Appendix 4E
Preliminary Final Report

Gage Roads Brewing Co Limited
ABN 22 103 014 320

For the financial year ended 30 June 2020

Results for announcement to the market

				$
Revenue from continuing activities	Down	7%	to	36,810,978
Earnings before interest, tax, depreciation and amortisation*	Down	88%	to	641,466
Loss from ordinary activities after tax attributable to members	Down	181%	to	(2,136,772)
Net loss attributable to members	Down	181%	to	(2,136,772)

*Due to the mandatory adoption of accounting standard *AASB 16 Leases* the $641,466 EBITDA result excludes $955,293 of lease costs which are now recognised as amortisation and finance costs. As suggested under the standard, we have not restated the comparatives for the reporting period.

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 2020** **$**	30 June 2019 $
	0.03	0.03

Statement of accumulated losses	**30 June 2020** **$**	30 June 2019 $
Balance 1 July	**(3,972,998)**	(6,622,385)
Net profit for the year	**(2,136,772)**	2,649,386
Balance 30 June	**(6,109,770)**	(3,972,998)

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 2020. The previous corresponding period is the year ended 30 June 2019.

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 2020.

Further detailed commentary on the results for the year ended 30 June 2020 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:

- [x] 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: 28 August 2020
Company Secretary

Name: Marcel Brandenburg

GAGE ROADS BREWING CO LIMITED
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

ABN 22 103 014 320

Corporate Directory

Directors
Graeme Wood
Ian Olson (Chairman)
John Hoedemaker
Robert Gould

Managing Director
John Hoedemaker

Company Secretary
Marcel Brandenburg

Principal Place of Business & Registered Office
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Tel: (08) 9314 0000
Fax: (08) 9331 2400

Web: www.gageroads.com.au

Postal Address
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PALMYRA WA 6961

Auditor
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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
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code: GRB

Share Registry
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STRAWBERRY HILLS NSW 2012

Registry Enquiries
Within Australia: 1300 288 664
Outside Australia: (+61 2) 9698 5414

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Dear Shareholder

On behalf of your Board I am relieved to report on a year that saw the Company meet and prevail in the face of unprecedented challenges to deliver a positive EBITDA result and, more importantly, enter FY21 with a profitable COVID-19 business model.

Following a successful FY19 your Board justifiably expected FY20 to deliver a further step change in earnings through growth sales of our proprietary brands.

However a disappointing H1 and a circa $3.2 million negative EBITDA impact by COVID-19 on our H2 operations and customer sales channels required agility and balance sheet strength but most importantly, an exceptional leadership team, to guide the business through the extremely challenging months between March and June.

I would like to strongly emphasise to shareholders that this team, your team, have met with and responded to these challenges, restructuring our business to be more resilient yet also primed to scale and deliver an EBITDA in FY21 in excess of the $5.5 million delivered in FY19.

This confidence is only possible because of the investment made in recruiting high quality people across key roles in our business during FY19 and FY20 and accordingly, as we enter FY21 faced with COVID-19 related customer trading restrictions across the country, Gage Roads is better positioned than ever in the Company's history to capitalise on continued growth in demand for craft beer other high-margin products in our expanding Good Drinks brand portfolio.

The Company's exciting Atomic Beer Project taproom and microbrewery in Redfern NSW is set to open during September and will be joined by the recently announced Gage Roads A Shed venue (the future spiritual home for the Gage Roads brand) during the summer of FY22 as well as other iconic branded venues from the Good Drinks portfolio being secured on the east coast of the Country.

This growth in scale and dimension of the Company's brand portfolio means that shareholders will be asked at the Company's upcoming AGM to vote on a resolution to change our name from Gage Roads Brewing Co Limited to Good Drinks Australia Limited.

The change of name is an important step in the evolution of the Company from a single brand brewery to "family of brands" business with a diversified portfolio of alcoholic beverages conceived to drive sustained margin growth and superior earnings and become the #1 independent supplier to the national liquor market.

The entire team at Gage Roads is to be commended for their passion, professionalism and commitment to growing a world-class operation and on behalf of your Board, I would also like to thank all shareholders for your ongoing support of our great business during what has been a most challenging year.

Ian Olson

Chairman

Commentary on the results for the year ended 30 June 2020

Review of Operations

FY20 SUMMARY

- Revenue $36.8m, down 7%
- Gross profit margin maintained at 66%
- FY20 EBITDA $0.6M
- COVID impact on H2 FY20 EBITDA approximately $3.2m
- Good Drinks Independent sales up 18% to 2.9m Litres
- Draught sales up 9% despite COVID challenges
- Packaging line expansion program completed and fully operational
- Distribution and promotions set for continued positive momentum in FY21
- Redfern brewery and taproom completed, due to open September 2020
- Brewery and taproom announced for iconic A-Shed, Fremantle

Results are in comparison to FY19

FY20 presented the Company with a number of challenges, including an isolated and temporary shortfall in H1 sales through one channel to market, followed by a solid recovery in H2 subsequently impacted by the loss of draught sales and earnings as a result of the COVID-19 pandemic.

During this volatile year the operations of the business remained relatively unaffected, we maintained employment for our employees and morale is high. We consciously chose to take and make opportunities where others didn't. We maintained full production and full supply allowing us to meet the volatile and unpredictable national demand presented during the latter part of the year without fault. Our marketing team continued to focus on developing innovative and margin accretive new brands, and we were proud to be able to launch our new Pipe Dreams Coastal Lager at the Optus Stadium during the unexpected and welcomed AFL fixtures. Our Good Drinks team stayed in trade and continued to service and support our valued customers, working to add value to their businesses during a difficult time.

We stayed the course, and as a result, we achieved stronger business partnerships, stronger key account relationships, solid growth in ranging and distribution and excellent penetration on the east coast. The business has met the challenges of FY2020 and has performed well. We are well positioned with our ranging, distribution, joint business planning and promotional cycling and are confidently optimistic to raise the bar and expect to achieve excellent results in FY21.

GOOD DRINKS STRATEGY

Our Good Drinks Strategy remains on track, building a firm foundation for future growth of earnings, accelerating the expansion of the Good Drinks sales platform, developing east coast markets, growing brands that deliver meaningful margins and maintaining our low cost flexible manufacturing advantage.

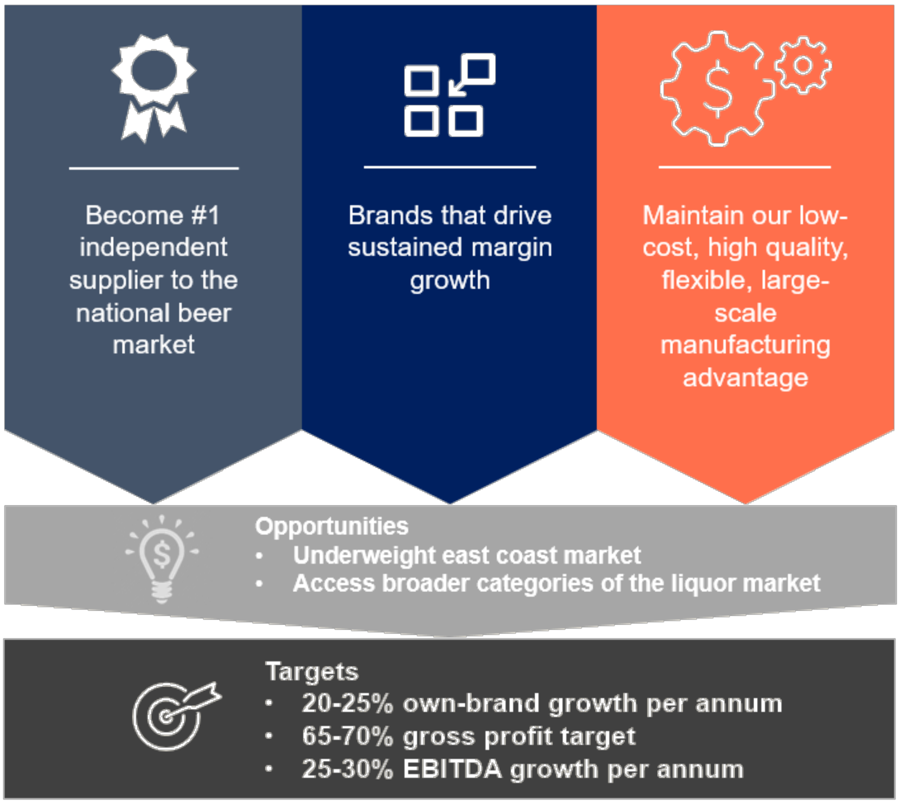
The Good Drinks strategy seeks to evolve the business from a branded house to a house of brands, each with distinct identities, and to develop a highly capable national sales, distribution and marketing team to enable broader distribution, access to broader categories of the liquor market and deliver sustained sales and earnings growth.

In keeping with this strategy, the Board will ask shareholders to change the name of the Company from Gage Roads Brewing Co Ltd to Good Drinks Australia at the upcoming Annual General Meeting.

GOOD DRINKS

GAGE ROADS Brew Co | ATOMIC BEER PROJECT | ALBY | Hello Sunshine | MATSO'S BROOME BREWERY | San Miguel

We continue to invest in the three pillars that are delivering a sustainable competitive advantage for our business and our shareholders.



Good Drinks Sales Platform

FY20 has seen good traction in executing our strategy to develop opportunities in Western Australia and the underweight east coast markets.

FY20 distributions grew 28% nationally, with the east coast growing at 67.6% and the independent retailer's share of business growing by 15%. Sales of Good Drinks brands are now split 75% in WA and 25% on the east coast.

Aligned with our strategy, the investment in our national sales platform, including state-based leadership and key account management, amounted to $4m for the year and is proving successful. Momentum on the east coast is growing strongly.

The Good Drinks sales force has grown to 34 professional and experienced sales people (up from 29 people last year) and has developed into fully resourced state based and led field teams in QLD, NSW, VIC and WA/SA/NT. The Good Drinks team includes a growing key account management team supporting relationships and joint business planning with national chains and key independent groups. In recruiting talent for Good Drinks we are focusing on highly skilled sale people with extensive industry experience.

The key account team signed terms with a number of banner groups for 700+ incremental bottleshops (NSW, VIC, QLD). Additionally, the team secured key national on-premise partners contributing to 105% draught sales growth on the east coast. The team has developed strong business partnerships with key retailers and had achieved excellent growth in ranging and distribution, including securing national ranging with key retail partners for newly developed brands, *Side Track XPA, The Atomic Beer Project XPA* and *IPA*, *Matso's Hard Flavours Range*, *Pipe Dreams Coastal Lager* and various limited releases.

With the Good Drinks leadership team working from various shared and home office spaces for some time now we were excited to open the Good Drinks head office in Redfern NSW. In conjunction with the nearby *Atomic Beer Project* brewery and taproom, we envisage these spaces will provide the Good Drinks team a vibrant and culturally aligned workplace and home.

In June, recognising the growing relevance of the Good Drinks national sales platform, we were successful in partnering with San Miguel Brewery Inc. to represent some of their most successful brands here in Australia.

San Miguel Brewery Inc. is controlled by San Miguel Corporation, the largest public company in the Philippines with a market capitalisation of nearly A$7 billion. Established in 1890 as a brewery, San Miguel Corporation is now Southeast Asia's largest publicly listed food, beverage and packaging company with over 18,000 employees in over 100 major facilities throughout the Asia-Pacific region.

San Miguel is one of the world's oldest and largest breweries with broad reach in over 50 countries and a significant brand presence in South East Asia, Europe and the Americas.

