Appendix 4E
Preliminary Final Report

Gage Roads Brewing Co Limited
ABN 22 103 014 320

For the financial year ended 30 June 2014

Results for announcement to the market

				$
Revenue from continuing activities	up	21%	to	27,430,177
Profit from ordinary activities after tax attributable to members	down	144%	to	(377,243)
Net profit attributable to members	down	144%	to	(377,243)

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 2014**	30 June 2013
	$	$
	0.03	0.03

Statement of accumulated losses	**30 June 2014**	30 June 2013
	$	$
Balance 1 July	**(9,937,651)**	(10,799,741)
Net profit for the year	**(377,243)**	862,090
Balance 30 June	**(10,314,893)**	(9,937,651)

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 2014. The previous corresponding period is the year ended 30 June 2013.

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 2014.

Commentary on the results for the year ended 30 June 2014

Full Year FY14 Results

- Revenue up 21% on prior year to $27.4m
- Total production volume up 20% on prior year to 1.7m carton equivalents*
- Keg production volume up 49% on prior year to 13.6k x 50L kegs
- Gross Profit margin of 47.5% achieved
- EBITDA down 67% to $0.85m
- NPAT down 144% to ($0.38m)

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

Financial Year 2014 was a mixed year for Gage Roads, a year of recognising and resolving operational risks as we strived to achieve our production goals. The first half-year saw solid production and sales growth of over 40%, incrementally higher earnings growth and gross profit margins in keeping with our expectations.

Although this strong growth continued in the 3rd quarter, in April the Company announced it had sustained a production interruption that saw firstly 140,000 cases removed from our full year expectations and then a further 125,000 carton downgrade was announced towards the end of the year due to a slower than expected recovery.

Despite being a tough and disappointing last quarter, the operational difficulties did highlight the risks associated with the rapid growth of our production facility and brands, and provided an opportunity to mitigate those risks for the future. The production interruption was caused by a design flaw incorporated in the newly commissioned brew house and processing equipment with contributing factors including unprecedented fluctuation in water chlorine levels supplied by the water authority and the delayed commissioning of the new yeast propagation and CIP (Clean In Place) facility. The Company used this opportunity to resolve these issues and de-risk the operations of our plant and equipment by implementing the following mitigating actions:

- **Offsite warehouse strategy** – During the first quarter FY15 the business is moving from a 100% just-in-time production system to holding an inventory of buffer stock and raw materials. Benefits include a reduced likelihood of loss of sales resulting from forecasting errors, planned maintenance or breakdowns. Increased raw material compliance and larger packaging runs are also expected to provide greater production efficiencies.
- **Changing Shift Structure** - Larger pack runs and improved operational efficiencies allow for a change in shift structure, from 24/7 to 24/5, providing an immediate cost benefit. An additional benefit is the ability to undertake weekly scheduled preventative maintenance during the weekends to de-risk our production capabilities over the busy summer months.
- **Resolved design flaws** - Design deficiencies in the brewing and processing equipment have been identified and re-engineered.
- **Commissioned yeast and CIP plant** - The new larger scale yeast propagation and CIP plant was commissioned in August and is fully operational for FY15.
- **Commissioned RO plant** – A new higher capacity chlorine filtration system will be in place for FY15 and the new RO (reverse osmosis) water treatment equipment has been fully commissioned and provides vastly improved water quality.

The net result of the 4th quarter was an annual sales volume of 1.7m carton equivalents. Although an increase of 20% on the prior year, this result was down 265,000 cartons on our internal full year expectations, representing the loss of $2.1m in potential gross profits and $1.1 million in actual inventory write-offs and associated destruction costs. The Company views this as an isolated event. We have identified the operational risks, have resolved those issues and the financial impact has been contained to FY14.

Financial Results

The full year's growth in sales volumes resulted in revenue of $27.4m, an increase of 21% in comparison to the corresponding full-year period (FY13: $22.6m). 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 47.5% gross profit margin, slightly lower that our long-term expectations. The Company posted an EBITDA of $0.85m, a decrease of 67% over FY13 and a net loss after tax of $0.38m, representing a decrease of 144% in comparison to the previous year.

Sales
Total sales volume has increased by 20% over FY13 to 1.7m carton equivalents and has provided a corresponding uplift of 21% in revenue. Sales volumes in our contract customer segment have grown by 67% and draught sales by 49% over the prior year in line with our strategy to diversify our revenue streams. Despite the recent production interruption, this result highlights the positive relationship and strong support we have built with our customers and the Company's exposure to the growing craft beer market.

Although *Atomic Pale Ale*, *Sleeping Giant IPA* and *Gage Pils 3.5* have performed well, overall sales for Gage Roads' proprietary range declined 16% in comparison to the prior year's volumes. This decline was largely due to *Gage Premium Lager* and *Wahoo* coming under competitive price and category pressure in their respective segments. The *Gage Roads Craft Range* refresh, as further detailed below, is expected to reverse this trend and provide a significant contribution to the Company's growth expectations. *Sleeping Giant IPA* now represents Australia's highest selling beer in the India Pale Ale category and *Atomic Pale Ale* is the country's 5th largest selling beer in the much larger Pale Ale category.

Gross Profit
Gross profit for the year decreased by 2.8% from 50.3% in FY13 to 47.5% in FY14. This was primarily due to a shift in sales mix in the second half of the year which saw higher volumes of lower margin products sold as we worked to recover from the processing fault. We expect that this will correct itself over FY15 and the gross profit will trend closer to the 50% target that we have set for ourselves based on our current sales mix and pricing expectations.

Costs
In consideration of our growth plan target (achieving a 50% reduction of the operating cost structure on a per carton basis at full utilisation), November and December's production (2.7m carton equivalents annualised) provided the Company with an opportunity to assess this goal for the first time. Analysis of these peak months indicated that variable costs, such as gas, electricity, waste water, CO^2 and production labour presented with a significantly fixed portion. In comparison to FY11, when the goal was set, these months achieved savings of approximately 30% on a per carton basis. Accordingly, the Company feels that retaining a 50% reduction target at full utilisation (an annual sales rate of 3m carton equivalents) remains an appropriate goal.

As previously announced, additional employee expenses were incurred as new employees were recruited to fill the roles of head brewer, packaging manager, technical manager, quality manager and head engineer. The Company feels that the current management and operations team has the depth of experience and skills required to achieve our growth plan.

Sales and marketing expenses have also increased to accommodate the draught, marketing and rebranding strategies for the Company's proprietary product portfolio (discussed further below).

Operating Expenses have risen by 60.6% over the previous year. It should be noted that they include $1.1m of operational waste expense that was incurred as part of the production interruption (as discussed above) and are expected to be non-recurring. Excluding this one-off expense, operating costs have increased by 28% which was a result of maintenance expenditure having been brought forward and increased quality assurance costs.

