



## Little World Beverages LIMITED

### **LITTLE WORLD BEVERAGES SETS PLATFORM FOR FUTURE GROWTH**

22 August 2008

The Little World Beverages Group's activity this year has delivered strong results from the established portfolio and brought new projects to life that provide additional revenue streams and an exciting platform for future earnings growth.

#### **RESULTS HIGHLIGHTS**

For the year ended 30 June 2008:

- a 30.1% increase in revenue above 2007, to \$34.1m;
- an 82.9% increase in operating cash flow above 2007, to \$6.1m;
- a 34.9% increase in EBITDA above 2007, to \$6.2m;
- a 14.4% increase in net profit after tax above 2007, to \$3.4m;
- a final dividend of 2.3 cents per share fully franked, bringing total dividends declared for the year to 4.6 cents per share.

Further achievements during the year were:

- (a) excellent progress made on the expanded Fremantle brewing facility;
- (b) strengthened sales and distribution capability, particularly in east coast markets;
- (c) impressive initial sales performance of Pipsqueak Cider giving LWB first mover advantage in a new premium segment;
- (d) upgraded and expanded cellar door operations contributing additional revenue streams;
- (e) continuing sales growth across all product lines in the brand portfolio.

Subsequent to 30 June 2008, the new brewery has been commissioned, which brings increased capacity and quality control to the Group, and work has commenced on building a brewery in the Yarra Valley town of Healesville... just over an hour from the centre of Melbourne.

Also since year end, the Little Creatures Dining Hall opened in the Melbourne suburb of Fitzroy providing the brewery with the opportunity to showcase the Group's beer and cider products under one roof with the "creatures team" piloting the consumer experience. The outlet is trading very strongly in what is traditionally a quiet time of year.

Within our product portfolio there have been some outstanding highlights amidst a growing and more competitive premium segment. On the back of increasing consumer interest, LWB believes more competition is healthy and in the best interest of small brewers as the category becomes more established and of greater market significance.

Little Creatures Pale Ale has maintained solid growth in all states and continues to build pedigree as one of Australia's great beers. Bright Ale has been a star performer entering its second full year with double digit growth and an escalating draught base giving the Little Creatures brand added arsenal in the fight for on premise distribution. Rogers' Beer achieved double digit growth for the sixth year in a row and continues to be the quiet achiever of the portfolio.

Internationally, Little Creatures is now sold in the UK, Singapore, Denmark, New Zealand, and Hong Kong.

The Little Creatures brand is at the core of shareholder value so it is therefore exciting that in a busy year of building future growth platforms, our beer brands have continued to make solid gains in terms of sales value and market share.

- End -

For further information please contact:

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# Appendix 4E

## Preliminary Final Report

Little World Beverages Limited  
ABN 25 081 128 225

### 1. Reporting Periods

Financial year ended (‘current period’)	Financial year ended (‘previous corresponding period’)
30 June 2008	30 June 2007

### 2. Results for Announcement to the Market

Revenue from ordinary activities	up	30.1%	to	34,101,132
Profit from ordinary activities after tax attributable to members	up	14.4%	to	3,412,682
Net profit after tax attributable to members	up	14.4%	to	3,412,682
Operating cash flow	up	82.9%	to	6,071,980
EBITDA	up	34.9%	to	6,180,965

Dividends:	Amount per security	Franked amount per security
Interim dividend (record date 19 March 2008)	2.3 cents	2.3 cents
Final dividend <sup>1</sup> (record date 17 September 2008)	2.3 cents	2.3 cents
Total dividends per security for the year	4.6 cents	4.6 cents

<sup>1</sup>The final dividend in respect of ordinary shares for the year ended 30 June 2008 has not been recognised in the financial report because the dividend was declared subsequent to 30 June 2008. The final dividend for 2008 of 2.3 cents per share, fully franked at 30% will be paid on 29 September 2008.