Good Drinks will be the exclusive importer and distributor of *San Miguel Pale Pilsen*, *San Mig Lower Carb* and their specialty high alcohol beer brand *Red Horse* throughout Australia, broadening our portfolio to now include brands in the imported lager market segment.

This new partnership delivers on two key pillars of our Good Drinks strategy: to become the #1 independent supplier to the national beer market and to access broader categories of the liquor market.

The ability to widely create, market, sell and distribute liquor brands to all retailers in Australia will become one of our most enduring competitive advantages.

Brands that drive sustained margin growth

Good Drinks Marketing Platform

The Good Drinks marketing team welcomed a new Head of Marketing, Richard Spicer in October 2019. Richard has vast beer marketing experience including leading the marketing of brands such as Boags Draught, the James Squires range and most recently the creation and launch of the Furphy brand in Victoria. Under Richard's leadership the Good Drinks marketing team has developed capability including brand management for our core brand families, new brand development, graphic design, trade marketing and communications.

During the year, aligned with our strategy to develop brands that drive sustained margin growth, we introduced a number of innovative new products, including *Side Track XPA, The Atomic Beer Project XPA* and *IPA*, the *Matso's Hard Flavours Range*, *Pipe Dreams Coastal Lager* and various limited releases.

The innovative *Matso's Hard Flavours* brands have been developed to contribute to the emerging alcoholic flavour segment. Pipe Dreams Coastal Lager is a full strength craft lager, launched during the AFL hub at Optus Stadium and showing strong initial uptake and interest from consumers.

Single Fin Summer Ale and *Matso's Ginger Beer* continue to be our leading brands, with retailer sales growing strongly at 34% per annum both in retail and on-premise.

Recent data indicates Good Drinks' brands are delivering more value to retailers than any other independent craft brands in Australia. Providing more value to our customers than our competitors is helping Good Drinks become the #1 independent supplier to the national beer market.

Brands that drive sustained margin growth

Venue Strategy

A trend in the craft beer and other FMCG markets is the emerging relevance of local and regional brands. Our venue strategy targets creating a number of venues over the next few years designed to develop the local and regional relevance of our brands in strategic markets including Queensland, Western Australia, New South Wales and Victoria.

The Venue Strategy commenced during the year with the construction and commissioning of our taproom and microbrewery in Redfern NSW, *The Atomic Beer Project*. *The Atomic Beer Project* was completed in April 2020 just prior to the COVID pandemic, and unfortunately was not able to be opened during that time due to the related NSW restrictions.

The final result has delivered an outstanding premises, a substantial authentic brewery and an extraordinary brand experience for the *Atomic Beer Project* in NSW.

Although brewing and trade functions have been underway for some time, the Good Drinks Venues Team is excited to be opening the business for public trade and launching the venue properly during the next few weeks.

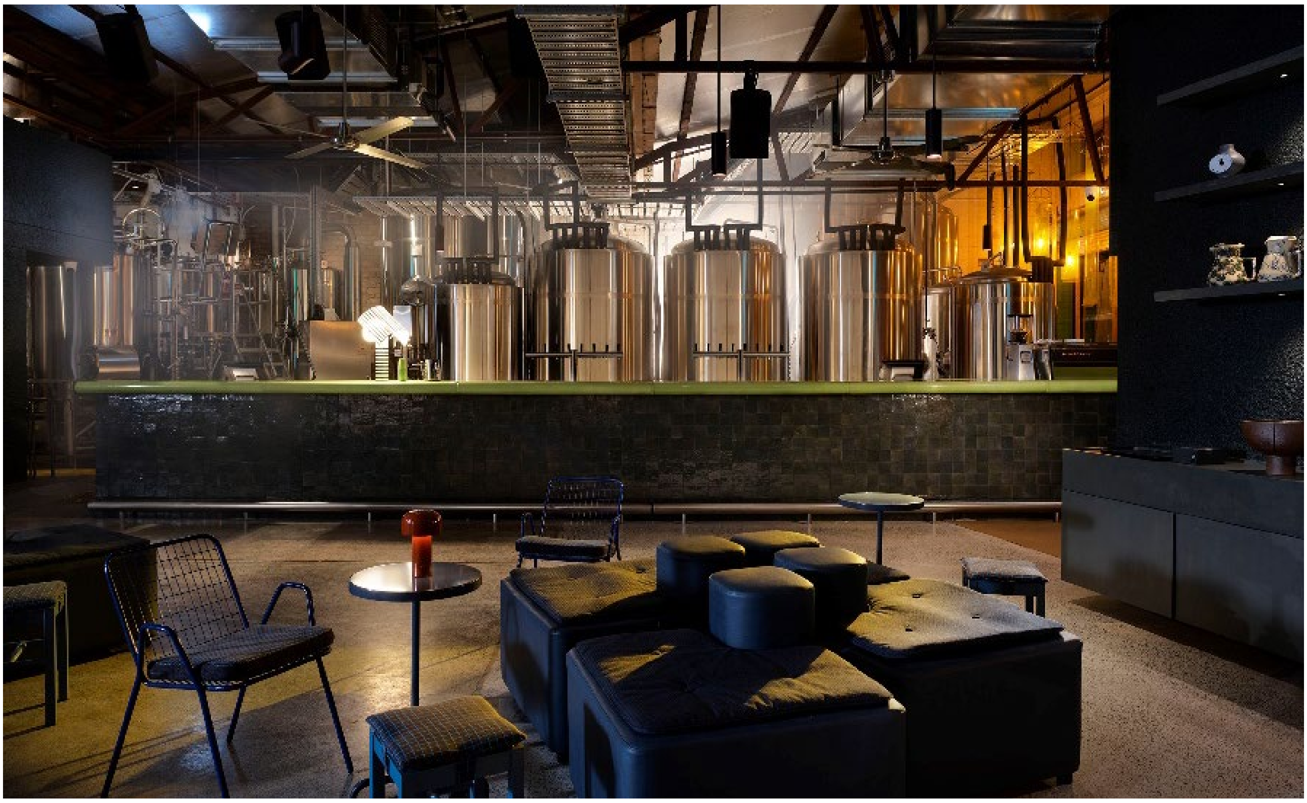


Figure 1 Atomic Beer Project Redfern

Recently we were also pleased to announce that we have secured the rights to lease the iconic A Shed on Victoria Quay at Fremantle Harbour in Western Australia. The location will be used to develop a significant hospitality and brewery venue and will also become the spiritual home for Gage Roads.

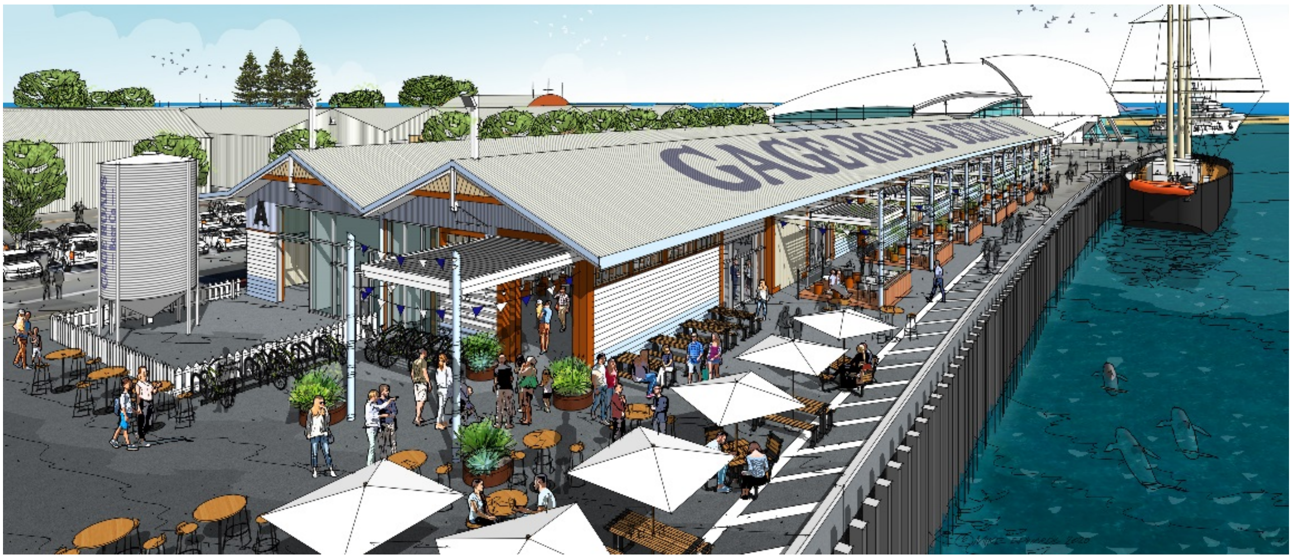


Figure 2 Artist's impression: Gage Roads A Shed Fremantle

The family-friendly venue is set to include a working brewery, restaurant, bar and al-fresco area, incorporating a children's play area, themed to the site's nautical history. The venue will promote Gage Roads' brands in an emerging tourism precinct to locals and visitors alike.

The agreement to lease secures the Company's right to lease the A Shed during the design and due diligence phase of the proposal and the site. The underlying long-term lease, favourable incentives and its iconic location are aligned with our venue strategy and underpin a strong commercial case to develop the property.

The agreement to lease is subject to conditions precedent, including due diligence to the Company's satisfaction, regulatory and other development approvals. We expect to conclude due diligence and other conditions by December 2020.

Initial estimates indicate the development costs will fall between $6m and $10m. Funds are not expected to be required until March 2021 and the management team is investigating funding options that include utilising operating cashflows, debt finance facilities and off-balance sheet structures. Additional equity funds are not expected to be required to undertake this project.

Provided that due diligence is satisfactory and other conditions precedent are met, we will enter into the lease and commence construction with a view to opening the venue doors in summer 2022.

We are currently evaluating further potential sites in Queensland, New South Wales and Victoria. If any of these sites become feasible in the short-term, we expect them to be funded through a mixture of available finance and partnering with property owners and developers via off-balance sheet structures. We do not expect to fund any additional venues through the issue of equity.

Maintain our low-cost, high quality, flexible, large-scale manufacturing advantage

Packaging line expansion

Aligned with our strategy to maintain our manufacturing advantage, the high-speed canning line and the high-speed upgrade of our existing bottling line was completed in February 2020.

These improvements include the installation of world-leading filling technology, delivering significant improvements in product quality and longevity, a new can-format capability for the business and increased plant efficiencies. The equipment was funded by way of a $8m capital raising undertaken in April 2019.

The fully commissioned bottling and canning lines are running efficiently and delivering improved variable costs as expected.

Warehouse and cold store expansion

During the year we have also developed a warehouse and cold store facility, at a cost of $0.45m, significantly increasing our inventory capacity. Crucially, the cold store capability delivers market-leading quality for our brands. The investment in our expanded logistics facility provides scale and efficiency and is aligned with our strategy to maintain our lower cost, high quality, flexible manufacturing advantage. The new 5,000+ sqm warehouse and cold store is an important piece of strategic infrastructure designed to complement our growth plans over the next 5 years and allows for improvements in seasonal production planning and inventory management, more efficient production quantities and reduced materials handling costs.

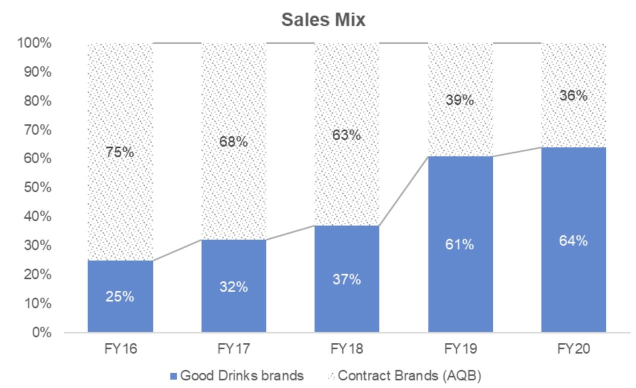
With an optimistic view of the FY21 demand profile and summer promotional activity in place and the new bottle filler, new can line and new cold store logistics facility fully operational the production team are executing plans to deliver a throughput of up to 8.7m Litres in H1 FY21.