Cash Flow and Balance Sheet
Cash reserves have been impacted by the recent production interruption as lower production meant a relative reduction in trade debtors and fewer receipts. The Company has mitigated the cash flow impact by having increased its existing credit facility subsequent to year-end (further discussed below) and has increased its overdraft facility to $2m, which remains undrawn at balance date.

Inventories have increased $1m over the previous year representing increased bottle and packaging stockholding resulting from overseas procurement strategies.

Payments for non-current physical assets amounted to $5.0m and were a combination of $2.8m in additions and the balance being payments made to settle trailing terms on previously installed equipment. The investment in a new bottle filler, canning line and waste water treatment plant in FY15 and FY16 is still under consideration and may form part of the longer term capital investment strategy.

During the year, an additional $1.5m was applied towards improving the Company's trade payables position.

As announced on 22 July 2014, the Company has increased its existing $5.7m credit facility by $4m to $9.7m. The facility is secured by first recourse to Company assets and then by a guarantee from Woolworths Limited. The facility and corresponding guarantee expire on 1 October 2015. The funds will be applied towards the Company's working capital position and are expected to be sufficient to support the Company's operations for FY15.

Proceeds of $0.92m from the issue of shares was raised via the repayment of loans relating to employee loan funded shares which had been sold on-market during the financial year.

Brand Refresh

The brand refresh of the Gage Roads' proprietary brands, including a fresh corporate logo, is designed to re-position *Gage Premium Lager* and *Wahoo* and extend the *Gage Roads Craft Range*. The new brands will be available on shelves mid-October, in time for the summer sales period. The new craft range, including our best-sellers *Atomic Pale Ale* and *Sleeping Giant IPA*, has been extended to include *Breakwater Australian Pale Ale*, *South Beach Summer Ale*, and *Narrow Neck Session Ale*. We are excited by our new and extended craft range, we feel the refresh delivers on its goals to rediscover Gage Roads' craft brewing credentials and communicate them to consumers, to ground the brand in a sense-of-place, unify the products into a branded family and ultimately create a platform for future sales growth and increased brand value.

FY15 will see marketing focus on increasing trial and brand awareness through on-premise distribution and involvement in festivals and craft specific events. A national content-based new and social media strategy will help position Gage Roads as a thought leader in the craft space. The expanded and refreshed *Gage Roads Craft Range* provides Gage Roads the opportunity to strengthen its position as Australia's 4th largest craft brand and further take advantage of the growing craft beer market (11% growth in FY14).

Outlook FY15

In FY15 the Company will continue to deliver on its growth plans, including diversification of revenue streams, improvement in manufacturing efficiencies and taking advantage of the burgeoning craft beer market. I feel the production difficulties incurred during the last quarter, although resolved, did effect our strategic growth plan and the following table more closely represents our current strategic goals.

GRB Growth Plan	
Production	• Triple production capacity to 3 million cartons by FY15 • Target full utilisation of existing plant by FY17
Costs	Reduce operating costs per case by 50% at full utilisation.
Sales	• Continue partnering the growth of Woolworths' exclusive brands strategy • Continue as Australia's # 1 contract craft brewery • Increase Gage Roads brand awareness and value • Increase draught sales
Productivity	Building a Better Place to Work: improving performance culture, improving work environments and amenities, focusing on core values and cultural change to improve behaviours and improve productivity.

We will continue to grow our contract brewing business through our strategic partnership with Woolworths and other craft contract customers, expanding our opportunities in draught sales and growing our proprietary brands' market penetration and market share.

I would like to take this opportunity to thank Bill Hoedemaker, founding shareholder and Director, for his considerable contribution to Gage Roads and wish him all the best in his new pursuit. In charge of capital expansion, Bill oversaw the Company's capacity growth over the last 12 years culminating in the enjoyment of over 38 million bottles of beer and cider by our consumers last year.

With the last quarter's production issues behind us, the plant is again running at great efficiencies. The coming months will see us execute the warehousing strategy and commence our stock build to support this summer's peak demand period. The learnings during the last financial year combined with the warehousing strategy fundamentally de-risk our operations, and FY15 sales should more closely represent the underlying demand for the great products we produce. The Company looks forward to delivering to our shareholders FY15 earnings in line with our long-term strategic plan.

John Hoedemaker
Managing Director

Gage Roads Brewing Co Limited
Tel: (08) 9314 0000

Further detailed commentary on the results for the year ended 30 June 2014 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: Date: 29 August 2014

Company Secretary

Name: Marcel Brandenburg

GAGE ROADS BREWING CO LIMITED
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

ABN 22 103 014 320

Corporate Directory

Directors
Brad Banducci
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

Contents

Dear Shareholder,

FY14 will be remembered by all stakeholders for a disappointing 2nd half, which ultimately unwound all the good work done in the 1st half and lead to an after-tax loss of $0.38m for the full year.

Following the 1st half after-tax result of $1.02m your Board had been expecting to preside over a full-year result reflective of the continued investment in CAPEX, quality and process improvement that has been a feature of our business in recent years.

The production issues experienced by the business have been communicated to the market and it is encouraging to be able to report that in recent weeks and months, production volumes have been returning to normal levels and root-cause analysis of the entire operation has contributed to what we believe is a more robust, lower risk operating model.

An impending brand refresh for our Gage Roads proprietary products, new product development with Woolworths' Pinnacle Drinks and the growth of other 3rd party contract brewing volumes is expected to underpin growth in volumes, revenue and earnings.

Accordingly, we enter FY15 encouraged by the steps taken in recent months to de-risk the operations and look forward to a materially improved result.

I commend to shareholders the commitment of the entire team at Gage Roads in making sure we learn from the issues experienced during the year. The FY14 result does not reflect the dedication and hard work put into your business by the entire team and we look forward to rewarding shareholders with improved performance in FY15.

Ian Olson

Chairman

Review of Operations

Full Year FY14 Results

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John Hoedemaker
Managing Director

Directors' Report

Your Directors present their report on Gage Roads Brewing Co Limited (the Company) for the year ended 30 June 2014.

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.

Bill Hoedemaker	(Resigned 30 June 2014)
Brad Banducci	
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 profit (loss) of the Company for the financial year after providing for income tax amounted to ($377,242) (2013: $862,090).

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 growth in sales volumes resulting in Revenue for FY14 of $27.4 million, an increase of 21% in comparison with the corresponding full year period (2013: $22.6 million). This result was primarily driven by a 67% increase in contract brewing production. Gage Roads' proprietary products declined by 16%.

