

Appendix 4D Half-Year Report

Gage Roads Brewing Co Limited ABN 22 103 014 320

For the half-year ended 31 December 2009

Results for announcement to the market

Revenue from ordinary activities	up	180%	to	2,107,644
Profit from ordinary activities after tax attributable to members	up	257%	to	1,823,392
Net profit attributable to members	up	257%	to	1,823,392

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	31 December 2009	31 December 2008
	\$	\$
	0.02	0.02

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 and joint venture entities during the period.

Reporting Periods

The current reporting period is the half-year ended 31 December 2009. The previous corresponding period is the half-year ended 31 December 2008.

Commentary on the results for the half year ended 31 December 2009

Highlights

- Revenues increase 180%
- Total production volumes increase 188%
- Healthy margins maintained
- Demand for Dry Dock continues to grow strongly
- Expansion program to increase capacity to in excess of 1.2 million cartons per annum on track
- \$4.2 million credit facility secured from ANZ to fund expansion
- Development of a new branding and packaging strategy for Gage Roads own brand products
- Recognition of \$3.3 million deferred tax asset delivers maiden profit of \$1.8 million

The first half of the current financial year has seen Gage Roads achieve significant progress on a number of fronts. The sales revenue result for the half-year ended 31 December 2009 was \$2,107,644 (2008: \$752,151), a growth of 180%. The Company reports a maiden profit result of \$1,823,392 (2008: (\$1,162,070)). Total sales volume in litres has grown 188% over the same period last year, and healthy gross profit margins have been maintained.

1. Contact brewing of Dry Dock for Woolworths – Demand for production of Dry Dock has continued to grow since its launch in September 2009. This demand has driven the Company's revenue growth of 180% over the same period last year. With continued support from Woolworths underpinning strong future sales forecasts the Company has embarked upon a number of strategies to meet this expected growth in demand over the medium term.
2. Sales of Gage Roads own brand products – First half results for the portfolio of Gage Roads beers has been encouraging with volume growth of 27% and revenue growth of 57% over the prior corresponding period. In order to underpin this growth we have undertaken a review of our product branding and portfolio of brands. While Gage Roads products are ranged nationally in over 1,300 retail outlets with strong shelf presence and growing volumes, the review identified opportunities to focus on a core group of our products and reshape the branding and packaging profile. The results of this review will be implemented in coming months.
3. Future growth and development – With a \$4.2 million credit facility secured from ANZ and guaranteed by Woolworths the brewery expansion program is currently underway. Significant volume uplifts are expected to be realised this April and when the project is complete, expected July 2010, it will increase the capacity of the Palmyra operation 2.5 times from 350,000 cartons to over 1,200,000 cartons per year. This is a sizeable increase when compared to volumes achieved in FY08 and FY09 of circa 60,000 cartons. As previously reported, Gage Roads has engaged the services of some of the best engineering and brewing consultants in Australia to ensure brewery and packaging upgrades deliver the highest quality and highly competitive products on the market while achieving cost effective efficiencies.
4. Branding and packaging strategies – The Marketing team have been working closely with Sydney based design company Anthem on a number of our products. The coming months will see the launch of a new look Premium Lager, Mid Strength and an exciting full flavoured Ale. The new branding will position Gage Roads closer to the volume end of the premium market rather than the small niche craft brewed segment. The recipe for our international award winning beers will remain the same.

5. Recognition of \$3.3 million deferred tax asset – In preparing the Half-Year Financial Report the Board resolved to recognise a deferred tax asset relating to historical tax losses incurred by the Company. This recognition was reviewed and accepted by the Company's Auditor and reflects an expectation that it is probable that future profits will be generated against which the tax losses can be utilised. The impact of this accounting treatment generated a credit to the Comprehensive Statement of Income for the Half-Year of \$3.3 million and has helped Gage Roads report a maiden Profit of \$1.8 million for the Half-Year.

Please refer to the attached Financial Report for the Half-Year ended 31 December 2009 for further information.