### 3. Income Statement

	Notes	Consolidated		Parent Entity	
		30 June 2008 \$	30 June 2007 \$	30 June 2007 \$	30 June 2007 \$
<b>Revenues from continuing operations</b>	<b>1</b>	<b>34,101,132</b>	26,205,484	<b>2,606,440</b>	2,422,280
Changes in inventories of finished goods and work in progress		(615,208)	77,749	-	-
Raw material and consumables used		(5,467,028)	(4,999,817)	-	-
Depreciation & amortisation expenses	<b>3</b>	<b>(1,026,371)</b>	(735,649)	-	-
Employee expenses		<b>(9,144,362)</b>	(6,805,871)	-	-
Bad & doubtful debts		<b>(101,948)</b>	(6,359)	-	-
Excise tax		<b>(5,097,209)</b>	(3,984,441)	-	-
Occupancy costs	<b>3</b>	<b>(1,178,062)</b>	(1,017,818)	-	-
Selling & distribution costs		<b>(2,427,168)</b>	(1,941,605)	-	-
Consumables, repairs & replacements		<b>(848,509)</b>	(641,418)	-	-
Jarrahdale due diligence costs written off		-	(186,692)	-	-
Loss on sale of assets		<b>(178,055)</b>	(99,574)	-	-
Other expenses		<b>(2,842,209)</b>	(2,031,159)	<b>(96,562)</b>	(67,992)
<b>Results from operating activities</b>		<b>5,175,003</b>	3,832,830	<b>2,509,878</b>	2,354,288
Finance income		<b>87,486</b>	679,181	<b>21,529</b>	269,265
Finance expenses		<b>(20,409)</b>	-	-	-
<b>Net finance income</b>	<b>2</b>	<b>67,077</b>	679,181	<b>21,529</b>	269,265
<b>Profit before income tax expense</b>		<b>5,242,080</b>	4,512,011	<b>2,531,407</b>	2,623,553
Income tax expense	<b>4</b>	<b>(1,829,398)</b>	(1,527,860)	<b>(73,704)</b>	(71,565)
<b>Profit for the year</b>		<b>3,412,682</b>	2,984,151	<b>2,457,703</b>	2,551,988
<b>Profit attributable to members of Little World Beverages Limited and controlled entities</b>		<b>3,412,682</b>	2,984,151	<b>2,457,703</b>	2,551,988
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		<b>Cents</b>	<b>Cents</b>		
Basic earnings per share		<b>5.78</b>	5.05		
Diluted earnings per share		<b>5.01</b>	4.59		

#### 4. Balance Sheet

	Notes	Consolidated 30 June 2008 \$	30 June 2007 \$	Parent Entity 30 June 2008 \$	30 June 2007 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	1,454,364	4,195,021	-	3,371,416
Trade and other receivables	6	3,098,509	2,545,430	-	643
Inventories	7	1,560,450	945,240	-	-
Other	8	228,691	116,687	-	-
TOTAL CURRENT ASSETS		6,342,014	7,802,378	-	3,372,059
<b>NON-CURRENT ASSETS</b>					
Receivables			-	21,970,963	18,604,554
Other financial assets	9	500	500	1,208,349	483,964
Property, plant and equipment	10	34,401,629	18,833,631	-	-
Intangible assets	11	1,165,306	1,171,607	-	-
Deferred tax assets	12	393,374	398,792	136,992	210,696
TOTAL NON-CURRENT ASSETS		35,960,809	20,404,530	23,316,304	19,299,214
<b>TOTAL ASSETS</b>		42,302,823	28,206,908	23,316,304	22,671,273
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Payables	13	3,683,679	1,352,625	8,475	5,956
Provisions	14	174,346	154,132	-	-
Current tax liabilities	15	126,198	620,250	-	(881)
TOTAL CURRENT LIABILITIES		3,984,223	2,127,007	8,475	5,075
<b>NON-CURRENT LIABILITES</b>					
Payables		-	-	-	16
Loans and borrowings	16	10,500,000	-	-	-
Deferred tax liabilities	17	161,805	19,732	-	-
TOTAL NON-CURRENT LIABILITIES		10,579,474	19,732	-	-
<b>TOTAL LIABILITIES</b>		14,646,028	2,146,739	8,475	5,091
<b>NET ASSETS</b>		27,656,795	26,060,169	23,307,829	22,666,182
<b>EQUITY</b>					
Contributed equity	18	21,968,755	21,968,755	21,968,755	21,968,755
Share option reserve	19	1,208,331	483,947	1,208,331	483,947
Retained profits	19	4,479,709	3,607,467	130,743	213,480
<b>TOTAL EQUITY</b>		27,656,795	26,060,169	23,307,829	22,666,182