(b) **Production Interruption** – As announced on 28 April 2014 the Company encountered a production interruption issue which led to a loss of $2.1 million in potential gross profits due to lost production and caused a further $1.1 million in written off materials and disposal costs. The issue has been investigated and was found to be a combination of engineering design flaws, highly chlorinated water supplied by the water authority and delays in the commissioning of the new yeast and clean in place plant. These issues have been addressed and are now rectified.

(c) Conversion of loan-funded shares – During the year, the Company received $0.92m from the conversion of loan-funded share scheme shares which were issued to Executives in 2011. These incentive shares were approved by shareholders at the 2011 AGM.

Matters subsequent to the end of the financial year

As announced on 22 July 2014, the Company has increased its existing $5.7m credit facility by $4m to $9.7m. The facility is secured by first recourse to Company assets and then by a guarantee from Woolworths Limited. The facility and corresponding guarantee expire on 1 October 2015. The funds will be applied towards the Company's working capital position and are expected to be sufficient to support the Company's operations for FY15.

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

Bill Hoedemaker BCom
(Executive Director of Operations and Brew master, appointed 3 December 2002, resigned 30 June 2014)

Experience and expertise - Bill is a founding Shareholder and Director of Gage Roads. He has been a professional Brewer for 15 years, of which 4 were as a member of the multi-award winning brewing team at the Sail & Anchor Pub Brewery and the last 10 years as Brew master for Gage Roads. Bill was responsible for capital infrastructure including the recent expansion designed to increase the Company's capacity to 3 million cartons by FY15 and improve operating cost efficiencies. Bill also oversaw the brewing operations of the Company, including recipe formulation, quality control, product consistency and cost control. Bill has substantial experience in the resources industry and brings strengths in process efficiencies and problem solving as well as an in-depth knowledge of practical brewing.

Other current public directorships - None.

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

Special responsibilities - Director of Operations and Brew master.

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

Brad Banducci BCom, LLB, MBA
(Non-Executive, 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 14 years with The Boston Consulting Group where he was a Vice President and Director. He has extensive experience in the beverage industry. Brad was appointed to his current role in the Liquor Group in April 2012 and has responsibility for all Woolworth's liquor businesses - BWS, Dan Murphy's, Pinnacle Drinks and the Wine Quarter.

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 expertis*e - 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.

Other current public directorships - Diploma Group Limited.

Former directorships in listed companies in last 3 years – RuralAus Investments 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 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.

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 2014, and the number of meetings attended by each Director, were as follows:

	Full Meeting of Directors		Meetings of Audit Committee		Meetings of Remuneration Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**
Ian Olson (Non-Executive)	9	9	2	2	1	1
Robert Gould (Non-Executive)	9	8	2	2	1	1
Brad Banducci (Non-Executive)	9	8	n/a	n/a	n/a	n/a
Bill Hoedemaker (Executive)	9	5	n/a	n/a	n/a	n/a
John Hoedemaker (Executive)	9	9	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 (2013: Nil).

Shares issued on the exercise of options
There were no shares issued on the exercise of options during the year ended 30 June 2014 (2013: Nil).

Options granted to Directors
No options over unissued ordinary shares were granted to Directors during the year ended 30 June 2014 (2013: 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 2014 (2013: Nil).

Options cancelled, forfeited or lapsed
No options were voluntarily forfeited or cancelled during the year ended 30 June 2014 (2013: Nil).

Shares issued to Directors
No shares were issued to Directors during the year ended 30 June 2014 (2013: Nil).

Shares issued to Employees
No shares were issued to Employees during the year ended 30 June 2014 (2013: Nil).

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 $150,000. Directors are entitled to have premiums paid for Directors' & Officers' insurance.

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

(a) *salary* - the Key Management Executives and Executive Directors receive a fixed sum payable monthly in cash;

(b) *cash at risk component* - Key Management Executives and Executive Directors are eligible to participate in a cash bonus plan if deemed appropriate;

(c) *share and option at risk component* - Key Management Executives 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 Executives and Executive Directors are eligible to participate in superannuation schemes, 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.

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	
Bill Hoedemaker	Director of Operations and Brew master (Resigned 30 June 2014)
John Hoedemaker	Managing Director
Non-Executive Directors	
Brad Banducci	
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.

2014 Remuneration - Key Management Personnel

	Short term benefits			**Post-employment benefits**	**Share based benefits**	
Name	Cash salary & fees	Cash bonus	Non-monetary Benefits	Super-annuation	Shares	**Total**
	$	$	$	$	$	**$**
Non-Executive Directors						
Brad Banducci	-	-	1,203	-	-	**1,203**
Ian Olson	75,000	-	1,203	-	-	**76,203**
Robert Gould	50,000	-	1,203	-	-	**51,203**
Sub-total Non-Exec Directors	*125,000*	-	*3,609*	-	-	***128,609***
Executive Key Management						
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**
Sub-total Executive	720,000	-	39,658	66,450	95,897	**922,005**
Totals	**845,000**	**-**	**43,267**	**66,450**	**95,897**	**1,050,614**

2013 Remuneration - Key Management Personnel

	Short term benefits			Post-employment benefits	Termination benefits	Share based benefits	
Name	Cash salary & fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Shares $	**Total $**
Non-Executive Directors							
Brad Banducci	-	-	1,405	-	-	-	**1,405**
Ian Olson	75,000	-	1,405	-	-	-	**76,405**
Robert Gould	50,000	-	1,405	-	-	-	**51,405**
Sub-total Non-Exec Directors	*125,000*	-	*4,215*	-	-	-	***129,215***
Executive Key Management							
Aaron Heary	170,000	-	28,265	15,300	-	86,643	**300,208**
Bill Hoedemaker	212,051	-	20,564	17,848	-	64,982	**315,445**
John Hoedemaker (MD)	220,000	-	9,115	19,800	-	108,304	**357,219**
Marcel Brandenburg	122,000	-	7,750	10,980	-	1,670	**142,400**
Sub-total Executive	724,051	-	65,694	63,928	-	261,599	**1,115,272**
Totals	**849,051**	**-**	**69,909**	**63,928**	**-**	**261,599**	**1,244,487**

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% 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% 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: $180,000 pa, plus 9% 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)

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
(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
2014				
Directors				
Bill Hoedemaker	-	-	-	-
Brad Banducci	-	-	-	-
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 2014 (2013: Nil).