Nick Hayler
Chief Executive Officer
Gage Roads Brewing Co Ltd

Tel: (08) 9331 2300

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

Signed:



Company Secretary

Date: 22 February 2010

Name:

John Hoedemaker



**GAGE ROADS BREWING CO LIMITED
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

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 2009, 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 2009

Corporate Directory

Directors

Ian Olson (Chairman)
Robert Gould
Steven Greentree
Bill Hoedemaker
John Hoedemaker

Chief Executive Officer

Nick Hayler

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

Postal Address

PO Box 2024
PALMYRA DC WA 6961

Auditor

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

Legal Adviser

Steinepreis Paganin
Lawyers and Consultants
Level 4, Next 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

Computershare Investor
Services Pty Ltd
GPO Box D182
PERTH WA 6840

Registry 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 2009

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Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2009

Review of operations

Highlights

- Revenues increase 180%
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Gage Roads Brewing Co Ltd
Review of Operations
For the Half-Year Ended 31 December 2009

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Nick Hayler
Chief Executive Officer

**Gage Roads Brewing Co Ltd
Directors' Report
For the Half-Year Ended 31 December 2009**

Directors' Report

Your Directors present their report on Gage Roads Brewing Co Limited for the half-year ended 31 December 2009.

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)
Robert Gould
Steven Greentree
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 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 profit (loss) of the Company for the half-year ended 31 December 2009 after providing for income tax amounted to \$1,823,392 (2008: (\$1,162,070)).

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
22 February 2010

22 February 2010

Board of Directors
Gage Roads Brewing Co Limited
14 Absolon Street
PALMYRA WA 6961

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 2009,
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
- No contraventions of any applicable code of professional conduct in relation to the review.



Glyn O'Brien
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Gage Roads Brewing Co Ltd
Directors' Declaration
For the Half-Year ended 31 December 2009

The Directors of the Company declare that:

- (a) The financial statements and notes set out on pages 11 to 17 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001: and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-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.

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

A handwritten signature in black ink, appearing to be 'Ian Olson', with a stylized, cursive script.

Ian Olson
Chairman

Palmyra
22 February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GAGE ROADS BREWING CO LIMITED

Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Gage Roads Brewing Co Limited for the period ended 31 December 2009 included on Gage Roads Brewing Co Limited's web site. The disclosing entity's directors are responsible for the integrity of Gage Roads Brewing Co Limited's web site. We have not been engaged to report on the integrity of Gage Roads Brewing Co Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

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 statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 controls 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 an 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 2009 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*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

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 entity's financial position as at 31 December 2009 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.

BDO Audit (WA) Pty Ltd



Glyn O'Brien
Director

Signed in Perth, Western Australia
Dated this 22 day of February 2010.

Gage Roads Brewing Co Ltd
Statement of Comprehensive Income
For the Half-Year ended 31 December 2009

	Notes	31 December 2009 \$	31 December 2008 \$
Revenue from continuing operations			
Sales revenue		2,104,108	733,882
Interest revenue		3,536	18,269
	2	<u>2,107,644</u>	<u>752,151</u>
Other income	2	11,573	(3,177)
Raw materials, consumables & delivery		(1,139,261)	(339,507)
Operating expenses	3	(566,019)	(166,138)
Employee expense	3	(1,049,607)	(813,846)
Depreciation and amortisation expense	3	(240,350)	(73,657)
Sales and marketing		(155,906)	(239,621)
Administration costs		(218,190)	(177,864)
Occupancy costs		(145,410)	(79,301)
Finance costs		(57,717)	(21,110)
Loss before income tax		<u>(1,453,243)</u>	<u>(1,162,070)</u>
Income tax benefit	4	3,276,635	-
Profit (Loss) for the half-year		<u>1,823,392</u>	<u>(1,162,070)</u>
Total comprehensive income for the half-year		<u>1,823,392</u>	<u>(1,162,070)</u>
Profit (Loss) and Other Comprehensive Income attributable to members of Gage Roads Brewing Co Ltd		<u>1,823,392</u>	<u>(1,162,070)</u>
Profit (Loss) per share attributable to the ordinary equity holders of the company:			
Basic profit (loss) per share		0.01	(0.01)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Gage Roads Brewing Co Ltd
Statement of Financial Position
For the Half-Year ended 31 December 2009