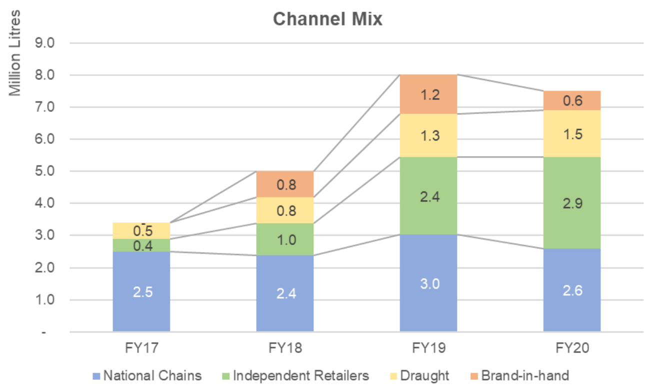
FY20 RESULTS

Sales by channel (million Litres)	FY20	FY19	Growth
National Chains	2.6	3.0	-14%
Independent Retailers	2.9	2.4	18%
Draught	1.5	1.3	9%
Brand-in-hand	0.9	1.2	-25%
Total Good Drinks volume	7.8	8.0	-3%
Contract -Brewed Brands	4.4	5.2	-15%
Total Volume	**12.2**	**13.2**	**-7%**

Our strategy to diversify our channel mix has delivered strong growth across the independent channel (18%) and on-premise draught channel (9%).

However, sales of Good Drinks brands through the national chains were down 14% for the year contributing to a shortfall to our total 20-25% annual volume growth target for the Good Drinks brands. As announced in our H1 results, this shortfall was due to a combination of high opening inventory balances and timing of new product





ranging with our largest national customer relating to the transition from a historic contractual relationship to one of a traditional supplier.

This is a temporary shortfall to strategy. Large inventory balances in the national chains channel at the beginning of the financial year resulted in lower replenishments of around 0.6m L in H1. Pleasingly, strong sales in H2 reversed this position and sales went from being down 25% on prior year at 31 December 2019 to being down 14% at year-end indicating that the brand health of the brands in our portfolio continues to be very strong.

Our investment in resources to strengthen our key account service capabilities is proving to be highly effective and we are successfully positioning ourselves as a top-tier national beer business partner for both the national chains and key independent groups and wholesalers.

CASHFLOW AND BALANCE SHEET

Cash Reconciliation FY20	$m
Opening balance 1 July	9.3
Increase in receivables	-4.1
Increase in inventory	-1.1
Increase in payables	0.3
Proceeds from debtor finance facility	4.2
Proceeds from senior debt facility	5.6
Proceeds from issue of equities	1.0
Payments for Plant & Equipment	-10.0
Closing cash balance 30 June	**5.2**

During the year, debtors have increased by $4.1m as a result of a change in payment terms with our largest national chain customer and the growth of our sales to the independent retail channel. To manage this change in working capital the business has in place a $12m borrowing base facility which was drawn to $4.2m at balance date.

Inventory increased by $1.0m as part of a move to bigger warehouse and cold store facilities during the year.

The Company's $5.8m senior debt facility helped fund short-term working capital requirements and finance the construction of our Redfern hospitality venue.

Capital expenditure for the period amounted to $10m including the packaging line expansion, Redfern venue and on-going maintenance capital expenditure.

The final build cost for Redfern amounted to $5.5m (including $1m of internally capitalised labour) and was funded via existing operating cash flows and credit facilities. Although exceeding the original budget, the final design and build took into account the higher costs of creating a mezzanine floor to house brewery services and building services in a way that maximized service area to deliver an enhanced operating model expected to generate an amazing brand experience and improved earnings.

As the $8m packaging line expansion was partly vendor-financed, only $4m of these payments fell into FY20 with the remainder spread over FY21 and FY22.

Post year-end we successfully completed a $5.2m capital raising via placement to strengthen the balance sheet and improve financial flexibility in light of ongoing COVID uncertainty.

EARNINGS RESULT

	FY20	FY19	Variance
Volume (m Litres)	**12.2**	**13.2**	(1.0)
Revenue	$ 36.8	$ 39.7	($ 2.9)
Cogs	($ 12.4)	($ 13.1)	$ 0.7
Gross Profit	**$ 24.4**	**$ 26.6**	**($ 2.2)**
GP%	66%	67%	-1%
Variable Costs	($ 6.9)	($ 5.6)	($ 1.3)
Gross Contribution	**$ 17.5**	**$ 21.0**	**($ 3.5)**
Sales & Marketing	($ 10.3)	($ 9.0)	($ 1.3)
Operating Costs	($ 6.6)	($ 6.5)	($ 0.1)
Statutory EBITDA	**$ 0.6**	**$ 5.5**	**($ 4.8)**
AASB 16 Lease Adjustment	*($ 1.0)*	*$ -*	*($ 1.0)*
Management EBITDA	*($ 0.3)*	*$ 5.5*	*($ 5.8)*

The business recorded revenues of $36.8m, 7% lower than FY19 which is in line with a 7% reduction in total volume.

The own-brand portion of the total sales mix has grown from 61% in FY19 to 64% in FY20 and helped maintain our gross profit margin at 66%.

An additional $0.9m in variable costs were incurred relating to both a build-up of inventory during H1 using the older, less efficient equipment and additional distribution as we expand volumes to the east coast.

$0.4m in one-off costs relating to obsolete stock and writing off old packaging from the Matso's acquisition were also recorded in the current period. As higher volumes to the east coast deliver logistical efficiencies, we expect to achieve cost savings in distribution and warehousing. Further cost efficiencies are now being achieved with the newly installed, more efficient packaging equipment.

During the year, we continued to invest in the Good Drinks Strategy in line with our 5-year plan with an additional $1.3m in sales and marketing expenditure.

Operating costs were improved by $800k worth of government COVID relief (JobKeeper) received in the last 3 months of FY20.

COVID-19 negatively impacted H2 EBITDA by $3.2m and was due to a temporary loss of draught sales during the closure of on-premise trade. This impact was offset by $0.8m in Government JobKeeper subsidies.

Given the significant capital upgrades undertaken during the year an impairment review of the fixed asset register was performed and identified $766,977 of obsolete plant and equipment that was fully depreciated during the year.

The mandatory adoption of the new accounting standard *AASB 16 Leases* resulted in lease costs being recognised in amortisation and finance costs that were previously classified as occupancy or operating expenses in the accounts. The impact of the adoption of the standard resulted in $955k increase in amortisation and finance costs and a corresponding decrease in occupancy and operating expenses in the accounts. These expenses relate to the leases of properties and motor vehicles. As suggested under the standard, we have not restated the comparatives for the reporting period.

OUTLOOK

FY20 presented a number of challenges for the business which were met and overcome. The shortfall of sales in H1 combined with impact of COVID in H2 have left their mark on FY20 earnings but we have used this period well to maintain our strategic course, complete our capital programs and build solid foundations on which to deliver a strong FY21. Early signs are highly encouraging. Sales for July and August (which are historically slow sales months) have exceeded internal expectations and we feel the momentum building.

We have deliberately and decisively invested in sales and marketing ahead of the sales curve in FY19 and FY20 and expect FY21 to deliver strong returns.

The investment in our packaging lines, growing our sales capabilities and broadening our brand portfolio as well as the execution of our venue strategy are all key strategic pillars designed to provide enduring competitive advantages and secure the long-term success of our business. The Good Drinks strategy is on track and sales at store level continue to grow strongly. Accordingly, we believe the strategy and the targets we have set for ourselves are sound and achievable and our expectations for FY21 and beyond remain unchanged.

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 2020.

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.

Graeme Wood	
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 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 ($2,136,772) (2019: $2,649,386). 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** – This year saw an improvement in Revenue for FY20 of $36.8m, a decrease of 7% in comparison with the corresponding full year period (2019: $39.7m). The combined proprietary brand sales and contract brewing volumes resulted in a total throughput of 12.2m litres and generated an EBITDA of $0.6m for FY20.

(b) **COVID-19** - COVID-19 negatively impacted H2 EBITDA by $3.2m and was due to a temporary loss of draught sales during the closure of on-premise trade. This impact was offset by $0.8m in Government JobKeeper subsidies.

Matters subsequent to the end of the financial year

a) **Capital raising -** On 6 July 2020 The Company announced a $5.2m capital raising via placement issuing 100m shares at $0.052 each. The placement successfully concluded on 14 July 2020.

b) **Issue and cancellation of employee shares -** On 14 July 2020 the Company announced the cancellation of 25,456,746 employee shares and the issue of 29,250,000 employee shares. The cancellation of the 25,456,746 shares was completed on 29 July 2020.

c) **Agreement to lease -** On 11 August 2020, the Company announced that it had entered into an agreement to lease to secure the A Shed site in Victoria Quay at Fremantle Harbour in Western Australia.

d) **COVID-19** - The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has impacted the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries such as maintaining social distance requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No further matter or circumstance has arisen since 30 June 202, which has significantly affected, or may significantly affect, the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations
The Company will continue to brew, sell and market beer, cider and other beverages and continue to expand its distribution.

Information on Directors

Graeme Wood
(Non-Executive, appointed 5 April 2017)

Experience and expertise - Graeme Wood has significant experience as a senior executive with both Foster's Australia and Treasury Wine Estates. Graeme spent 18 years at Foster's Australia – including as General Manager of Sales at Matilda Bay Brewing Company – where he developed a deep knowledge of the beer landscape in Australia. More recently, he spent four years at Treasury Wine Estates as Regional Manager responsible for WA, SA and NT, further enhancing his liquor retail experience.

Other current public directorships – None.

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

Special responsibilities - Member of the Remuneration Committee.

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

Ian Olson CA, BCom, MAICD
(Non-Executive Chairman, appointed 12 November 2007)

Experience and expertise - An experienced Chartered Accountant, Ian Olson brings extensive knowledge in corporate advisory, audit and assurance to the Board. Ian is a professional public company director with a 25-year career in finance and the capital markets. Ian is also the Managing Director of Pointerra Limited and former executive chairman of WKC Spatial. Prior to his involvement in WKC Spatial, Ian was Managing Partner of PKF Chartered Accountants in Western Australia.

Other current public directorships – Pointerra Ltd.

Former directorships in listed companies within last 3 years – Threat Protect Ltd.

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

Interests (direct and indirect) in shares and options – 12,858,225 shares and nil options in the Company.

John Hoedemaker BCom
(Director, appointed 3 December 2002, Managing Director, appointed 17 August 2011)

Experience and expertise - John Hoedemaker is a founding Shareholder and Director of Gage Roads since 2002. 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 within last 3 years - None.

Special responsibilities - Member of the Audit & Risk Committee.

Interest (direct and indirect) in shares and options – 57,053,994 shares and nil options in the Company.

Robert Gould FAICD
(Non-Executive, appointed 12 November 2007)

Experience and expertise - Robert Gould has held a number of roles in finance and the management and guidance of start-up, early stage and fast growing companies. His experience includes international mergers and acquisition activity and previous management of a venture capital fund with $113m under management. Robert was a seed capital investor in Gage Roads in 2003.

Other current public directorships - None.