There were no options over unissued ordinary shares granted to Key Management Personnel in existence at the date of this report (2013: 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
2014					
Directors					
Bill Hoedemaker	97%	6,404,669	(6,000,000)	-	404,669
Brad Banducci	0%	-	-	-	-
Ian Olson	25%	1,082,500	(750,000)	-	332,500
John Hoedemaker	6%	10,404,669	(4,000,000)	-	6,404,669
Robert Gould	0%	250,000	(200,000)	-	50,000
Executive Key Management					
Marcel Brandenburg	100%	300,000	-	-	300,000
Aaron Heary	100%	8,013,334	(5,011,730)	-	3,001,604
		26,455,172	(15,961,730)	-	10,493,442

+ Percentage of 2014 year end balance held directly in the Director or Executive's name.
No shares were received from the exercise of options in 2014.

No shares were granted to Key Management Personnel during the year ended 30 June 2014 (2013: 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 (2013: 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.

No cash bonuses were paid to or forfeited by any Directors or Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

Use of remuneration consultants

During FY14 Gage Roads' Remuneration Committee employed the services of PJ Kinder Consulting Pty Ltd to review its existing remuneration policies and to provide recommendations in respect of both executive and short-term and long-term incentive plan design. The recommendations also covered the Company's Key Management Personnel. Under the terms of the engagement, PJ Kinder Consulting Pty Ltd provided remunerations recommendations as defined in section 9B of the Corporations Act 2001 and was paid $2,200 (inclusive of GST) for these services.

PJ Kinder Consulting Pty Ltd has confirmed that the above recommendations have been made free from undue influence by members of the Company's Key Management Personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence:

(a) PJ Kinder Consulting Pty Ltd was engaged by, and reported to, the chair of the remuneration committee. The agreement for the provision of remuneration consulting services was executed by the chair of the remuneration committee under delegated authority on behalf of the Board.

(b) The report containing the remuneration recommendations was provided by PJ Kinder Consulting Pty Ltd directly to the chair of the remuneration committee; and

(c) PJ Kinder Consulting Pty Ltd was permitted to speak to management throughout the engagement to understand company processes, practices and other business issues and obtain management perspectives. However, PJ Kinder Consulting Pty Ltd was not permitted to provide any members of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence the Board is satisfied that the recommendations were made free from undue influence from any members of the Key Management Personnel.

Voting and comments made at the Company's 2012 Annual General Meeting

Gage Roads Brewing Co Ltd received more than 99.16% of "Yes" votes on its remuneration report for the 2013 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.

Loans to Directors and Executives
The Company has not made any loans to Directors or Executives during the financial year to 30 June 2014. 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 2013 to 30 June 2014 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 $8,418 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 22.

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* $51,857 (2013: $51,225).

Non-audit services
BDO Corporate and International Tax Pty Ltd: Services in relation to taxation advice $0 (2013: $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 29th day of August 2014

Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 this Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles and Recommendations 2nd Edition (including 2010 Amendments) (**Best Practice Recommendations**). The Best Practice Recommendations are not mandatory. However, the Company is required to provide a statement in this and future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

Share Trading
The Company's current Security Trading Policy provides guidelines for buying and selling securities in the Company by Directors and employees. Full details of The Securities Trading Policy have been posted on the Company's website.

Corporate Governance Policy
The Board of the Company has in place a corporate governance policy which is posted in the Company Information section of the Company's website at www.gageroads.com.au.

BEST PRACTICE RECOMMENDATIONS

1 Lay solid foundations for management and oversight

1.1 *Companies should establish the functions reserved to the Board and those delegated to senior Executives and disclose those functions*.
The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director and other Executive Directors.

1.2 *Companies should disclose the process for evaluating the performance of senior executives.*
The Company's Corporate Governance Policy includes Performance Evaluation Practices, which discloses the specific practices of the Board in evaluating executive performance. The Board did not meet during the year to specifically evaluate the performance of senior executives.

2 Structure the Board to add value

2.1 *A majority of the Board should be Independent Directors.*
A majority of the Board are Non-Executive and Independent Directors.

2.2 *The chair should be an independent Director.*
The Chairman, Ian Olson, is considered an independent Chairman as he satisfies the principles of the test for independence as set out in the ASX principles.

2.3 The roles of chair and Chief Executive Officer should not be exercised by the same individual.
The Chief Executive Officer and Chairperson are different people.

2.4 *The Board should establish a nomination committee.*
It is not Company policy to have a nomination committee given the size and scope of Gage Roads Brewing Co Ltd. The Board, as a whole, serves to identify, appoint and review Board membership through an informal assessment process, facilitated by the Chairman in consultation with the Company's external professional advisors.

2.5 *Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.*
The Company's Corporate Governance Policy includes Performance Evaluation Practices, which discloses the specific practices of the Board in evaluating its performance. The Board has not met during the year to specifically evaluate the performance of Board members.

3 Promote ethical and responsible decision-making

3.1 *Companies should establish a code of conduct and disclose the code or a summary of the code as to*:
- *(a) the practices necessary to maintain confidence in the Company's integrity,*
- *(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and*

(b) *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company's Corporate Governance Policy includes a Corporate Code of Conduct which provides a framework for decisions and actions in relation to ethical conduct in employment.

3.2 *Companies should establish a policy concerning diversity and disclose the policy or a summary that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and the progress in achieving them.*

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company is yet to develop a formal diversity policy which outlines the Company's diversity objectives in relation to gender, age, religion, cultural background and ethnicity, however, the Company's existing employment policies prohibits discrimination on the basis of gender. As the Company grows, the Board will continue to consider the need for a formal diversity policy.

3.3 *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.*

The Board believes in the value of diversity but does not believe that given the size of the Company and the resources available to it, that formalising measurable objectives for achieving gender diversity are appropriate. As per the response to recommendation 3.2, the Board is yet to develop a formal diversity policy. As the Company grows, the Board will continue to consider the need for a formal diversity policy including formalising measurable objectives for achieving gender diversity.

3.4 *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.*

	Number of Women Employees	Proportion
Board of Directors	0	0%
Senior Management	3	21%
Employees	15	17%

4 Safeguard integrity in financial reporting

4.1 *The Board should establish an Audit Committee.*

The Board has an Audit Committee.

4.2 *The Audit Committee should be structured so that it:*

(a) *consists of only Non-Executive Directors,*
(b) *consists of a majority of independent Directors,*
(c) *is chaired by an independent chair, who is not chair of the Board, and*
(d) *has at least three members.*

The Audit Committee consists of two independent and Non-Executive Directors Ian Olson and Robert Gould (Chairman of the Audit Committee) and one Executive Director John Hoedemaker. The Audit Committee Chairman is independent and is not the chairperson of the Board. It has three members.

4.3 *The Audit Committee should have a formal charter.*

The Company's Corporate Governance Policy includes a formal charter for the Audit Committee.

5 Make timely and balanced disclosure

5.1 *Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies.*

The Company has a continuous disclosure policy in place designed to ensure the factual presentation of the Company's financial position.