## 5. Changes in Equity

	Notes	Consolidated		Parent Entity	
		30 June 2008 \$	30 June 2007 \$	30 June 2008 \$	30 June 2007 \$
<b>Total equity at the beginning of the financial year</b>		<b>26,060,169</b>	25,206,812	<b>22,666,182</b>	22,244,988
Options reserve	19	<b>724,384</b>	291,486	<b>724,384</b>	291,486
<b>Net income recognised directly in equity</b>		<b>724,384</b>	291,486	<b>724,384</b>	291,486
<b>Profit for the year</b>		<b>3,412,682</b>	2,984,151	<b>2,457,703</b>	2,551,988
<b>Total recognised income and expense for the year</b>		<b>4,137,066</b>	3,275,637	<b>3,182,087</b>	2,843,474
Transactions with equity holders in their capacity as equity holders:					
Dividends paid		<b>(2,540,440)</b>	(2,422,280)	<b>(2,540,440)</b>	(2,422,280)
		<b>(2,540,440)</b>	(2,422,280)	<b>(2,540,440)</b>	(2,422,280)
<b>Total equity at the end of the year</b>		<b>27,656,795</b>	26,060,169	<b>23,307,829</b>	22,666,182
Total recognised income and expense for the year attributable to members of Little World Beverages Limited and controlled entities		<b>4,137,066</b>	3,275,637	<b>3,182,087</b>	2,843,474

## 6. Cash flows Statement

		Consolidated		Parent Entity	
	Notes	30 June 2008	30 June 2007 \$	30 June 2008	30 June 2007 \$
<b>Cash flows from operating activities:</b>					
Receipts from customers (inclusive of goods and services tax)		<b>37,315,282</b>	28,041,990	<b>54,549</b>	-
Payments to suppliers and employees (inclusive of goods and services tax)		<b>(28,795,270)</b>	(23,220,781)	<b>(111,323)</b>	(76,354)
Interest received	2	<b>87,486</b>	944,940	<b>21,529</b>	548,584
Dividends received		-	-	<b>2,540,440</b>	-
Income taxes paid		<b>(2,170,912)</b>	(1,523,506)	<b>881</b>	13,426
Net GST paid to the ATO		<b>(364,606)</b>	(923,475)	<b>9,886</b>	8,886
<b>Net cash provided by operating activities</b>		<b>6,071,980</b>	3,319,168	<b>2,515,962</b>	494,542
<b>Cash flows from investing activities:</b>					
Purchase of property, plant and equipment	10	<b>(16,817,196)</b>	(11,044,977)	-	-
Purchase of intangibles	11	-	(1,171,607)	-	-
Sale of property, plant and equipment		<b>44,999</b>	8,735	-	-
Proceeds from loans with related parties		-	-	<b>2,820,017</b>	18,637,343
Repayment of loans with related parties		-	-	<b>(6,168,842)</b>	(13,461,997)
Dividends paid		<b>(2,540,440)</b>	(2,422,280)	<b>(2,540,000)</b>	(2,422,280)
<b>Net cash used in investing activities</b>		<b>(19,312,637)</b>	(14,630,129)	<b>(5,889,265)</b>	2,753,066
<b>Cash flows from financing activities:</b>					
Proceeds from other borrowings	16	<b>10,500,000</b>	-	-	-
<b>Net cash provided by financing activities</b>		<b>10,500,000</b>	-	-	-
Net increase/(decrease) in cash held		<b>(2,740,657)</b>	(11,310,961)	<b>(3,373,303)</b>	3,247,608
Cash and cash equivalents at the beginning of the year		<b>4,195,021</b>	15,505,982	<b>3,371,417</b>	123,809
<b>Cash and cash equivalents at the end of the year</b>		<b>1,454,364</b>	4,195,021	<b>(1,886)</b>	3,371,417