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

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

Interests (direct and indirect) in shares and options – 16,259,725 shares and nil options in the Company.

Information on Company Secretary

Marcel Brandenburg CA, FGIA, FCIS, MAcc, BCom
(Company Secretary and Chief Financial Officer)

Experience and expertise - Marcel Brandenburg 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.

Marcel 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 Fellow of the Governance Institute of Australia, he has an excellent understanding of financial markets, market compliance and governance. Marcel has also previously held company secretarial roles in a number of unlisted companies.

Other current public directorships - None.

Former public directorships within last 3 years - None.

Special responsibilities – Chief Financial Officer.

Interest (direct and indirect) in shares and options – 10,129,860 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 2020, 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**
Graeme Wood (Non-Executive)	13	13	n/a	n/a	1	1
Ian Olson (Non-Executive)	13	12	2	2	1	1
Robert Gould (Non-Executive)	13	13	2	2	1	1
John Hoedemaker (Executive)	13	13	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 (2019: Nil).

Shares issued on the exercise of options
There were no shares issued on the exercise of options during the year ended 30 June 2020 (2019: Nil).

Options granted to Directors
No options over unissued ordinary shares were granted to Directors during the year ended 30 June 2020 (2019: 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 2020 (2019: Nil).

Options cancelled, forfeited or lapsed
No options were voluntarily forfeited or cancelled during the year ended 30 June 2020 (2019: Nil).

Shares issued to Directors
No shares were issued to directors during the year ended 30 June 2020 (2019: Nil).

Shares issued to Employees
12,000,000 employee shares were issued and 7,059,700 employee shares were cancelled during the year.

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 Director and Executive 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.

Statutory Indicators
We aim, where practicable, to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth.

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

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

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

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

(c) *share and option at risk component* - Key Management Personnel and Executive Directors may participate in share and option schemes generally being made in accordance with thresholds set in plans approved by Shareholders if deemed appropriate. The Board, however, considers it appropriate to retain the flexibility to issue shares and options to Key Management Executives and Executive Directors outside of an approved option scheme in exceptional circumstances; and

(d) *other benefits* - Key Management Personnel and Executive Directors are eligible to participate in superannuation schemes, may be entitled to have loss of income insurance paid by the Company, be provided a fully expensed Company car or Company car allowance and be provided a fully expensed mobile phone and other forms of remuneration if deemed appropriate.

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

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

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

(a) To align the interests of senior management with Shareholders. The Employee and Executive Share Plan provides employees with incentive to strive for long term profitability which is in line with Shareholder objectives; and

(b) To provide an incentive for employees to extend their employment terms with the Company. The experience of senior employees is an important factor in the long term success of the Company.

Details of remuneration

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

Executive Directors

John Hoedemaker	Managing Director

Non-Executive Directors

Graeme Wood	
Ian Olson	Chairman
Robert Gould	

Executive Officers

Aaron Heary	Chief Operating Officer and Chief Strategy 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.

2020 Remuneration - Key Management Personnel

	Short term benefits			**Long term benefits**	**Post employment benefits**	**Share based benefits**		
Name	Cash salary & fees	Cash bonus	Non-monetary Benefits	*Long Service Leave	Super-annuation	Shares	Total	Performance Based
	$	$	$	$	$	$	$	%
Non-Executive Directors								
Graeme Wood	71,250	-	2,289	-	6,769	-	80,308	0%
Ian Olson	114,000	-	2,289	-	-	12,223	128,512	10%
Robert C Gould	65,069	-	2,289	-	6,182	12,223	85,763	14%
Sub-total Non-Exec Directors	*250,319*	*-*	*6,867*	*-*	*12,951*	*24,446*	*294,583*	*8%*
Executive Key Management								
Aaron Heary	275,501	-	1,613	-	26,173	30,556	333,843	9%
John Hoedemaker (MD)	370,502	-	19,621	20,000	37,098	30,556	477,777	6%
Marcel Brandenburg	270,000	-	2,763	-	25,650	6,111	304,524	2%
Sub-total Executive	*916,003*	*-*	*23,997*	*20,000*	*88,920*	*67,224*	*1,116,144*	*6%*
Totals	***1,166,322***	***-***	***30,864***	***20,000***	***101,871***	***91,670***	***1,410,726***	***6%***

*Long Service leave payout during the year.

2019 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	Performance based
	$	$	$	$	$	$	%
Non-Executive Directors							
Graeme Wood	75,000	-	2,060	7,125	-	84,185	0%
Ian Olson	120,000	-	2,060	-	12,223	134,283	9%
Robert C Gould	68,493	-	2,060	6,507	12,223	89,283	14%
Sub-total Non-Exec Directors	*263,493*	-	*6,181*	*13,632*	*24,445*	*307,751*	*8%*
Executive Key Management							
Aaron Heary	280,437	-	2,057	26,641	30,556	339,691	9%
John Hoedemaker (MD)	390,000	-	18,541	37,050	30,556	476,147	6%
Marcel Brandenburg	180,000	20,000	2,527	19,991	7,659	230,177	12%
Sub-total Executive	850,437	20,000	23,125	83,682	68,772	1,046,016	8%
Totals	***1,113,930***	***20,000***	***29,306***	***97,314***	***93,217***	***1,353,767***	***8%***

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

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

Marcel Brandenburg – Chief Financial Officer and Company Secretary
- Term of agreement: No fixed term
- Base salary: $270,000 pa, plus 9.5% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause)
- Termination notice period: 4 month notice (with cause)

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

There were no options over unissued ordinary shares granted to Key Management Personnel in existence at the date of this report (2019: Nil).

(i) 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
2020					
Directors					
Ian Olson	5%	12,858,225	-	-	12,858,225
John Hoedemaker	0%	57,053,994	-	-	57,053,994
Robert Gould	75%	16,336,771	-	-	16,336,771
Graeme Wood	0%	-	-	-	-
Executive Key Management					
Marcel Brandenburg	100%	10,168,383	-	-	10,168,383
Aaron Heary	0%	38,377,601	-	-	38,377,601
		134,794,974	-	-	134,794,974

There were no shares issued to Key management personnel during the year 30 June 2020 (2019: 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 (2019: Nil).

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

30-Jun-20	Balance at the start of the year $	Loans provided during the year $	Loans paid back by the Employee $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $
Directors						
Ian Olson	612,986	-	-	-	-	612,986
Robert Gould	612,986	-	-	-	-	612,986
John Hoedemaker	1,904,466	-	-	-	-	1,904,466
Graeme Wood	-	-	-	-	-	-
Executive Key Management						
Aaron Heary	1,780,466	-	-	-	-	1,780,466
Marcel Brandenburg	558,493	-	-	-	-	558,493
Total	**5,469,397**	**-**	**-**	**-**	**-**	**5,469,397**

Use of remuneration consultants
The Company did not engage in remuneration consultants during the financial year ended 30 June 2020.

Voting and comments made at the Company's 2019 Annual General Meeting
Gage Roads Brewing Co Ltd received more than 98.8% of "Yes" votes on its remuneration report for the 2019 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 non-recourse loans to Directors or Executives during the financial year to 30 June 2020. It has carried forward non-recourse loans from prior years as disclosed in Note 18 (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 2019 to 30 June 2020 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 $9,155 (2019: $8,241) 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 23.

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:

Non-audit services
BDO Corporate Tax (WA) Pty Ltd: Services in relation to Employee Share Scheme advice $0 (2019: $5,000).

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

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

Ian Olson - **Chairman**
Palmyra, dated this 28th August 2020

Corporate Governance Statement

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

The Company's Corporate Governance Statement for the financial year ending 30 June 2020 was approved by the Board on 27th August 2020. The Corporate Governance Statement can be located on the Company's website: www.gageroads.com.au\investor-info

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF GAGE ROADS BREWING CO LIMITED

As lead auditor of Gage Roads Brewing Co Limited for the year ended 30 June 2020, 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.

This declaration is in respect of Gage Roads Brewing Co Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 August 2020

Gage Roads Brewing Co Limited
Directors' Declaration
30 June 2020

The Directors of the Group declare that:

(a) the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated 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 Group's financial position as at 30 June 2020 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 Group will be able to pay its debts as and when they become due and payable.
(c) the Group 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:

Ian Olson
Chairman

Palmyra
Dated this 28th day of August 2020

Gage Roads Brewing Co Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	**2020** **$**	2019 $
Revenue from continuing operations			
Sales revenue		**36,810,978**	39,702,824
Interest revenue		**15,799**	21,011
	4	**36,826,777**	39,723,835
Other income	4	**1,491,042**	313,868
Foreign Exchange Loss		**3,974**	(55,418)
Raw materials, consumables & delivery		**(13,828,482)**	(14,265,524)
Operating expenses		**(4,835,111)**	(3,816,059)
Employee benefit expenses		**(11,641,870)**	(8,610,381)
Depreciation, amortisation & impairment expenses	5	**(3,777,871)**	(1,432,985)
Sales and marketing expenses		**(6,168,381)**	(6,429,446)
Administration expenses		**(925,331)**	(589,212)
Occupancy expenses	5	**(281,152)**	(749,270)
Finance costs	5	**(528,284)**	(138,303)
Profit/(Loss) before income tax		**(3,664,688)**	3,951,105
Income tax benefit/(expense)	6	**1,527,916**	(1,301,719)
Net Profit/(Loss) attributable to the members of Gage Roads Brewing Co Ltd		**(2,136,772)**	2,649,386
Other Comprehensive Income/(Loss)			
Items that may be reclassified to profit or loss:			
Change in the fair value of Cashflow Hedges		**(155,823)**	166,860
Total Other Comprehensive Income/(Loss) for the year		**(2,292,595)**	2,816,246
Profit/(Loss) per share attributable to the members of Gage Roads Brewing Co Ltd			
Basic Profit/(Loss) per share (cents)	18	**(0.19)**	0.26
Diluted Profit/(Loss) per share (cents)	18	**(0.19)**	0.25

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

Gage Roads Brewing Co Limited

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**5,215,605**	9,270,630
Trade and other receivables	8	**15,251,357**	11,144,684
Inventories	9	**3,937,107**	2,852,137
Total current assets		**24,404,069**	23,267,451
Non-current assets			
Property, plant and equipment	10	**38,250,996**	25,708,586
Right-of-use assets	11	**13,278,204**	-
Intangible assets	12	**15,414,861**	14,407,955
Deferred tax assets	6	**1,876,049**	-
Total non-current assets		**68,820,111**	40,116,541
Total assets		**93,224,180**	63,383,992
LIABILITIES			
Current liabilities			
Trade and other payables	13	**13,810,664**	9,800,669
Deferred consideration	3	**1,200,000**	1,200,000
Lease liabilities		**615,309**	-
Current tax liability	13	**686,078**	686,078
Provisions	14	**601,321**	462,863
Borrowings	14	**5,172,000**	-
Total current liabilities		**22,085,371**	12,149,610
Non-current liabilities			
Trade and other payables	13	**1,940,770**	-
Lease liabilities		**12,830,409**	-
Provisions	14	**407,000**	364,600
Borrowings	14	**4,611,963**	-
Total non-current liabilities		**19,790,142**	364,600
Total liabilities		**41,875,513**	12,514,210
Net assets		**51,348,668**	50,869,782
EQUITY			
Contributed equity	15	**55,210,502**	52,711,850
Hedge reserve	16	**(73,382)**	82,440
Share options reserve	16	**2,321,318**	2,048,490
Accumulated losses	16	**(6,109,770)**	(3,972,998)
Total equity		**51,348,668**	50,869,782