6 Respect the rights of Shareholders

6.1 *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a*

summary of that policy.
The Company's Corporate Governance Policy includes a Shareholder communications policy which aims to ensure that the Shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to Shareholders though continuous disclosure to the ASX, the annual report, half year financial report, quarterly reports, notices of meetings, the annual general meeting and periodic updates, all of which are posted on the Company's website at www.gageroads.com.au.

7 Recognise and manage risk

7.1 *Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*
The Company's Corporate Governance Policy includes a risk management and internal compliance and control policy. The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

7.2 *The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*
The Company's Corporate Governance Policy includes a risk management and internal compliance and control policy which delegates the responsibility of risk management and internal compliance to management and outlines the Company's process of risk management, internal compliance and control. Management reports on the management of material business risks at Board meetings.

7.3 *The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*
The statement made in accordance with section 295A of the Corporations Act advises that the statement is founded on a sound system of risk management and internal control and that the Company's risk management and internal compliance and control system, to the extent that they relate to financial reporting, are operating efficiently and effectively in all material respects.

8 Remunerate fairly and responsibly

8.1 *The Board should establish a Remuneration Committee.*
The Company's Remuneration Committee comprises two independent Non-Executive Directors Ian Olson and Robert Gould.

8.2 *The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least three members.*
Whilst having two members is not in accordance with the Best Practice Recommendations, the Company is of the view that the Remuneration Committee is of sufficient size and independence to discharge its mandate effectively and the experience and professionalism of the persons on the committee is sufficient to ensure that all significant matters are addressed and actioned.

8.3 *Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executives.*
During the financial year ending 30 June 2014 Non-Executive Director and Chairman Ian Olson was paid a set fee of $75,000 per annum and Non-Executive Director Robert Gould paid a set fee of $50,000 per annum. The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of $150,000 per annum. Further information of Executive and Non-Executive remuneration can be found in the section headed "Remuneration Report" in the Directors' Report.

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DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF GAGE ROADS BREWING CO LIMITED

As lead auditor of Gage Roads Brewing Co Limited for the year ended 30 June 2014, 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.

Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 29 August 2014

Gage Roads Brewing Co Limited
Directors' Declaration
As at 30 June 2014

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 2014 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 29th day of August 2014

Gage Roads Brewing Co Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Notes	**2014** **$**	2013 $
Revenue from continuing operations			
Sales revenue		**27,430,177**	22,631,742
Interest revenue		**76,281**	8,554
	3	**27,506,458**	22,640,296
Other income		**84,217**	17,270
Raw materials, consumables & delivery		**(14,393,427)**	(11,244,451)
Operating expenses	4	**(5,553,261)**	(3,456,833)
Employee benefit expenses		**(5,529,226)**	(4,001,662)
Depreciation and amortisation expenses	4	**(1,002,136)**	(696,229)
Impairment Charges	4	**(32,686)**	(203,839)
Sales and marketing expenses		**(384,345)**	(238,285)
Administration expenses		**(507,607)**	(661,489)
Occupancy expenses		**(337,596)**	(272,859)
Finance costs	4	**(331,820)**	(524,357)
Profit (Loss) before income tax		**(481,430)**	1,357,562
Income tax benefit (expense)	5	**104,187**	(495,472)
Profit (Loss) for the year		**(377,243)**	862,090
Total comprehensive income for the year		**(377,243)**	862,090
Profit (Loss) and other comprehensive income attributable to the members of Gage Roads Brewing Co Ltd		**(377,243)**	862,090
Earnings (Loss) per share for Profit (Loss) attributable to the ordinary equity holders of the company:			
Basic earnings (loss) per share (cents)	17	**(0.10)**	0.25
Diluted earnings (loss) per share (cents)		**(0.10)**	0.25

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 2014

	Notes	**2014** **$**	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**1,027,436**	5,173,283
Trade and other receivables	7	**2,634,527**	2,345,867
Inventories	8	**2,840,085**	1,754,428
Total current assets		**6,502,048**	9,273,578
Non-current assets			
Property, plant and equipment	9	**22,815,014**	20,944,352
Deferred tax assets	5	**2,899,695**	2,795,508
Intangible assets	10	**136,377**	94,971
Total non-current assets		**25,851,086**	23,834,831
Total assets		**32,353,134**	33,108,409
LIABILITIES			
Current liabilities			
Trade and other payables	11	**9,798,834**	11,274,682
Borrowings	11	**84,038**	48,297
Total current liabilities		**9,882,872**	11,322,979
Non-current liabilities			
Provisions	12	**149,500**	130,500
Borrowings	13	**5,612,564**	5,612,564
Total non-current liabilities		**5,762,064**	5,743,064
Total liabilities		**15,644,936**	17,066,043
Net assets		**16,708,198**	16,042,366
EQUITY			
Contributed equity	14	**26,012,998**	25,091,405
Share options reserve	15	**1,010,093**	888,612
Accumulated losses	15	**(10,314,893)**	(9,937,651)
Total equity		**16,708,198**	16,042,366

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 2014

	Notes	Contributed equity $	Accumulated losses $	Share Option reserve $	Total equity $
Balance at 1 July 2012		17,262,904	(10,799,741)	610,831	7,073,994
Total comprehensive income for the year		-	862,090	-	862,090
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	14	7,828,501	-	-	7,828,501
Employee share plan shares expensed	15	-	-	277,781	277,781
Balance at 30 June 2013		**25,091,405**	**(9,937,651)**	**888,612**	**16,042,366**
Total comprehensive income (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 and other share options expensed	15	-	-	121,481	121,481
Balance at 30 June 2014		**26,012,998**	**(10,314,893)**	**1,010,093**	**16,708,198**

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 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**44,462,976**	37,754,328
Payments to suppliers and employees (inclusive of GST)		**(44,265,740)**	(31,510,170)
		197,236	6,244,158
Interest received		**76,281**	8,554
Interest paid		**(331,820)**	(524,357)
Net cash inflow / (outflow) from operating activities	16	**(58,303)**	5,728,355
Cash flows from investing activities			
Payments for property, plant and equipment		**(5,044,879)**	(5,984,472)
Net cash outflow from investing activities		**(5,044,879)**	(5,984,472)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities (gross)		**921,593**	8,151,531
Equity raising transaction costs		**-**	(323,030)
Proceeds from borrowings		**204,690**	146,910
Repayment of borrowings		**(168,949)**	(4,126,253)
Net cash inflow / (outflow) from financing activities		**957,334**	3,849,158
Net increase / (decrease) in cash and cash equivalents		**(4,145,847)**	3,593,042
Cash and cash equivalents at the beginning of the financial year		**5,173,283**	1,580,241
Cash and cash equivalents at the end of the financial year	6	**1,027,436**	5,173,283

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

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.