## Notes:

	Consolidated		Parent Entity	
	30 June 2008 \$	30 June 2007 \$	30 June 2008 \$	30 June 2007 \$
<b>1. REVENUE</b>				
<b>From continuing operations</b>				
Sale of goods	33,493,158	26,049,821	-	-
Dividend income	-	-	2,540,440	2,422,280
Rental revenue from property subleases	378,128	139,101	-	-
Other income	229,846	16,562	66,000	-
<b>Total revenue from continuing operations</b>	<b>34,101,132</b>	<b>26,205,484</b>	<b>2,606,440</b>	<b>2,422,280</b>
<b>2. FINANCE INCOME AND EXPENSES</b>				
Foreign exchange gains	-	13,561	-	-
Interest – other parties	87,486	665,620	21,529	269,265
Foreign exchange losses	(20,409)	-	-	-
	<b>67,077</b>	<b>679,181</b>	<b>21,529</b>	<b>269,265</b>
<b>3. EXPENSES</b>				
<b>Profit before income tax includes the following specific expenses:</b>				
Cost of goods sold	11,179,445	8,906,509	-	-
Depreciation and amortisation of non-current assets:				
plant and equipment	979,213	708,455	-	-
amortisation of leasehold improvements	47,158	27,194	-	-
<b>Total depreciation and amortisation cost</b>	<b>1,026,371</b>	<b>735,649</b>	<b>-</b>	<b>-</b>
Rental and outgoings on operating sublease over land & buildings and other property	999,763	660,582	-	-
Defined superannuation contribution expense	575,036	489,751	-	-



#### 4. INCOME TAX EXPENSE

##### Income tax expense:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current tax	1,704,282	1,584,226	-	-
Deferred tax	65,160	(52,669)	73,704	73,705
Under (over) provided in prior years	(16,957)	(3,697)	-	(2,140)
	<b>1,829,398</b>	<b>1,527,860</b>	<b>73,704</b>	<b>71,565</b>

Deferred income tax expense included in income tax expense comprises:

Decrease in deferred tax assets	5,418	11,395	73,704	73,705
(Decrease) increase in deferred tax liabilities	59,742	(64,064)	-	-
	<b>65,160</b>	<b>(52,669)</b>	<b>73,704</b>	<b>73,705</b>

##### Numerical reconciliation of income tax expense to prima facie tax payable

Profit before income tax expense	5,242,080	4,512,011	2,531,407	2,623,553
Tax at 30%	1,572,624	1,353,603	759,422	787,066
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share-based payments	236,734	87,446	-	-
Tax offset for franked dividends	-	-	(759,422)	(789,206)
Sundry	20,040	86,811	73,704	73,705
	<b>1,829,398</b>	<b>1,527,860</b>	<b>73,704</b>	<b>71,565</b>

##### Amounts recognised directly in equity

Deferred tax arising in the reporting period not recognised in profit or loss but directly credited to equity

Deferred tax credited directly to equity	<b>(73,704)</b>	<b>(73,705)</b>	<b>(73,704)</b>	<b>(73,705)</b>
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##### Tax consolidation legislation:

Little World Beverages Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

#### 5. CURRENT ASSETS - CASH

	Consolidated		Parent Entity	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	\$	\$	\$	\$
Cash at bank and in hand	1,454,364	4,195,021	-	3,371,416
	<b>1,454,364</b>	<b>4,195,021</b>	<b>-</b>	<b>3,371,416</b>

##### a) Cash at bank and on hand

The cash at bank and on hand bear interest rates of between 0% and 7.2%.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>6. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	2,976,447	2,108,675	-	-
Provision for doubtful receivables	(109,141)	(32,922)	-	-
Sundry debtors and deposits	231,203	469,677	-	643
	<b>3,098,509</b>	<b>2,545,430</b>	<b>-</b>	<b>643</b>

**7. CURRENT ASSETS – INVENTORIES**

At cost				
Raw materials and stores	696,944	497,943	-	-
Work in progress	76,065	47,739	-	-
Finished goods	787,441	399,558	-	-
	<b>1,560,450</b>	<b>945,240</b>	<b>-</b>	<b>-</b>

Inventories recognised as expense during the year ended 30 June 2007 amounted to \$8,906,509 (2006: \$6,469,853).

**8. CURRENT ASSETS – OTHER ASSETS**

Prepayments	228,691	116,687	-	-
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**9. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS**

Investment in subsidiaries	-	-	1,208,349	483,964
Unlisted shares – Investment in ILG	500	500	-	-
	<b>500</b>	<b>500</b>	<b>1,208,349</b>	<b>483,964</b>