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

Gage Roads Brewing Co Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Notes	Contributed equity $	Accumulated losses $	Share based payment reserve $	Hedge Reserve $	Total equity $
At 1 July 2018		43,042,933	(6,622,385)	1,817,213	(84,420)	38,153,340
Comprehensive Income						
Profit for the year		-	2,649,386	-	-	2,649,386
Other Comprehensive income		-	-	-	166,860	166,860
Total comprehensive income for the year		**-**	**2,649,386**	**-**	**166,860**	**2,816,246**
Transactions with equity holders in their capacity as equity holders:						
Issue of share capital, net of transaction costs		9,668,917	-	-	-	9,668,917
Employee and other share options expensed	16	-	-	231,277	-	231,277
At 30 June 2019		**52,711,850**	**(3,972,999)**	**2,048,490**	**82,440**	**50,869,780**
Comprehensive Income						
Loss for the year		-	(2,136,772)	-	-	(2,136,772)
Other Comprehensive income/(loss)		-	-	-	(155,822)	(155,822)
Total comprehensive income/(loss) for the year		**-**	**(2,136,772)**	**-**	**(155,822)**	**(2,292,594)**
Transactions with equity holders in their capacity as equity holders:						
Issue of share capital, net of transaction costs		2,498,652	-	-	-	2,498,652
Employee and other share options expensed	16	-	-	272,828	-	272,828
Balance at 30 June 2020		**55,210,502**	**(6,109,770)**	**2,321,318**	**(73,382)**	**51,348,668**

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

Gage Roads Brewing Co Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**60,529,625**	60,571,476
Payments to suppliers and employees (inclusive of GST)		**(62,106,475)**	(60,088,795)
		(1,576,851)	482,681
Interest received		**15,799**	21,011
Interest paid		**(528,283)**	(138,303)
Net cash inflow/(outflow) from operating activities	17	**(2,089,335)**	365,389
Cash flows from investing activities			
Payments for property, plant and equipment		**(11,071,786)**	(4,420,766)
Payments for intangible assets		**(91,585)**	(13,118,050)
Proceeds/(Payments) from Sale of Equipment		**150**	(26)
Net cash (outflow) from investing activities		**(11,163,221)**	(17,538,841)
Cash flows from financing activities			
Proceeds from issue of share capital		**1,050,000**	10,099,496
Share issue transaction costs		**(44,970)**	(430,579)
Proceeds from borrowings		**10,315,196**	3,324,186
Repayment of borrowings		**(384,204)**	(3,283,178)
Borrowing transaction costs		**(188,037)**	-
Repayment of lease liabilities		**(1,438,057)**	-
Net cash inflow from financing activities		**9,309,928**	9,709,924
Net (decrease) in cash and cash equivalents		**(3,942,628)**	(7,463,528)
Effect of movement in exchange rates on cash held		**(112,398)**	(155,071)
Cash and cash equivalents at the beginning of the financial year		**9,270,631**	16,889,229
Cash and cash equivalents at the end of the financial year	7	**5,215,605**	9,270,631

The above Consolidated 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. This Group is a for-profit Group for the purpose of preparing the Financial Statements.

Principles of Consolidation
The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Gage Roads Brewing Co. Limited at the end of the reporting period. A controlled entity is any entity over which Gage Roads Brewing Co. Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities are included only for the period that they were controlled. A list of controlled entities is listed below:
- Matsos Broome Brewing Pty Ltd
- Regent Street Hospitality Pty Ltd

In preparing the consolidated financial statements, all inter-Group balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at amortised cost in the Company’s financial statements.

Transactions eliminated on consolidation
Intra-Group balances, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

Identifiable intangible assets
Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end.

Asset acquisition
Where an acquisition does not meet the definition of a business combination the transactions is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at cost and if not available their fair values at the acquisition date.

Compliance with IFRS
The financial statements 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 Group's accounting policies.

i) Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. For details of share-based payments made during the year, see Note 17.

ii) Going concern
The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

iii) Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimates lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 1 Summary of Significant Accounting Policies

iv) Indefinite life intangible assets
As part of the asset acquisition the Company acquired an intangible asset being the Matso's Brand. Consideration and significant judgement has been applied by the Group in determining that the Matsos brand has an indefinite useful life in accordance with AASB 138 Intangible Assets. The Group will assess the useful life of this asset at least every reporting date or more frequently if events or changes in circumstances indicate a finite useful life.

v) Provision for impariment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

vi) Impairment of non-financial assets and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use and fair value less cost of disposal. These calculations require the use of assumptions and judgements (refer to impairment note).

During the year, there were no impairment triggers that would suggest that the carrying value of these assets exceeded its recoverable amount.

vii) Asset vs. business combination
The acquisition of Matsos Broome Brewing Pty Ltd ("Matso's") does not meet the definition of a business combination and as such the transaction has been accounted for as an asset acquisition.
When an asset acquisition does not constitute a business combinations, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

viii) Contingent consideration
Management have applied significant judgements in determining the recognition and/or probabilities of the contingent consideration payable on the asset acquisition of Matsos Broome Brewing Pty Ltd. Refer to note 3 for further details.

ix) Trade receivables
The Company 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.

The Group has applied the simplified approach to measuring expected credit losses, which uses an expected lifetime expected loss allowance, the Group’s expected credit loss assessment as at 30 June 2020 was considered to be immaterial to the balance of Trade and Other Receivables as disclosed in Note 8.

Note 1 Summary of Significant Accounting Policies

x) Lease identification
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception.

The arrangement is assessed to determine whether the fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets are) not explicitly specific in an arrangement.

The Group has applied judgement in relation to the determination of a lease for purposes of the adoption of AASB 16 Leases.

xi) Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

xii) Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(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 recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.
The Group primarily generates revenue from the sale of alcoholic beverages.

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider);
- payment terms for the sale of goods can be clearly identified through invoices issued to customers; and
- the customer has no practical ability to reject the product where it is within contractually specified limits.

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

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(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.

Note 1 Summary of Significant Accounting Policies

(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.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers a financial asset in default when contractual payment are > 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On the above basis, the loss allowance was deemed insignificant for trade receivables.

(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 Group 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 Consolidated Statement of Financial Position (Note 8).

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 Group has transferred substantially all the risks and rewards of ownership.

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

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

Note 1 Summary of Significant Accounting Policies

(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 Group 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or 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 Statement of Financial Performance.

(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.

Brand

Brand costs are treated as having an indefinite useful life because they are expected to contibute to the net cashflows indefinitely. Therefore brand costs will 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 brands 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 Group 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.

Note 1 Summary of Significant Accounting Policies

(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 or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group 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 accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

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

(iii) Share-based payments

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

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

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

(r) Contributed equity

Ordinary shares are classified as equity.

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

Note 1 Summary of Significant Accounting Policies

(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 the Group 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 or loss.

(u) Earnings per share

Basic earnings per share

This is calculated by dividing the profit or loss attributable to equity holders of the Group, 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 Group 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 Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(x) Share based payment transactions

Employees and Directors

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted with the recognition of the expense accounted for over the vesting period. The fair value is determined by an internal valuation using Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

Key inputs to the Black Scholes options pricing model include the expected price volatility and risk free interest rate. The expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publicly available information. The risk interest is the risk free rate of securities with comparable terms to maturity.

Note 1 Summary of Significant Accounting Policies

(y) New and amended standards and interpretations adopted by the Company

AASB 16 Leases

The Group adopted the new standard using the modified retrospective approach and applied the practical expedient per AASB 16.C10(a) and (c). Lease assets and liabilities are measured at the present value of future payments on the initial date of application, being 1 July 2019.

The Group has not restated compartive for the reporting period as permitted under the specific transitional provisions in the standard. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

The impact on the statement of financial position as at 30 June 2020 on the adoption of AASB16 are noted below:

	30 June 2020
Right of use assets	**$**
Property	**13,935,514**
Motor Vehicles	**423,278**
Equipment	**35,086**
Accumulated amortisation	**(1,115,674)**
Total	**13,278,204**
Lease liabilities	
Lease liabilities (current)	**615,309**
Lease liabilities (non-current)	**12,830,409**
Total	**13,445,718**

The leases recognised by the Group under AASB 16 predominantly relate to the lease of Group's manufacturing premises as well as its vehicle fleet.

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the consolidated profit or loss and other comprehensive income statement.

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception either as a finance lease or operating lease.

Practical expedients applied

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessment on whether leases are onerous;
- The accounting for operating leases with a remaining term of less than 12 months as at 1 July 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the leases term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB117 and IFRIC4 Determining whether an Arrangement contains a Lease.

Note 1 Summary of Significant Accounting Policies

Leases accounting policy (applied from 1 July 2019)
When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Leases as a lessee
Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred.

Lease assets are depreciated using the straight-line method over the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and impairment losses, assessed in accordance with the Group's impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated profit or loss and other comprehensive income statement.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

(i) Conceptual Framework for Financial Reporting
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

There are no other significant Australian Accounting Standards and Interpretations that were recently issued or amended but are not yet effective and have not been early adopted by the Group for the year ended 30 June 2020.

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:

	2020	**2020**	2019	2019
	$	**$**	$	$
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets				
Cash and cash equivalents	**5,215,605**	**5,215,605**	9,270,630	9,270,630
Trade and other receivables	**15,251,357**	**15,251,357**	11,144,684	11,144,684
	20,466,962	**20,466,962**	20,415,314	20,415,314
Financial liabilities at amortised cost				
Trade and other payables	**14,496,742**	**14,496,742**	12,343,364	12,343,364
Lease Liability	**13,445,718**	**13,445,718**	-	-
Borrowings	**9,783,963**	**9,783,963**	-	-
	37,726,422	**37,726,422**	12,343,364	12,343,364

(a) Market risk
(i) *Foreign exchange risk*
The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Company has entered into forward foreign exchange contracts. Management has a risk management policy to hedge approx. 80% of anticipated foreign currency transactions for the subsequent 18 months.

Buy US Dollars	**AUD**	**USD**	**Average Rate**	**Through to**
Hedge 1	6,963,947	4,735,484	0.680	22 Jun 2021
Hedge 2	3,172,145	2,185,608	0.689	21 Dec 2021
	AUD	**EUR**	**Average Rate**	**Through to**
Hedge 3	4,026,014	2,396,987	0.595	22 Nov 2021

(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.

Note 2 : Financial Risk Management (continued)

(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 8 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 cash advance facility of $5.8 million with the Commonwealth Bank of Australia which is fully drawn at year-end. Furthermore, the Company has a $12m revolving credit facility with Commonwealth Bank of Australia which is drawn to $4.172m at 30 June 2020. The Company has relied on equity raising and prudent management to manage this risk.

2020	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Total Cash flows**	**Carrying Value**
Trade payables	8,328,221	-	-	8,328,221	8,328,221
Other payables	4,227,751	1,940,770	-	6,168,520	6,168,520
Lease Liability	615,309	738,884	12,091,525	13,445,718	13,445,718
Borrowings	5,304,533	-	4,621,691	9,926,224	9,783,963
Total Payable	18,475,814	2,679,654	16,713,216	37,868,683	37,726,422

2019	**< 1 year**	**1 - 2 years**	**2 - 5 years**	**Total Cash flows**	**Carrying Value**
Trade payables	6,560,200	-	-	6,560,200	6,560,200
Other payables	5,783,164	-	-	5,783,164	5,783,164
Lease Liability	-	-	-	-	-
Borrowings	-	-	-	-	-
Total Payable	12,343,364	-	-	12,343,364	12,343,364

(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 2020, 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 $50,341 higher/lower (2019: $63,171 higher/lower) from interest income on cash and cash equivalents, based upon the average cash on hand balance of $5,034,110 (2019: $6,317,094).