	Notes	31 December 2009 \$	30 June 2009 \$
ASSETS			
Current assets			
Cash and cash equivalents		543,850	1,670,766
Trade and other receivables		425,938	215,403
Inventories		790,447	600,407
Total current assets		<u>1,760,235</u>	<u>2,486,576</u>
Non-current assets			
Property, plant and equipment		4,303,461	2,445,037
Intangible assets		3,769	3,769
Deferred tax asset	4	3,276,635	-
Total non-current assets		<u>7,583,865</u>	<u>2,448,806</u>
Total assets		<u>9,344,100</u>	<u>4,935,382</u>
LIABILITIES			
Current liabilities			
Trade and other payables		2,395,972	623,473
Borrowings		67,436	185,530
Total current liabilities		<u>2,463,408</u>	<u>809,003</u>
Non-current liabilities			
Provisions		47,500	28,888
Borrowings		1,032,029	125,594
Total non-current liabilities		<u>1,079,529</u>	<u>154,482</u>
Total liabilities		<u>3,542,937</u>	<u>963,485</u>
Net assets		<u>5,801,163</u>	<u>3,971,897</u>
EQUITY			
Contributed equity		15,735,908	15,735,908
Share options reserve		343,903	338,029
Accumulated losses		(10,278,648)	(12,102,040)
Total equity		<u>5,801,163</u>	<u>3,971,897</u>

The above Statement of Financial Position 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 2009

	Notes	Contributed equity \$	Retained earnings \$	Share Option reserve \$	Total equity \$
At 1 July 2008		13,005,942	(10,064,492)	285,077	3,226,527
Total comprehensive income for the half-year			(1,162,070)		(1,162,070)
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	5	1,560,779			1,560,779
Director share options expensed				30,330	30,330
Employee and other share options expensed				17,331	17,331
At 31 December 2008		14,566,721	(11,226,562)	332,738	3,672,897
Total comprehensive income for the half-year			(875,478)		(875,478)
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs		1,169,187			1,169,187
Employee and other share options expensed				5,291	5,291
At 30 June 2009		15,735,908	(12,102,040)	338,029	3,971,897
Total comprehensive income for the half-year			1,823,392		1,823,392
Transactions with equity holders in their capacity as equity holders:					
Employee and other share options expensed				5,874	5,874
At 31 December 2009		15,735,908	(10,278,648)	343,903	5,801,163

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

Gage Roads Brewing Co Ltd
Statement of Cash Flows
For the Half-Year ended 31 December 2009

	Notes	31 December 2009 \$	31 December 2008 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST and Excise Tax)		3,602,375	718,022
Payments to suppliers and employees (inclusive of GST and Excise Tax)		<u>(4,287,301)</u>	<u>(1,624,665)</u>
		(684,926)	(906,643)
Interest received		3,994	17,337
Interest paid		<u>(54,141)</u>	<u>(21,110)</u>
Net cash outflow from operating activities		<u>(735,073)</u>	<u>(910,416)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(1,180,184)</u>	<u>(83,003)</u>
Net cash outflow from investing activities		<u>(1,180,184)</u>	<u>(83,003)</u>
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		-	1,652,334
Share issue transaction costs		-	(91,555)
Proceeds from borrowings		1,019,574	223,807
Repayment of borrowings		<u>(231,233)</u>	<u>(90,190)</u>
Net cash inflow from financing activities		<u>788,341</u>	<u>1,694,396</u>
Net increase/(decrease) in cash and cash equivalents		(1,126,916)	700,978
Cash and cash equivalents at the beginning of the financial half-year		<u>1,670,766</u>	<u>698,537</u>
Cash and cash equivalents at the end of the financial half-year		<u>543,850</u>	<u>1,399,515</u>

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

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2009

Note 1 : Summary of significant accounting policies

(a) Basis of preparation of half-year financial statements

The general purpose financial statements for the half-year reporting period ended 31 December 2009 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

The historical cost basis has been used as the basis of preparation.

These half-year financial statements do not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2009 and any public announcements made by Gage Roads Brewing Co Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, unless otherwise stated.

(b) Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Chief Executive Officer and members of the Board of Directors.