**10. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT**

Consolidated	Land & Buildings \$	Leasehold Improvements \$	Plant & Equipment \$	Total \$
<i>At 1 July 2006:</i>				
Cost	211,344	728,494	8,920,260	9,860,098
Accumulated depreciation	-	(104,590)	(978,658)	(1,083,248)
Net book amount	211,344	623,904	7,941,602	8,776,850
<i>Year ended 30 June 2007:</i>				
Opening net book amount	211,344	623,904	7,941,602	8,776,850
Additions	6,404,832	1,342,646	3,297,499	11,044,977
Disposals / adjustments	(211,344)	(26,931)	(14,272)	(252,547)
Depreciation charge	-	(27,194)	(708,455)	(735,649)
Closing net book amount	6,404,832	1,912,424	10,516,374	18,833,631

# 10. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT (continued)

Consolidated	Land & Buildings \$	Leasehold Improvements \$	Plant & Equipment \$	Total \$
<i>At 30 June 2007:</i>				
Cost	6,404,832	2,030,968	12,163,419	20,599,219
Accumulated depreciation	-	(118,544)	(1,647,045)	(1,765,588)
Net book amount	6,404,832	1,912,424	10,516,374	18,833,631
<i>Year ended 30 June 2008:</i>				
Opening net book amount	6,404,832	1,912,424	10,516,374	18,833,631
Additions	1,115,158	6,518,131	9,183,907	16,817,196
Disposals / adjustments	(2,566)	(620,217)	399,957	(222,826)
Depreciation charge	-	(30,524)	(995,847)	(1,026,371)
Closing net book amount	7,517,424	7,779,814	19,104,391	34,401,629
<i>At 30 June 2008:</i>				
Cost	7,517,424	7,952,944	21,668,793	37,139,161
Accumulated depreciation	-	(173,130)	(2,564,402)	(2,737,532)
Net book amount	7,517,424	7,779,814	19,104,391	34,401,629

Included in the above addition totals for the year ended 30 June 2008 is an amount of \$429,083 relating to capitalised borrowing and interest costs, which have been added to the cost base of the assets to which they relate.

# 11. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Goodwill purchased	1,065,306	1,056,126	-	-
Licences purchased	100,000	100,000	-	-
Design work capitalised	-	15,481	-	-
At 30 June	1,165,306	1,171,607	-	-

# 12. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

*The balance comprises temporary differences attributable to:*

Doubtful debts	23,763	631	-	-
Employee superannuation benefits	6,407	487	-	-
Employee leave accruals	6,064	16,579	-	-
Trademarks & brand development	(6,082)	(23,394)	-	-
Borrowing costs	38,192	-	-	-
Property, plant and equipment	(103,036)	86,525	-	-
Accrued consulting fees	56,769	-	-	-
Sundry accruals	46,209	(18,518)	-	-
	68,286	62,310	-	-
<i>Amounts recognised directly in equity:</i>				
Share issue expenses	(73,704)	(73,705)	(73,704)	(73,705)

**12. NON-CURRENT ASSETS – DEFERRED TAX ASSETS (continued)**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Movements:</i>				
Opening balance at 1 July	398,792	410,187	210,696	284,401
Credited/(charged) to the income statement	68,286	62,310	-	-
Credited to equity	(73,704)	(73,705)	(73,704)	(73,705)
Closing balance at 30 June	393,374	398,792	136,992	210,696

**13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

Trade creditors	3,036,513	627,757	455	5,956
Sundry creditors & accruals	441,269	685,054	8,020	-
Amounts payable to director & key management personnel related entities	205,259	39,814	-	-
Amount payable to shareholder related entity	638	-	-	-
	3,683,679	1,352,625	8,475	5,956

**14. CURRENT LIABILITIES – PROVISIONS**

Provision for annual leave	141,859	125,966	-	-
Provision for long service leave	32,487	28,166	-	-
	174,346	154,132	-	-

**15. CURRENT LIABILITIES – CURRENT TAX LIABILITIES**

Income tax	126,198	620,250	-	(881)
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**16. NON-CURRENT LIABILITIES – LOANS AND BORROWINGS**

Commercial bills	10,500,000	-	-	-
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**17. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES**

*The balance comprises temporary differences attributable to:*

Prepayments and accrued income	(2,993)	(80,293)	-	-
Achievement Rights Plan	24,815	15,723	-	-
Property, plant and equipment	117,238	-	-	-
Sundry	(3,013)	506	-	-
	142,073	(64,064)	-	-

*Movements:*

Opening balance at 1 July	19,732	83,796	-	-
Credited/(charged) to the income statement	142,073	(64,064)	-	-
Closing balance at 30 June	161,805	19,732	-	-

**18. CONTRIBUTED EQUITY***Ordinary share capital*

Ordinary shares – fully paid

30 June  
2008  
# Shares30 June  
2008  
\$

59,080,000	21,968,755
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There were no movements in equity in the comparative period.