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 2020, 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 $37,437 higher/lower (2019: $12,500) from interest expense on borrowings, based upon the average loan balance of $3,743,728 (2019: $1,250,000).

Note 3 : Asset Acquisition of Matsos Broome Brewing Pty Ltd

In September 2018 Gage Roads Brewing Co. Ltd. ("GRB") completed the acquisition of 100% of the issued share capital of Matsos Broome Brewing Pty Ltd ("Matso's") (Refer Note 1a). The acquisition represents a major expansion of the Gage Roads brand portfolio and an opportunity to leverage the Groups existing national sales, marketing and distribution capability to deliver sustained earnings growth. Details of the purchase consideration and net assets acquired:

	$
Purchase consideration:	
Cash paid	13,116,185
Plus direct transaction costs	642,806
Plus Year 1 Milestone Consideration (probable)	1,200,000
Total Purchase Consideration	14,958,991

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Inventories	866,185
Property, plant and equipment	113,649
Intangible brand asset	14,129,157
Accruals	(150,000)
	14,958,991

In the event that certain pre-determined sales volumes of Matso's products are achieved by each milestone period, a contingent consideration of up to $2,800,000 may be payable in cash or via the issue of Gage Roads Brewing Co. Ltd shares.
Year 1 Milestone Consideration: 15,000,000 shares or $1.2 million cash based on sales volume targets (settled)
Year 2 Milestone Consideration: 15,000,000 shares or $1.2 million cash based on sales volume targets (provided for, refer note 13)
Year 3 Milestone Consideration: 5,000,000 shares based on sales volume targets (contingent liability, refer note 25)

Note 4 : Revenue

	2020	2019
	$	$
Revenue		
Sale of goods*	**57,048,736**	60,294,212
Less: Excise tax collected	**(19,474,874)**	(19,630,427)
Less: Wine Equalisation Tax Collected	**(762,883)**	(960,961)
Interest	**15,799**	21,011
	36,826,777	39,723,835
Other income		
ATO Micro-Brewery Excise Refund	**100,000**	30,000
Warehousing Services	**76,881**	35,199
Insurance Income	**307**	6,910
Jobkeeper Subsidy	**801,000**	-
Other	**512,855**	241,759
	1,491,042	313,868

**Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control over the inventory has transferred to the customer.

Note 5 : Expenses

	2020 $	2019 $
Profit (loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**1,665,355**	1,294,055
Office equipment	**138,406**	105,662
Motor vehicles	**3,571**	4,360
Amortisation of intangible assets	**87,888**	28,908
Amortisation of lease assets	**1,115,674**	-
Impairment of plant & equipment	**766,977**	-
Total Depreciation	**3,777,871**	1,432,985
Bad Debt Expense		
Bad debts written off	**37,675**	5,331
Bad Debts Expensed	**37,675**	5,331
Finance costs		
Interest and finance charges paid/payable	**528,283**	138,303
Finance costs expensed	**528,283**	138,303
Occupancy expense relating to operating leases		
Minimum lease payments	**62,431**	615,295
Variable outgoings	**218,721**	133,974
Total occupancy expense relating to operating leases	**281,152**	749,270
Defined contribution superannuation expense		
Defined contribution superannuation expense	**879,288**	659,668
Total defined contribution superannuation expense	**879,288**	659,668
Share-based payments expense (Note 17)		
Non-recourse loan-funded shares	**272,828**	231,278
Total share-based payments expense	**272,828**	231,278

Note 6 : Income tax expense

	2020 $	2019 $
(a) Income tax (benefit)/expense		
Current tax	**(1,527,916)**	515,230
Deferred tax - origination of temporary differences	**-**	786,489
	(1,527,916)	1,301,719
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**(3,664,689)**	4,637,184
Tax at the Australian tax rate of 30% (2019 - 30%)	**(1,099,407)**	1,391,155
Tax effect of amounts which are not deductible (taxable) in		
Share-based payments	**81,848**	69,383
Fines and entertaining	**72,292**	47,004
Temporary differences	**(81,207)**	-
Prev. unrecognised deferred tax asset now brought to account	**(501,443)**	(205,824)
	(1,527,916)	1,301,719
Income tax expense	**(1,527,916)**	1,301,719

Note 6 : Income tax expense (continued)

(c) Unrecognised tax losses

Unused tax losses for which no deferred tax asset has been recognised	**-**	**-**
Potential tax benefit @ 30%	**-**	**-**

	2020	2019
	$	$
(c) Recognised tax losses		
Unused tax losses for which a deferred tax asset has been recognised	**-**	-
Current tax asset / (liability) @ 30%	**1,527,916**	(515,230)
Movement in Deferred tax asset		
Carried forward balance of DTL/(DTA) at 30 June 2019	**-**	-
Deferred Tax Asset @ 30%	**1,650,197**	-
Deferred Tax Asset in Equity @ 30%	**225,852**	-
Closing DTA/(DTL) at 30 June 2020	**1,876,049**	-
Recognition of deferred tax asset - prior year losses	**-**	-
- current year profit/(loss)	**(1,876,049)**	786,488
	(1,876,049)	786,488

Deferred tax assets and liabilities have previously been brought to account after considering the level of tax losses carried forward and available to the Group 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. During the year the Group utilised the remaining deferred tax assets on carried forward tax losses.

Note 7 : Current assets - Cash and cash equivalents

	2020	2019
	$	$
Cash at bank and in hand	**5,215,605**	9,270,630
	5,215,605	9,270,630

(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%.

Refer Note 2 for assessment of company risk management policy.

Note 8 : Current assets - Trade and other receivables

	2020 $	2019 $
Trade receivables	**12,473,973**	8,750,123
Prepayments	**2,777,384**	2,394,561
	15,251,357	11,144,684

(a) Impaired trade receivables

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.

The Group has applied the simplified approach to measuring expected credit losses, which uses an expected lifetime expected loss allowance.

(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 2020, trade receivables of $453,679 (2019: $173,475) 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:

	2020 $	2019 $
Up to 3 months	**43,484**	162,814
3 to 6 months	**410,195**	10,661
	453,679	173,475

(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 9 : Current assets - Inventories

	2020 $	2019 $
Raw material and stores - at cost	**2,254,285**	1,301,942
Work-in-progress - at cost	**241,014**	258,867
Finished goods - at cost	**974,263**	849,650
Other	**467,545**	441,678
	3,937,107	2,852,137

Inventory expense

Inventories recognised as an expense (cost of goods sold) during the year ended 30 June 2020 amounted to $12,519,436 (2019: $13,145,631). Inventories written off during the year as new product development costs, obsolete stock and operational waste amounted to $511,714 (2019: $187,869).

Note 10 : Non-current assets - Property, plant and equipment

	Plant and equipment	Office equipment	Motor vehicles	Total
Year ended 30 June 2019				
Opening net book amount	22,587,589	129,077	24,325	22,740,991
Additions	4,232,636	136,955	-	4,369,591
Depreciation charge	(1,294,055)	(103,581)	(4,360)	(1,401,996)
Impairment Charge on obsolete equipment	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	25,526,170	162,451	19,965	25,708,586
At 30 June 2019				
Cost or fair value	34,787,294	667,629	239,787	35,694,710
Accumulated depreciation	(9,261,124)	(505,178)	(219,822)	(9,986,125)
Net book amount	25,526,170	162,451	19,965	25,708,586
Year ended 30 June 2020				
Opening net book amount	25,526,170	162,451	19,965	25,708,586
Additions	14,809,654	307,064	-	15,116,718
Depreciation charge	(1,665,355)	(138,406)	(3,571)	(1,807,332)
Impairment charge on obsolete equipment	(766,977)	-	-	(766,977)
Disposals	-	-	-	-
Closing net book amount	37,903,492	331,109	16,394	38,250,996
At 30 June 2020				
Cost or fair value	49,596,948	974,694	239,787	50,811,429
Accumulated depreciation	(11,693,456)	(643,584)	(223,393)	(12,560,433)
Net book amount	37,903,492	331,109	16,394	38,250,996

(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. The balance can be primarily attributed site works in preparation for increasing fermentation capacity. As it is not yet available for use, this plant and equipment has not commenced depreciating.

	2020 **$**	2019 $
Plant and equipment	**654,155**	2,617,233

(b) Non-current assets pledged as security.

Refer to note 12 for information on non-current assets pledged as security by the Company.

Note 11 : Non-current assets - Right-of-Use Assets

	2020	2019
	$	$
Property	**13,935,514**	-
Accumulated amortisation of property	**(913,455)**	-
	13,022,059	
Motor Vehicles	**423,278**	-
Accumulated amortisation of motor vehciles	**(191,882)**	-
	231,396	
Equipment	**35,086**	-
Accumulated amortisation of equipment	**(10,337)**	-
	24,749	
Total Right-of-Use Assets	**13,278,204**	**-**

The Group leases land and buildings for its operations under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For impairment testing, the right-of-use assets have been allocated to the identified cash-generating unit. Refer to note 12 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 12 : Non-current assets - Intangible assets

	2020	2019
Intellectual Property Assets	**$**	$
Intellectual property	**530,587**	439,002
Accumulated amortisation of intellectual property	**(390,372)**	(302,484)
Total intellectual property	**140,215**	136,518
Intangible Brand Asset	**$**	$
Matso's intangible brand asset	**15,274,646**	14,129,157
Total Intangible Brand Assets	**15,274,646**	14,129,157
Intangible Development Assets	**$**	$
New product development assets	**-**	142,280
Total Intangible Development Assets	**-**	142,280
Total Intangible Assets	**15,414,861**	14,407,955

As part of the Matso's asset acquisition occurring in the 2019 financial year as disclosed within Note 3, the Group acquired an intangible brand asset, which as at 30 June 2020 is carried at $15,274,646. The Group has recognised the intangible asset as having an indefinite useful life and accordingly tests the Group's Cash Generating Unit ("CGU") for impairment annually, or more frequently if events or changes in circumstances indicate impairment, as disclosed within the critical accounting judgements, estimates and assumptions note 1.

Note 12 : Non-current assets - Intangible assets (continued)

The recoverable amount of the CGU which was tested for impairment has been assessed using the higher of the fair value less cost to sell and the value in use method.

Value in use has been derived by calculating the discounted value of net cash flows expected to be delivered from the CGU. The fair value less cost to sell has been assessed using a market approach based upon the market capitalisation of the Company as at 30 June 2020 on the Australian Securities Exchange (ASX).

Value in use has been based on a 2 year budget approved by the Board and extrapolated for a further 3 years using a steady growth rate, together with a terminal value.

	2020	**2019**
Short term growth rate	5.8%	5.6%
Capital expenditure invested to sustain operational growth	20%	20%
Discount rate	10.00%	11.52%

Management have considered and assessed the sensitivities associated with the assumptions and rates used above and note all key assumptions would have to be adversely affected by 10.28% for the carrying value to exceed the recoverable value or for an impairment to arise.

Note 13 : Liabilities - Trade, other payables, and current tax liability

Trade and other payables	**2020**	2019
Current	**$**	$
Trade payables	**8,328,221**	6,314,932
Payables for capital purchases	**185,071**	245,268
GST payable	**550,295**	472,625
Current tax liability	**686,078**	686,078
Other payables	**4,747,077**	3,796,997
	14,496,742	11,515,901
Non-Current		
Other payables (a)	**1,940,770**	-

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

Non-current trade and other payables relate to the purchase of canning line equipment on credit terms until 21 November 2021 (final payment date). The corresponding asset is not formally pledged as security.