Note 2 : Revenue & Other Income

	31 December 2009 \$	31 December 2008 \$
<i>Revenue</i>		
Sale of goods	3,382,676	836,830
Less: Excise tax collected	(1,278,568)	(102,948)
Total sale of goods	<u>2,104,108</u>	<u>733,882</u>
Interest	3,536	18,269
	<u>2,107,644</u>	<u>752,151</u>
<i>Other income</i>		
Sale of assets - profit (loss)	-	(3,177)
Other	11,573	-
	<u>2,119,217</u>	<u>748,974</u>

Note 3 : Expenses

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

Director's options expensed, net of expired option write-back	-	30,330
Impairment of plant and equipment (note 8)	154,856	-
Write-off packaging unsuited to new plant and equipment (note 8)	97,174	-
Employee options expensed	5,874	17,331
	<u>257,904</u>	<u>47,661</u>

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2009

Note 4 : Income tax benefit / Deferred Tax Asset

	31 December 2009 \$	31 December 2008 \$
(a) Deferred tax asset		
Recognition of deferred tax asset	<u>3,276,635</u>	<u>-</u>
(b) Recognised tax losses		
Unused tax losses for which a deferred tax asset has been recognised	<u>10,922,116</u>	<u>8,086,034</u>
Deferred tax asset @ 30%	<u>3,276,635</u>	<u>2,425,810</u>

Deferred tax assets and liabilities have been brought to account as at 31 December 2009 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 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.

The Company has investigated the availability of the carry forward tax losses in respect of Divisions 165, 166 and 175 of the Income Tax Assessment Act 1997 (being the satisfaction of the continuity of ownership tests, or alternatively the satisfaction of the same business test and their non preclusion by the income injection provisions) and has formed the opinion that it is more likely than not that the Company will not be prevented from deducting all of its accumulated losses as at 31 December 2009 by virtue of these divisions of the Income Tax Assessment Act 1997.

Note 5 : Contributed equity

	31 December 2009 Shares	31 December 2008 Shares	31 December 2009 \$	31 December 2008 \$
(a) Share Capital				
Ordinary shares Fully paid	<u>302,643,559</u>	220,850,169	<u>15,735,908</u>	14,566,721
	<u>2009 Shares</u>	<u>2008 Shares</u>	<u>2009 \$</u>	<u>2008 \$</u>
(b) Movement in contributed equity:				
1 July (opening balance)	302,643,559	70,616,724	15,735,908	13,005,942
<i>Issues of shares during the half-year</i>				
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)
31 December (closing balance)	<u>302,643,559</u>	220,850,169	<u>15,735,908</u>	14,566,721

At 31 December 2009 there were 302,643,559 ordinary shares on issue.

Note 6 : Contingencies

(a) Contingent liabilities and assets

There are no material contingent liabilities or contingent assets of the Company at 31 December 2009.

Gage Roads Brewing Co Ltd
Notes to the Financial Statements
For the Half-Year ended 31 December 2009

Note 7 : Events occurring after the balance sheet date

No matter or circumstance has arisen since 31 December 2009 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 2010, the Company issued 1,275,000 shares to its employees at 0 cents each under the terms of the Company's Employee Share Plan as part of their remuneration.

Note 8 : Capital expansion

In November 2009, the Company secured a credit facility of up to \$4,200,000 with the ANZ Banking Group Limited to provide the funds required to facilitate the accelerated capital expansion program of the existing Palmyra (WA) based production facility, associated working capital requirements, refinancing existing secured debt, and other related costs. The facility is secured by Company assets and a guarantee from Woolworths Limited.

As at 31 December 2009, \$1,019,574 funds have been drawn down, leaving \$3,180,426 funds available.

As at 31 December 2009, the company has purchased and or committed to capital works of \$2,039,376.

As a result of the capital expansion program the Company has incurred a one off write down of \$154,856 reducing the value of obsolete plant and equipment to its recoverable value and has written off \$97,174 worth of obsolete packaging material which is no longer suitable to be used by the new packaging plant and equipment.

Note 9 : 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 is 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 with making decisions regarding the company and its operating activities.

	31 December 2009 \$	31 December 2008 \$
Revenue from external sources	2,104,108	733,822
Net profit before tax	(1,453,243)	(1,162,070)
Reportable segment assets	9,344,100	4,935,382