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).

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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Employee benefits (Continued)

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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(x) New accounting standards and interpretations published but not mandatory for 30 June 2014

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below

Title of Standard	Nature of Change	Impact	Mandatory application date/ Date adopted by company
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	There will be no impact on the company's accounting for financial assets and financial liabilities, as the new requirements only effect the accounting for available-for-sale financial assets and the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such financial assets or financial liabilities. The new hedging rules align hedge accounting more closely with the company's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	Must be applied for financial years commencing on or after 1 January 2017. Therefore application date for the company will be 30 June 2018. The company does not currently have any hedging arrangements in place.
IFRS 15 (issued June 2014) Revenue from contracts with customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue	Due to the recent release of this standard the company has not yet made an assessment of the impact of this standard.	Must be applied for annual reporting periods beginning on or after 1 January 2017. Therefore application date for the company will be 30 June 2018.

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:

	2014	**2014**	2013	2013
	$	**$**	$	$
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Cash and cash equivalents	**1,027,436**	**1,027,436**	5,173,283	5,173,283
Trade and other receivables	**2,634,527**	**2,634,527**	2,345,868	2,345,867
	3,661,963	**3,661,963**	7,519,150	7,519,150
Financial liabilities at amortised cost				
Trade and other payables	**9,798,835**	**9,798,835**	11,274,682	11,274,682
Borrowings	**5,696,602**	**5,696,602**	5,660,861	5,660,861
	15,495,437	**15,495,437**	16,935,543	16,935,543

(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.

(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 $5.611 million at year-end. Furthermore, the Company has a $2m overdraft facility with ANZ which is undrawn at 30 June 2014. The Company has relied on equity raising and prudent management to manage this risk.

Note 2 : Financial Risk Management (continued)

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

2013	< 1 year	1 - 2 years	2 - 5 years	Total Cash flows	Carrying Value
Trade payables	7,350,199	-	-	7,350,199	7,350,199
Other payables	1,727,485 -		-	1,727,485	1,727,485
Loans & leases	661,062	5,696,331	-	6,357,393	5,660,861
Total Payable	9,738,746	5,696,331	-	15,435,077	14,738,545

(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 2014, 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 profit for the year would have been $32,065 higher/lower (2013: $24,539 higher/lower) from interest income on cash and cash equivalents, based upon the average cash on hand balance of $3,206,523. (2013: $2,453,854)

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 2013, 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 profit for the year would have been $56,126 higher/lower (2013: $89,450) from interest expense on borrowings, based upon the average loan balance of $5,612,564 (2013: $8,945,457).

Note 3 : Revenue

	2014	2013
	$	$
Revenue		
Sale of goods	**40,592,152**	34,990,317
Less: Excise tax collected	**(11,412,519)**	(10,959,161)
Less: Wine Equalisation Tax Collected	**(1,749,456)**	(1,399,414)
Interest	**76,281**	8,554
	27,506,458	22,640,296
Other revenue		
Sundry sales	**84,217**	17,270
	84,217	17,270

Note 4 : Expenses

	2014 $	2013 $
Profit (loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**885,844**	646,887
Office equipment	**30,980**	22,599
Motor vehicles	**7,930**	7,472
Amortisation of intangible assets	**77,382**	19,272
Total depreciation	**1,002,136**	696,229
Impairment		
Impairment in relation to obsolete equipment	**32,686**	203,839
Impairment Charges	**32,686**	203,839
Bad Debt Expense		
Bad debts written off	**35,491**	318
Bad Debts Expensed	**35,491**	318
Finance costs		
Interest and finance charges paid/payable	**331,820**	524,357
Amount capitalised	**-**	-
Finance costs expensed	**331,820**	524,357
Rental expense relating to operating leases		
Minimum lease payments	**337,596**	272,859
Total rental expense relating to operating leases	**337,596**	272,859
Defined contribution superannuation expense		
Defined contribution superannuation expense	**347,065**	261,756
Total defined contribution superannuation expense	**347,065**	261,756
Share-based payments expense (Note 18 b)		
Non-recourse loan-funded shares	**121,481**	277,781
Total share-based payments expense	**121,481**	277,781
Operating Expenses		
Operational Waste	**1,125,038**	101,132
Operational Waste Expense	**1,125,038**	101,132

Note 5 : Income tax expense / (benefit)

	2014 $	2013 $
(a) Income tax expense / (benefit)		
Current tax	**-**	-
Deferred tax - origination of temporary differences	**(104,187)**	495,472
	(104,187)	495,472

Note 5 : Income tax expense / (benefit) (continued)

	2014 $	2013 $
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable		
Profit (loss) before income tax expense	**(481,429)**	1,357,562
Tax at the Australian tax rate of 30% (2013 - 30%)	**(144,429)**	407,269
Tax effect of amounts which are not deductible (taxable) in		
Share-based payments	**36,444**	83,334
Fines and entertaining	**3,798**	4,869
	(104,187)	495,472
R & D tax offset refund	**-**	-
Income tax expense / (benefit)	**(104,187)**	495,472
(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.

	2014 $	2013 $
(c) Recognised tax losses		
Unused tax losses for which a deferred tax asset has been recognised	**9,665,649**	9,318,359
Deferred tax asset @ 30%	**2,899,695**	2,795,508
Movement in Deferred tax asset		
Recognition of deferred tax asset - prior year losses	**-**	-
- current year (profit) loss	**104,187**	(495,472)
	104,187	(495,472)

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

	2014 $	2013 $
Cash at bank and in hand	**1,027,436**	5,173,283
	1,027,436	5,173,283

(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%.

Note 7 : Current assets - Trade and other receivables

	2014 $	2013 $
Trade receivables	**2,553,161**	2,282,051
Other receivables	**81,366**	63,816
	2,634,527	2,345,867

(a) Impaired trade receivables

Impaired trade receivables that are known to be uncollectable during the year ended 30 June 2014 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 2014. Bad trade receivables which have been expensed during 2014 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 2014 trade receivables of $833,951 (2013 - $1,021,061) 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:

	2014 $	2013 $
Up to 3 months	**757,053**	1,003,209
3 to 6 months	**76,898**	17,852
	833,951	1,021,061

(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

	2014 $	2013 $
Raw material and stores - at cost	**2,407,630**	1,270,931
Work-in-progress - at cost	**153,729**	140,674
Finished goods - at cost	**278,726**	342,823
	2,840,085	1,754,428

Inventory expense

Inventories recognised as an expense (cost of goods sold) during the year ended 30 June 2014 amounted to $14,393,427 (2013: $11,244,451). Inventories written off during the year as new product development costs, obsolete stock and operational waste amounted to $1,125,038 (2013: $93,657).