(b) Risk exposure

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

Note 14 : Provisions & borrowings

	2020	2019
Current	**$**	$
Unsecured		
Provision for annual leave	**601,321**	462,863
Secured		
Bank loans	**5,172,000**	-
Total current borrowings	**5,172,000**	462,863

	2020	2019
Non Current	**$**	$
Unsecured		
Provision for long service leave	**407,000**	364,600
Secured		
Bank loans	**4,611,963**	-
Total non-current borrowings	**4,611,963**	-

Note 14 : Provisions & borrowings

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

The entire obligation for annual leave is expressed as a current liability as the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The estimated leave that is not expected to be taken in the next twelve months is $150,000 (2019: $150,000). This is considered to be immaterial.

(b) Facilities

Facility	Limit	Drawn	Term	Base rate	Margin	Line Fee
Borrowing Base Facility	up to $12,000,000 based on 80% Eligible Debtors + 65% Eligible Finished Inventory + 40% Eligible Unfinished Inventory	$ 4,170,000	Revolving, subject to annual review	BBSY	1%	1.25%
Cash Advance facility	$5,800,000	$ 5,800,000	5 years	BBSY	5% - 1.55	1.25%

(c) Covenants

Covenant	Ratio/Condition	Start Date	End Date	Period
Interest Cover Ration	ICR>4.0	1/07/2020	31/12/2020	6 months
		1/01/2021	30/06/2021	12 months
		1/07/2021	Termination date	Quarterly for preceeding 12 months rolling
Gross Leverage Ratio	Gross Leverage <2.00x	30/06/2021	Termination date	Quarterly for preceeding 12 months rolling
Net Tangible Assets	NTA>$20m	30/09/2020	Termination date	Quarterly

(d) Risk exposure

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

(e) Fair value disclosures

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

(f) Assets pledged as security

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

	2020	2019
	$	$
Fixed & Floating charges		
Plant and equipment	**38,234,602**	25,688,621
Motor vehicles	**16,394**	19,965
Trade Receivables	**12,473,973**	-
Inventory	**3,469,562**	-
Total Fixed & Floating charges	**54,194,531**	25,708,586
Total assets pledged as security	**54,194,531**	25,708,586

Note 15 : Contributed equity

	2020 Shares	2019 Shares	**2020 $**	2019 $
(a) Share Capital				
Fully paid ordinary shares	**1,140,516,763**	1,106,257,848	**55,210,502**	52,711,849
	1,140,516,763	1,106,257,848	**55,210,502**	52,711,849
(b) Movement in contributed equity:				
1 July (opening balance)	**1,106,257,848**	988,026,855	**52,711,849**	43,042,933
Issues of shares during the year				
Ordinary shares issued (Employee shares)	**12,000,000**	22,500,000	-	-
Ordinary shares issued	**29,318,615**	107,739,888	**2,195,489**	10,099,496
Shares cancelled	**(7,059,700)**	(12,008,895)	-	-
Capital Raising Costs	-	-	**(44,970)**	(430,579)
Current Tax Benefit	-	-	**348,133**	-
30 June (closing balance)	**1,140,516,763**	1,106,257,848	**55,210,502**	52,711,849

At 30 June 2020 there were 1,140,516,763 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 16 : Reserves and accumulated losses

	2020 $	2019 $
(a) Share based payment reserve		
Movements in share based payment reserve were as follows:		
Balance 1 July	**2,048,489**	1,817,213
Share based payment expense	**272,828**	231,277
Balance 30 June	**2,321,317**	2,048,490

The share based payment reserve is used to recognise the fair value of shares issued.

	2020 $	2019 $
(b) Hedge Reserve	**(73,382)**	82,440
Recognised in accordance with AASB9 - refer note 1		

(c) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	**(3,972,999)**	(6,622,385)
Net profit/(loss) for the year	**(2,136,772)**	2,649,386
Balance 30 June	**(6,109,770)**	(3,972,999)

Note 17 : Cash Flow Information

a) Reconciliation of profit after income tax to net cash outflow from operating activities	2020 $	2019 $
Profit/(loss) for the year	(2,136,772)	2,649,386
Depreciation, amortisation and impairment	3,777,871	1,432,985
Employee share issue expense	272,828	231,277
Changes in operating assets and liabilities		
(Increase) decrease in trade debtors	(3,723,850)	(5,975,633)
(Increase) decrease in other debtors	(382,823)	(727,917)
(Increase) decrease in inventories	(1,077,758)	(157,763)
(Increase) decrease in deferred tax asset	(1,876,049)	786,489
Increase (decrease) in trade creditors	2,013,289	541,643
Increase (decrease) in current tax liability	-	515,232
Increase (decrease) in current tax benefit (equity)	348,133	3,626,151
Increase (decrease) in other operating liabilities	163,500	1,066,420
Increase (decrease) in other provisions	42,400	3,271
Increase (decrease) from effect of AASB 16 adjustments	489,896	-
Net cash inflow from operating activities	(2,089,335)	3,991,540

b) Non-Cash Financing and Investing Activities	Note	2020 $	2019 $
Deferred Consideration - Matso's Acquisition	3	1,200,000	1,200,000
		1,200,000	1,200,000

c) Changes in Liabilities arising from Financing Activities

	Bank loans $	Lease liability $	Total $
Balance at 1 July 2018	-	-	-
Net cash used in financing activities	-	-	-
Acquisition of leases	-	-	-
Balance at 1 July 2019	-	-	-
Net cash from/(used in) financing activities	9,742,955	(1,438,057)	8,304,898
Acquisition of leases	-	14,883,775	14,883,775
Balance at 30 June 2020	9,742,955	13,445,718	23,188,673

Lease liabilities were first recognised during FY20 as part of the adoption of *AASB 16*. As allowed under the standard the Group elected not to restate prior year comparitives.

Note 18 : Earnings Per Share

	2020	2019
Basic earnings per share ("EPS") (cents)	(0.19)	0.26
Diluted earnings per share (cents)	(0.19)	0.25

(a) Basic earnings (loss) per share	$	$
Profit/(loss) used in calculating basic EPS	(2,136,772)	2,649,386
Weighted average number of ordinary shares used in calculating basic EPS	1,133,236,851	1,033,326,284

The profit/(loss) used in the calculation of basic earnings per share equates to the net profit in the Consolidated 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.

Note 18 : Earnings Per Share (continued)

	2020	2019
	$	$
(b) Diluted earnings (loss) per share		
Profit/(loss) used in calculating diluted EPS	**(2,136,772)**	2,649,386
Weighted average number of ordinary shares used in calculating diluted EPS	**1,133,236,851**	1,048,326,284

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 diluted earnings per share does include potential ordinary shares such as shares under option.

Note 19 : 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 (refer Note 1: Significant Estimates and Judgements).

	Date shares granted	Loan Expiry date	Issue price	Balance at start of the year	Granted during the year	Forfeited during the year	Balance at end of the year	Vested at the end of the year
Employees and/or Senior Management	2-Oct-15	2-Oct-22	0.063	28,400,000	-	-	28,400,000	28,400,000
Employees and/or Senior Management	30-Jun-16	29-Sep-23	0.050	119,986,890	-	(783,683)	119,203,207	70,344,993
Employees and/or Senior Management	30-Aug-17	29-Aug-24	0.050	3,279,035	-	(293,295)	2,985,740	-
Employees and/or Senior Management	23-Apr-18	22-Apr-25	0.072	6,423,155	-	(3,432,722)	2,990,433	-
Employees and/or Senior Management	1-Mar-19	28-Feb-26	0.011	19,500,000	-	(1,550,000)	17,950,000	-
Employees and/or Senior Management	18-Jun-19	17-Jun-26	0.105	3,000,000	-	(1,000,000)	2,000,000	-
Employees and/or Senior Management	29-Nov-19	28-Nov-26	0.093	12,000,000	-	-	12,000,000	-
Total				192,589,080	-	(7,059,700)	185,529,380	98,744,993

(i) Employee and Executive Share Plan shares issued to employees 30 August 2017

On 30 August 2017, 4,505,005 shares were issued to senior management and employees of the Company at an issue price of 5 cents per share and corresponding non-recourse loans totalling $225,250 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: $0.05 per share
- Interest rate: 0%
- Term of loan: 6 years and 1 month (expiring 29 September 2023)
- Tenure condition for 60%: remains eligible employee for 36 months after date of issue
- Tenure condition for further 20%: remains eligible employee for 48 months
- Tenure condition for the remaining 20% : remains eligible employee for 60 months
- The Earnings Condition will be satisfied for each year tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.
- Share Value Condition: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or

Note 19 : Share-based payments (continued)

- Take Over Provision: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Shares will be immediately waived, or
- Compromise or Arrangement: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Shares will be immediately waived, or
- Death and Permanent Disability: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Good Leaver Exceptions: The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 18 November 2014

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

The fair value at grant date of $58,381 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 loan-funded shares granted included:

- exercise price is $0.05
- market price of shares at grant date, $0.050
- expected volatility of the Company's shares is 30%,
- risk-free interest rate used is 1.50%
- time to maturity, 4 years; and
- a dividend yield of 0%

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 $12,323 for the year ended 30 June 2019.

(ii) Employee and Executive Share Plan shares issued to employees 23 April 2018

On 23 April 2018, 6,423,155 shares were issued to executives and employees of the Company at an issue price of 7.2 cents per share and corresponding non-recourse loans totalling $462,467 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: $0.072 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 23 April 2025)
- Tenure condition for 60%: remains eligible employee for 36 months after date of issue
- Tenure condition for further 20%: remains eligible employee for 48 months
- Tenure condition for the remaining 20% : remains eligible employee for 60 months
- The Earnings Condition will be satisfied for each year tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.

Note 19 : Share-based payments (continued)

- Share Value Condition: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Take Over Provision: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Shares will be immediately waived, or
- Compromise or Arrangement: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Shares will be immediately waived, or
- Death and Permanent Disability: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Good Leaver Exceptions: The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 23 November 2017

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

The fair value at grant date of $141,803 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 loan-funded shares granted included:

- exercise price is $0.072
- market price of shares at grant date, $0.072
- expected volatility of the Company's shares is 30%,
- risk-free interest rate used is 2.32%
- time to maturity, 5 years; and
- a dividend yield of 0%

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 $41,123 for the year ended 30 June 2019.

(iii) Employee and Executive Share Plan shares issued to employees 1 March 2019

On 1 March 2019, 19,500,000 shares were issued to executives and employees of the Company at an issue price of 10.5 cents per share and corresponding non-recourse loans totalling $2,047,500 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: $0.105 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 1 March 2026)
- Tenure condition for 60%: remains eligible employee for 36 months after date of issue
- Tenure condition for further 20%: remains eligible employee for 48 months
- Tenure condition for the remaining 20% : remains eligible employee for 60 months
- The Earnings Condition will be satisfied for each year tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.

Note 19 : Share-based payments (continued)

- Share Value Condition: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Take Over Provision: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Shares will be immediately waived, or
- Compromise or Arrangement: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Shares will be immediately waived, or
- Death and Permanent Disability: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Good Leaver Exceptions: The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 23 November 2017

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

The fair value at grant date of $540,221 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 loan-funded shares granted included:

- exercise price is $0.105
- market price of shares at grant date, $0.105
- expected volatility of the Company's shares is 30%,
- risk-free interest rate used is 1.03%
- time to maturity, 7 years; and
- a dividend yield of 0%

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 $51,935 for the year ended 30 June 2019.