*Movements in ordinary share capital*

Date	Details	# shares	Issue price	\$
1 July 2007	Opening balance	59,080,000		21,968,755
30 June 2008	Balance	59,080,000		21,968,755

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.

**19. RESERVES AND RETAINED PROFITS**

	Consolidated		Parent Entity	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007
<i>a) Reserves</i>				
Share-based payments reserve	1,208,331	483,947	1,208,331	483,947
<i>Movements:</i>				
Balance 1 July	483,947	192,461	483,947	192,461
Option expense	724,384	291,486	724,384	291,486
Transfer to share capital (options exercised)	-	-	-	-
Balance 30 June	1,208,331	483,947	1,208,331	483,947

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

*b) Retained Profits*

Movements in retained profits were as follows:

Balance 1 July	3,607,467	3,045,596	213,480	83,772
Net profit for the year	3,412,682	2,984,151	2,457,703	2,551,988
Dividends	(2,540,440)	(2,422,280)	(2,540,440)	(2,422,280)
Balance 30 June	4,479,709	3,607,467	130,743	213,480

20. **RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
Profit after income tax	<b>3,412,682</b>	2,984,151	<b>2,457,703</b>	2,551,988
<b>Non-Cash Items</b>				
Depreciation and Amortisation	<b>1,026,371</b>	735,649	-	-
Loss on sale of non current assets	<b>178,055</b>	99,574	-	-
Foreign exchange losses/(gains)	<b>20,409</b>	(13,561)	-	-
Options, achievement rights & employee shares granted	<b>724,384</b>	392,175	<b>724,384</b>	291,486
Other non-cash items	<b>(14,336)</b>	57,110	<b>(1,259)</b>	(2,422,280)
<b>Changes in assets and liabilities</b>				
Increase in trade and other receivables	<b>(342,724)</b>	(718,016)	<b>(17,585)</b>	(57)
Increase in inventories	<b>(615,208)</b>	(77,749)	-	-
Increase in other assets	<b>(112,004)</b>	(50,072)	-	-
(Decrease)/increase in trade and other payables	<b>2,120,698</b>	(145,091)	<b>(724,384)</b>	581
Increase in provisions	<b>20,214</b>	55,261	-	-
Decrease in deferred tax assets	<b>5,418</b>	11,395	<b>73,704</b>	73,705
(Decrease)/increase in current tax liabilities	<b>(494,052)</b>	52,406	<b>881</b>	(881)
Increase/(decrease) in provision for deferred income tax liabilities	<b>142,073</b>	(64,064)	-	-
<b>Net cash inflow from operations</b>	<b>6,071,980</b>	3,319,168	<b>2,515,962</b>	494,542

## **7. Dividends**

		Date dividend payable	Amount per security (cents)	Amount per security of foreign sourced dividends (cents)
Final dividend	Current year	29 September 2008	2.3	nil
	Previous year	28 September 2007	2.0	nil
Interim dividend	Current year	21 March 2008	2.3	nil
	Previous year	19 March 2007	2.3	nil
			Current period Cents per share	Previous period Cents per share
Total dividends per share			Total \$	Total \$
<i>Recognised amounts:</i>				
Final dividend – fully franked at 30%			-	-
Interim dividend – fully franked at 30%			2.3	1,358,840
<i>Unrecognised amounts:</i>				
Final dividend – fully franked at 30% <sup>1</sup>			2.3	1,181,600
Total			4.6	2,718,097
				3.9
				2,540,440

<sup>1</sup>The final dividend in respect of ordinary shares for the year ended 30 June 2008 has not been recognised in the financial report because the dividend was declared subsequent to 30 June 2008. The final dividend for 2008 of 2.3 cents per share, fully franked at 30% will be paid on 29 September 2008.

## **8. Dividend reinvestment plans**

The company does not have a Dividend Re-investment Plan.