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

	Plant and equipment	Office equipment	Motor vehicles	Total
Year ended 30 June 2013				
Opening net book amount	13,942,980	52,543	44,773	14,040,296
Additions	7,772,332	19,472	-	7,791,804
Depreciation charge	(646,887)	(22,599)	(7,472)	(676,958)
Impairment Charge on obsolete equipment	(203,839)	-	-	(203,839)
Disposals	(6,951)	-	-	(6,951)
Closing net book amount	20,857,635	49,416	37,301	20,944,352
At 30 June 2013				
Cost or fair value	23,330,217	211,600	202,387	23,744,204
Accumulated depreciation	(2,472,582)	(162,184)	(165,086)	(2,799,852)
Net book amount	20,857,635	49,416	37,301	20,944,352
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

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

(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

	2014	2013
	$	$
Plant and equipment	**869,167**	329,549

(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 2013	
Opening net book amount	9,841
Additions	104,402
Amortisation	(19,272)
Closing net book amount	94,971
Year ended 30 June 2013	
Opening net book amount	9,841
Closing net book amount	94,971
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

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

Trade and other payables

	2014	2013
	$	$
Trade payables	**8,137,135**	6,944,112
Payables for capital purchases	**455,638**	2,553,628
GST payable	**202,165**	302,364
Other payables (a)	**1,003,896**	1,474,578
	9,798,834	11,274,682

(a) Amounts not expected to be settled within one year
Other payables include accruals for annual leave. The entire obligation is expressed as Current 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 (2013: $50,000). This is considered to be immaterial.

(b) Risk exposure
Information about associated liquidity and fair value risk is set out in note 2.

Borrowings

	2014	2013
	$	$
Unsecured		
Insurance premium funding	**65,068**	48,297
Secured		
Motor Vehicle finance lease	**18,970**	-
Total current borrowings	**84,038**	48,297

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

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

(b) Fair value disclosures

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

(c) Security

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

Note 12 : Non Current liabilities - Provisions

	2014	2013
	$	$
Provision for long service leave	**149,500**	130,500
	149,500	130,500

Note 13 : Non-current liabilities - Borrowings

	2014	2013
	$	$
Unsecured		
Total unsecured non-current borrowings	**-**	-
Secured		
Bank loans (a)	**5,612,564**	5,612,564
Total secured non-current borrowings	**5,612,564**	5,612,564
Total non-current borrowings	**5,612,564**	5,612,564

(a) Bank Loan

This loan with the ANZ Banking Group is secured by a fixed and floating charge over the assets of the Company, and guaranteed by Woolworths Limited. Repayment is due on 1 October 2015 unless an extension is granted prior to that date. The average interest rate on the loan is 5.65%

(b) Risk exposure

Details of the Companies 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:

	2014	2013
	$	$
Fixed & Floating charges		
Plant and equipment	**22,767,138**	20,907,051
Motor vehicles	**47,875**	37,301
Total Fixed & Floating charges	**22,815,014**	20,944,352
Total assets pledged as security	**22,815,014**	20,944,352

Note 14 : Contributed equity

	2014 Shares	2013 Shares	**2014 $**	2013 $
(a) Share Capital				
Ordinary shares				
Fully paid	**395,332,293**	396,132,293	**26,012,998**	25,091,405
	395,332,293	396,132,293	**26,012,998**	25,091,405
(b) Movement in contributed equity:				
1 July (opening balance)	**396,132,293**	341,159,545	**25,091,405**	17,262,904
Issues of shares during the year				
Proceeds from loan-funded shares	**-**	-	**921,593**	-
Shares cancelled	**(800,000)**	-	**-**	-
8,916,000 shares issued to Woolworths Limited in relation to Top-Up Rights	**-**	-	**-**	-
36,950,000 shares issued as part of placement to institutional investors	**-**	36,950,000	**-**	5,542,500
Shareholder Purchase Plan	**-**	3,333,333	**-**	500,000
14,689,415 shares issued to Woolworths Limited in relation to Top-Up Rights	**-**	14,689,415	**-**	2,109,031
Capital raising costs	**-**	-	**-**	(323,030)
30 June (closing balance)	**395,332,293**	396,132,293	**26,012,998**	25,091,405

At 30 June 2014 there were 395,332,293 ordinary shares on issue.

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

	2014 $	2013 $
(a) Share options reserve		
Movements in share options reserve were as follows:		
Balance 1 July	**888,612**	610,831
Options expensed	**121,481**	277,781
Balance 30 June	**1,010,093**	888,612

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

Note 15 : Reserves and accumulated losses (continued)

	2014	2013
	$	$
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	**(9,937,651)**	(10,799,741)
Net profit (loss) for the year	**(377,242)**	862,090
Balance 30 June	**(10,314,893)**	(9,937,651)

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

	2014	2013
	$	$
Profit (loss) for the year	**(377,243)**	862,090
Depreciation, amortisation & impairment	**1,034,822**	900,068
Employee share issue expense	**121,481**	277,781
(Increase) decrease in Future Tax Benefit	**(104,187)**	495,472
Changes in operating assets and liabilities		
(Increase) decrease in trade debtors	**(271,110)**	(752,292)
(Increase) decrease in other debtors	**(17,550)**	(29,059)
(Increase) decrease in inventories	**(1,085,657)**	(678,989)
Increase (decrease) in trade creditors	**1,193,023**	3,633,277
Increase (decrease) in other operating liabilities	**(570,880)**	997,405
Increase (decrease) in other provisions	**18,998**	22,602
Net cash inflow (outflow) from operating activities	**(58,303)**	5,728,355

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

Note 17 : Earnings Per Share

	2014	2013
Basic earnings (loss) per share ("EPS") (cents)	**(0.10)**	0.25
Diluted earnings (loss) per share (cents)	**(0.10)**	0.15
(a) Basic earnings (loss) per share	**$**	$
Profit (loss) used in calculating basic EPS	**(377,243)**	862,090
Weighted average number of ordinary shares used in calculating basic EPS	**395,601,249**	348,787,229

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 2014.

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	24,000,000	-	14,864,405	-	9,135,595	-
Employees	22-Nov-11	21-Nov-18	$0.062	2,700,000	-	-	300,000	2,400,000	-
Employees	08-Feb-12	08-Feb-19	$0.067	500,000	-	-	500,000	-	-
Total				27,200,000	-	14,864,405	800,000	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.
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 2014 (2013: nil). 14,864,405 shares were sold during the year-ended 30 June 2014 (2013: nil) and the corresponding loans have been paid to the
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 2014 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 $93,850 for the year ended 30 June 2014 (2013: $259,929).