(iv) Employee and Executive Share Plan shares issued to employees 18 June 2019

On 18 June 2019, 3,000,000 shares were issued to employees of the Company at an issue price of 9.3 cents per share and corresponding non-recourse loans totalling $279,000 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: $0.093 per share
- Interest rate: 0%
- Term of loan: 7 years (expiring 18 June 2026)
- Tenure condition for 60%: remains eligible employee for 36 months after date of issue
- Tenure condition for further 20%: remains eligible employee for 48 months
- Tenure condition for the remaining 20% : remains eligible employee for 60 months

Note 19 : Share-based payments (continued)

- The Earnings Condition will be satisfied for each year tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.
- Share Value Condition: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Take Over Provision: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Shares will be immediately waived, or
- Compromise or Arrangement: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Shares will be immediately waived, or
- Death and Permanent Disability: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Good Leaver Exceptions: The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 23 November 2017

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

The fair value at grant date of $78,654 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 loan-funded shares granted included:

- exercise price is $0.093
- market price of shares at grant date, $0.093
- expected volatility of the Company's shares is 30%,
- risk-free interest rate used is 1.03%
- time to maturity 5 years; and
- a dividend yield of 0%

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

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 $750 for the year ended 30 June 2019.

	2020	2019
	$	$
(b) Expenses arising from Share-based payments		
Incentive Share Scheme (a)	**272,828**	231,278
	272,828	231,278

Note 20 : 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 and Chief Strategy Officer
Marcel Brandenburg	Chief Financial Officer and Company Secretary

(ii) Executive Directors

John Hoedemaker	Managing Director

(iii) Non-Executive Directors

Ian Olson	Chairman
Robert Gould	
Graeme Wood	

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.

Key Management Personnel compensation	**2020**	2019
	$	$
Short-term employment benefits		
- Executives & Executive Directors	**940,000**	893,994
- Non-Executive Directors	**257,185**	269,674
Long-term employment benefits		
- Executives & Executive Directors	**20,000**	-
Post-employment benefits	**101,871**	97,232
Share-based payments	**91,670**	93,217
	1,410,726	1,354,117

(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-20	Balance at the start of the year $	Loans provided during the year $	Loans paid back by the Employee $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $
Directors						
Ian Olson	612,986	-	-	-	-	612,986
Robert Gould	612,986	-	-	-	-	612,986
John Hoedemaker	1,904,466	-	-	-	-	1,904,466
Graeme Wood	-	-	-	-	-	-
Executive Key Management						
Aaron Heary	1,780,466	-	-	-	-	1,780,466
Marcel Brandenburg	558,493	-	-	-	-	558,493
Total	**5,469,397**	-	-	-	-	**5,469,397**

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

Note 21 : 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:

	2020 $	2019 $
Audit Services		
Audit and review of financial report		
BDO Audit (WA) Pty Ltd	**92,326**	70,946
Non-audit services		
BDO Corporate Finance (WA) Pty Ltd	**-**	5,000
BDO Corporate Tax (WA) Pty Ltd	**-**	-
	92,326	75,946

Note 22 : Commitments

	2020 $	2019 $

(a) Capital Commitments

The Group also has Capital commitments over the next two years pertaining primarily to its assets under plant and equipment, referred to within note 10.

	2020 $	2019 $
Within one year	**2,029,292**	1,610,343
Later than one year but not later than five years	**1,940,770**	3,151,965
Later than five years	**-**	-
	3,970,062	4,762,308

Note 23 : Events occurring after the reporting date

Capital raising:

On 6 July 2020 The Company announced a $5.2m capital raising via placement issuing 100 million shares at $0.52 each. The placement successfully concluded on 14 July 2020.

Issue and cancellation of employee shares:

On 14 July 2020 the Company announced the cancellation of 25,456,746 employee shares and the issue of 29,250,000 employee shares. The cancellation of the 25,456,746 shares was completed on 29 July 2020.

Agreement to lease:

On 11 August 2020, the Company announced that it had entered into an agreement to lease to secure the A Shed site in Victoria Quay at Fremantle Harbour in Western Australia.

COVID-19:

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has impacted the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 24 : Segment reporting

The consolidated entity is monitored and managed as one overall operating segment. The processes from brewing production to retailing are consistent for all products and as they exhibit similar economic characteristics, they meet the AASB 8 criteria for aggregation.

The Gage Roads Board and management monitors the group as one overall brewing segment based on overall net profit level and production volumes. This Group's internal reporting framework is considered the most relevant to assist the chief operating decision maker in assessing the allocation of group resources and overall operating activities. There are no discrete corporate activities to the segments that would require reconciliation between segment expenses and total expenses.

	2020	2019
	$	$
Revenue from external sources	**36,810,978**	39,702,824
Net profit/ (loss) before tax	**(3,664,688)**	3,951,105
Reportable segment assets	**93,224,180**	63,383,992
Reportable segment liabilities	**41,875,513**	12,514,210

Woolworths Limited, Liquid Mix (WA) Pty Ltd. and Australian Liquor Marketers Pty Ltd. are major customers of the group as defined by AASB 8, as revenue from each customer exceeds 10% of total revenue from external sources.

Note 25 : Contingencies and Guarantees

(a) Contingent assets or liabilities

At the point at which it becomes probable that the Group will achieve the pre-determined sales volumes of Matso's products for each milestone period, a liability will be recognised. Please refer to note 3 for additional information.
The Group had no other contingent assets or liabilities as at 30 June 2020 or 2019.

(b) Guarantees

The Group has the following bank guarantees as at 30 June 2020 in respect to its leased commercial properties:

	2020	2019
	$	$
Brewery - 14 Absolon Street, Palmyra 6057	**193,430**	193,430
Warehousing facility	**148,000**	148,000
Redfern Brewery Taproom Property	**100,000**	100,000
	441,430	441,430

Note 26 : Parent Entity Financial Information

The financial information for Gage Roads Brewing Co. Limited has been extracted from the books and records of the parent and has been prepared on the same basis as the consolidated financial statements except as described below:

Investments in subsidiares
Investments in sibsidiaries are accounted for at cost in the financial statements of the parent entity.

Tax consolidation legislation
Gage Roads Brewing Co. Ltd and its wholly owned Australian subsidiary, Matsos Broome Brewing Pty Ltd, have formed an income tax consolidated Group.

For additional information, please refer to the Income Tax Expense details set out in note 6.

Guarantees entered into by the parent entity
Gage Roads Brewing Co. Limited has provided bank guarantees of $441,430 (2019: $441,430). Please refer to note 23 for additional information on Group guarantees.

Contingent liabilities of the parent entity
Gage Roads Brewing Co. Limited did not have any contingent liabilities as at 30 June 2020. Please refer to note 23 (a) for details of Group contingencies.
The individual statements for the parent entity show the following aggregate amounts:

	2020	2019
Balance Sheet	**$**	$
Current assets	**24,342,117**	23,267,451
Non-current assets	**63,326,532**	40,116,541
Total assets	**87,668,649**	63,383,992
Current Liabilities	**22,077,954**	12,149,610
Non-current liabilities	**14,242,027**	364,600
Total liabilities	**36,319,981**	12,514,210
Net assets	**51,348,668**	50,869,782
Contributed equity	**55,210,502**	52,711,850
Hedge reserve	**(73,382)**	82,440
Share options reserve	**2,321,318**	2,048,490
Accumulated profit/losses	**(6,109,770)**	(3,972,998)
Total Shareholders Equity	**51,348,668**	50,869,782
Profit/(Loss) for the year	**(2,136,772)**	2,649,386
Total comprehensive income for the year	**(2,292,595)**	2,816,246

Note 27 : Interest in subsidiaries

(a) Parent and ultimate controlling entity
The parent and ultimate controlling entity is Gage Roads Brewing Co. limited, incorporated in Australia.

(b) Controlled entities
The investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

Subsidiary	**Country of Incorporation**	**Holding % 2020**	**Holding % 2019**
Matso's Broome Brewing Pty Ltd	Australia	100	100
Regent Street Hospitality Pty Ltd	Australia	100	100

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INDEPENDENT AUDITOR'S REPORT

To the members of Gage Roads Brewing Co Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gage Roads Brewing Co Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Intangible Assets

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
Note 12 to the financial report discloses the individual intangible assets and the assumptions used by the Group in testing these assets for impairment.
As required by Australian Accounting Standards, the Group performs an annual impairment test for each cash generating unit ("CGU") to which indefinite life intangible assets have been allocated to determine whether the recoverable amount is below the carrying amount at reporting date.
This was determined to be a key audit matter as management's assessment of the recoverable value of intangible assets requires the use of estimates and judgements.
These include estimates and judgements about CGU allocation, expectation of possible future revenues, growth rates and the associated discount rate applied as disclosed in Note 1 and Note 12 to the financial report
</td><td>
Our procedures included, but were not limited to the following:

Assessing the appropriateness of the CGU identification and the allocation of assets;
Evaluating forecast cash flows by assessing the accuracy of historic forecasts against actual results;
Challenging key inputs used in management's impairment assessment including the following:

In conjunction with our valuation specialist, comparing the discount rate used by management to our internally calculated discount rate;
Comparing the future growth rate with economic and industry forecasts;
Assessing the Group's forecast cash flows is consistent with our knowledge of the business and board approved budgets including considering the possible impacts of COVID-19;
Performing sensitivity analysis to stress test the key assumptions used, including the future growth rates and discount rate; and
Assessing the reasonableness of management's value in use model by comparing the recoverable value to the market capitalisation of the group.

Assessing the adequacy of the related disclosures in Note 1 and Note 12 of the financial report.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Gage Roads Brewing Co Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 August 2020

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 27 August 2020.

Substantial Shareholders (holding more than 5%)

	Fully Paid Ordinary Shares	
Shareholder	**Ordinary Shares**	**Percentage**
Citicorp Nominees Pty Limited	209,831,284	16.86%
J P Morgan Nominees Australia Pty Limited	101,703,017	8.17%
Bnp Paribas Noms Pty Ltd	96,399,889	7.75%

Top 20 Shareholders
(a) Fully Paid Ordinary Shares

	Fully Paid Ordinary Shares	
Shareholder	**Ordinary Shares**	**Percentage**
Citicorp Nominees Pty Limited	209,831,284	16.86%
J P Morgan Nominees Australia Pty Limited	101,703,017	8.17%
Bnp Paribas Noms Pty Ltd	96,399,889	7.75%
Mr Shimin Song	51,881,412	4.17%
National Nominees Limited	48,854,625	3.93%
Smooth Seas Pty Ltd	48,253,994	3.88%
Heytesbury Pty Ltd	43,780,464	3.52%
Nice Day For A Walk Pty Ltd	30,687,833	2.47%
Gwynvill Trading Pty Ltd	23,823,361	1.91%
Robert Gould	12,298,248	0.99%
Jennifer Madeline Olson	12,259,725	0.99%
Giromol Pty Ltd	10,838,523	0.87%
Mr Marcus Jeen Creighton	10,300,000	0.83%
Mr Marcel Brandenburg	10,129,860	0.81%
Mr Matthew Lloyd Morisey	10,129,860	0.81%
Marcacey Pty Ltd	10,000,000	0.80%
Mintox Investments Pty Ltd	8,800,000	0.71%
Mr John-Paul Murphy	8,000,000	0.64%
Mr Richard Spicer	8,000,000	0.64%
Mr Martin Peirson-Jones &	7,875,239	0.63%
	763,847,334	61.39%

Additional ASX Information (continued)

Distribution of Holders of Ordinary Fully Paid Shares

Range	Total Holders	Units	Percentage
1-1,000	114	9,974	0.00%
1,001-5,000	182	698,878	0.06%
5,001-10,000	658	5,384,275	0.43%
10,001-100,000	2,171	83,637,552	6.72%
100,001 and above	848	1,154,579,338	92.79%
Total	**3,973**	**1,244,310,017**	**100.00%**

As at 27 August 2020 there were 738 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 27 August 2020 there are nil ordinary shares and options held in escrow.