loss before income tax includes the following specific expenses that are unusual because of their nature, size or incidence:

Employee shares expensed	-	16,800
Employee options expensed	17,331	39,946
Draught venue options expensed	-	2,422
Director's options expensed, net of expired option write-back	30,330	67,447
	<u>47,661</u>	<u>126,615</u>

Note 4 : Contributed equity

	31 December 2008 Shares	31 December 2007 Shares	31 December 2008 \$	31 December 2007 \$
(a) Share Capital				
Ordinary shares				
Fully paid	<u>220,850,169</u>	51,224,877	<u>14,566,721</u>	11,516,972
	2008 Shares	2007 Shares	2008 \$	2007 \$
(b) Movement in contributed equity:				
1 July (opening balance)	70,616,724	44,570,458	13,005,942	10,654,202
<i>Issues of shares during the half-year</i>				
Ordinary shares issued to employees	-	70,000	-	16,800
Placement ordinary shares issued, 13¢	-	6,584,419	-	855,974
Placement ordinary shares issued, 6¢	2,999,999	-	180,000	-
Rights Issue ordinary shares issued, 1¢	147,233,446	-	1,472,334	-
Capital raising costs	-	-	(91,555)	(10,005)
31 December (closing balance)	<u>220,850,169</u>	51,224,877	<u>14,566,721</u>	11,516,972

At 31 December 2008 there were 220,850,169 ordinary shares on issue.

Gage Roads Brewing Co Ltd
Notes to the accounts
For the half-year ended 31 December 2008

Note 5 : Share-based payments

Options granted to Directors - Forfeited / Cancelled

3,850,000 options in total were granted to Directors, Peter Nolin, Paul McKenzie, Bill Hoedemaker and John Hoedemaker on 4 December 2006 having regard to the length of service and the past and potential contribution to the Company. Shareholders approved the grant of these options at a general meeting held 30 November 2006.

On the 16 December 2008 these 3,850,000 unlisted options were either cancelled and or voluntarily forfeited under the terms of the options.

The value of the options has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. Options which did not vest or are unlikely to vest due to their being cancelled, lapsed or forfeited which have been previously expensed and were credited during the half-year amounted to (\$3,402) (2007: (\$39,644)).

Note 6 : Contingencies

(a) Contingent liabilities and assets

There are no material contingent liabilities or contingent assets of the Company at the balance date.

Note 7 : Events occurring after the balance sheet date

No matter or circumstance has arisen since 31 December 2008 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, other than the following:

In January 2009, the Company issued 4,275,000 shares to its employees at 0 cents each in lieu of salary increases. In January 2009, the Company issued 1,107,500 shares to investors at 1 cent each raising \$11,750.

Note 8 : Segment reporting

The Company operates in one business segment, being the manufacture and sale of beer, and in one geographical segment, being Australia.



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GAGE ROADS BREWING CO. LIMITED
REPORT ON THE HALF-YEAR FINANCIAL REPORT**

We have reviewed the accompanying half-year financial report of Gage Roads Brewing Co. Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gage Roads Brewing Co. Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gage Roads Brewing Co. Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to the interim financial report which indicates that Gage Roads Brewing Co. Limited incurred a net loss of \$1,162,070 during the half year ended 31 December 2008. These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty about the disclosing entity's ability to continue as a going concern.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
Glyn O'Brien

Glyn O'Brien
Director

Signed at Perth this 20th day of February 2009.