Note 18 : Share-based payments (Continued)

(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.
No options were granted, exercised or lapsed during the year ended 30 June 2014 (2013: nil). 300,000 shares were forfeited during the year (2013: nil).
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 2014 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 $19,815 for the year ended 30 June 2014 (2013: $15,033).

(iii) Employee and Executive Share Plan shares issued to employees 8 February 2012

On 8 February 2012, 500,000 shares were issued to an eligible employee of the Company at an issue price of 6.7 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: $0.067 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 8 February 2019)
- 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.

Note 18 : Share-based payments (Continued)

The fair value at grant date of $14,621 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 $0.067
- market price of shares at grant date, $0.067
- 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.
No shares were granted, exercised or lapsed during the year ended 30 June 2014 (2013: nil). 500,000 shares have been forfeited during the year-ended 30 June 2014 (2013: nil).

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 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 2014 (2013: $2,819).

	2014	2013
	$	$
(b) Expenses arising from Share-based payments		
Incentive Share Scheme (a)	**121,481**	277,781
	121,481	277,781

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

Bill Hoedemaker	Director of Operations and Brewmaster (resigned 30 June 2014)
John Hoedemaker	Managing Director

(iii) Non-Executive Directors

Brad Banducci	
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.

Note 19 : Related party transactions (Continued)

(a) Key Management Personnel compensation	**2014**	2013
	$	$
Short-term employment benefits		
- Executives & Executive Directors	**759,658**	789,745
- Non-Executive Directors	**128,609**	129,215
Termination Benefit	**-**	-
Post-employment benefits	**66,450**	63,928
Share-based payments	**95,897**	261,599
	1,050,614	1,244,487

(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-14	**Balance at the start of the year**	**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**

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:

	2014	2013
	$	$
(a) Assurance services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**51,857**	51,225
Total remuneration for assurance services	**51,857**	51,225
(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

	2014 $	2013 $
(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	**307,525**	325,992
Later than one year but not later than five years	**1,508,581**	295,104
	1,816,106	621,096
Representing:		
Operating leases as per (i) below	**1,816,106**	621,096
below	**1,816,106**	621,096

(i) Operating leases

The Company leases its premises under an operating lease expiring 1 May 2014 with an option to extend the lease for a further 5 years. The Company is currently exercising that option while a new lease is being negotiated. The lease has annual CPI and 5 yearly market review escalation clauses and an option of renewal. The commitments below relate to the optional 5-year extension period. The Company has the option to extend the lease for a further period of 5 years.

The Company leased a wrap packaging machine under an operating lease which expired 29 September 2013. The Company has the option to extend the lease for a further indefinite period at a peppercorn payment.

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

	2014 $	2013 $
Within one year	**307,525**	325,992
Later than one year but not later than five years	**1,508,581**	295,104
Later than five years	**-**	-
	1,816,106	621,096

(b) Capital Commitments

The Company has current commitments to specific items of capital expenditure totalling $455,638 (2013: $2,781,881).

Note 22 : Events occurring after the reporting date

On 22 July 2014, the Company announced that it has increased its existing credit facility by $4m to $9.7m. The facility is secured by first recourse to Company assets and then by a guarantee from Woolworths Limited. The facility and corresponding guarantee expire on 1 October 2015. There have been no changes to the terms and conditions of the credit facility other than the increased limit.

No matter or circumstance other than the one described above has arisen since 30 June 2014, 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.

Note 23 : Segment reporting (Continued)

	2014 $	2013 $
Revenue from external sources	**27,430,177**	22,631,742
Net profit (loss) before tax	**(481,430)**	1,357,562
Reportable segment assets	**32,353,134**	33,108,409
Reportable segment liabilities	**15,644,936**	17,066,043

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 2014 or 2013.

Note 25 : ASX Waiver

The ASX has granted the Company a waiver of Listing Rule 6.18 to permit Woolworths Limited to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage interest in the issued capital of the Company. This right shall lapse upon the earlier of:

- Woolworths' interest in the Company falling below 5%;
- the strategic relationship between the Company and Woolworths ceasing; and
- 30 June 2014.

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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 2014, 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 2014 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 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, 29 August 2014

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 2014.

Substantial Shareholders (holding more than 5%)

	Fully Paid Ordinary Shares	
Shareholder	**Ordinary Shares**	**Percentage**
Woolworths Limited	100,016,305	25.30%
Mr Shimin Song	51,881,412	13.12%
National Nominees Limited	27,425,368	6.94%

Top 20 Shareholders
(a) Fully Paid Ordinary Shares

	Fully Paid Ordinary Shares	
Shareholder	**Ordinary Shares**	**Percentage**
Woolworths Limited	100,016,305	25.30%
Mr Shimin Song	51,881,412	13.12%
National Nominees Limited	27,425,368	6.94%
J P Morgan Nominees Australia	17,033,982	4.31%
Sandhurst Trustees Ltd	8,168,389	2.07%
J And L Hoedemaker Pty Ltd	6,000,000	1.52%
Giromol Pty Ltd	5,733,396	1.45%
HSBC Custody Nominees	5,655,162	1.43%
Citicorp Nominees Pty Limited	3,962,036	1.00%
HSBC Custody Nominees	3,914,299	0.99%
Mr Maximino Amoedo	3,911,492	0.99%
Mr Aaron Joel Heary	3,001,604	0.76%
Mr Jonathan Dalitz	2,500,000	0.63%
Jove Pty Ltd	2,500,000	0.63%
Mr Daniel Christopher Broeren	2,307,957	0.58%
Kinetic Ventures Pty Ltd	2,000,000	0.51%
Mr Sam Hargreaves Orr	1,511,492	0.38%
Mr Peter David Wade	1,500,000	0.38%
Mr Peter Gilchrist Naude & Mrs Heide Naude	1,500,000	0.38%
Mrs Margaret Edgar & Mr John Charles Edgar	1,462,661	0.37%
	251,985,555	63.74%

(b) Unlisted Options over Fully Paid Ordinary Shares

There are NIL options over ordinary shares	-	0.00%

Additional ASX Information (continued)

Distribution of Holders of Ordinary Fully Paid Shares

Range	Total Holders	Units	Percentage
1-1,000	60	4,160	0.00%
1,001-5,000	313	1,172,002	0.30%
5,001-10,000	379	3,233,326	0.82%
10,001-100,000	1,303	50,072,736	12.67%
100,001 and above	311	340,850,069	86.22%
Total	**2,366**	**395,332,293**	**100.00%**

As at 28 August 2014 there were 56 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 2014 there are nil ordinary shares and options held in escrow.