## **9. Statement of retained earnings**

	Current period	Previous corresponding period
Balance 1 July	3,607,467	3,045,596
Net profit for the year	3,412,682	2,984,151
Dividends paid	(2,540,440)	(2,422,280)
Balance 30 June	4,479,709	3,607,467

## **10. Net tangible assets backing**

	Current period \$	Previous corresponding period \$
Net tangible assets per ordinary share	0.45	0.42

## **11. Controlled entities**

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2008 %	2007 %
Little Creatures Brewing Pty Ltd	Australia	Ordinary	100	100
Little Green Steps Pty Ltd	Australia	Ordinary	100	100
Fremantle Harbour Properties Pty Ltd	Australia	Ordinary	100	100

## **12. Associates and joint ventures**

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

## **13. Other significant information**

See commentary below

## **14. Foreign entities**

N/A

## **15. Commentary on the results for the year ended 30 June 2008**

### **Review of Operations**

The Group's activity this year has delivered strong results from the established portfolio and brought new projects to life that provide additional revenue streams and an exciting platform for future earnings growth.

Principally, the newly expanded Fremantle brewing facility has recently become operational with quality and efficiency measures on track adding capacity to pursue sales with full confidence to meet demand.

The new brewery contains leading-edge technology, providing exemplary control over the brewing process, product quality, and the potential for improved cost and waste management.

As part of the brewery capacity upgrade, the fermentation area has been expanded on the southern side of the Fremantle site enabling greater finished beer storage, required foremost at peak selling times.

The cellar door team has been continually improving and developing operations over the last year, renovating and expanding the trading area of the "Great Hall" area, and opening the new "Creatures Loft" bars located within the old Harbourside complex.

As a result, there has been a revenue lift from cellar door activities with additional scope in the coming year to further increase cellar door sales.

On the east coast of Australia, the Group has invested considerably to strengthen its sales and distribution capability for the beer and cider business, which with a growing customer base can provide a powerful route to market for new products.

The commitment to taking the beer and cider portfolio to market under a Group owned sales and distribution structure has resulted in a "step change" with the significant expansion of the National Sales Team, increased logistics and systems backup, and a creative communications team formed to specifically nurture and protect the important relationship the brands have with the consumer.



The Little Creatures Dining Hall in Fitzroy Melbourne opened in July this year (2008), providing the brewery with the opportunity to showcase the Group's beer and cider products under one roof with the "creatures team" piloting the consumer experience.

The Dining Hall has enjoyed a strong trading start with positive visitor feedback, however the impact of any forecast contribution will fall into the coming year's accounts, with the holding and startup costs primarily absorbed in the year to June 2008.

The Dining Hall opening launched our community bicycle initiative which will also be introduced at the Fremantle cellar door.

The unique Kronan bikes form a fleet for staff to get to and from work, run errands, and available for customers to use in the local neighbourhood.

Work has commenced on building a brewery in the Yarra Valley town of Healesville... just over an hour from the centre of Melbourne.

The original Fremantle brew house will be relocated to Healesville. It is expected the first brew will be ready for sale early in the new calendar year.

Within our product portfolio there have been some outstanding highlights amidst a growing and more competitive premium segment.

On the back of increasing consumer interest, the Group believes more competition is healthy and in the best interests of small brewers as the category becomes more established and of greater market significance.

Little Creatures Pale Ale has maintained solid growth in all states and continues to build pedigree as one of Australia's great beers. The Herald Sun in Victoria recently ranked the pale ale as Australia's best.

Bright Ale has been a star performer entering its second full year with double digit growth and an escalating draught base giving the Group added arsenal in the fight for on premise distribution.

Rogers' Beer achieved double digit growth for the sixth year in a row and continues to be the quiet achiever of the portfolio.

Pipsqueak Cider's first year performance verified the Group's belief that the premium cider category in Australia would emulate growth in international markets and increasingly find its way into the repertoire of beer drinkers.

Pipsqueak is well placed as a first mover and will benefit from having the Group's own sales team increasing distribution through well aligned routes to market.

Internationally, Little Creatures is sold in the UK, Singapore, Denmark, New Zealand and Hong Kong. There is increasing interest from the trade in existing and new markets which the Group will assess on the basis of available resources, economic return, brand value and risk.

The Directors are very pleased with the financial performance and the timely completion of several major projects this past year. Congratulations go to the talented management team who have all worked diligently to achieve what is a very positive result.

With much of the major project work completed or well underway, the Group has committed to escalating communication with shareholders, and to provide more occasions where interaction is possible with the Little Creatures people and products.

The Directors are excited by the opportunity to capitalise on the momentum of the brands, and the greater operational capacity with which to build shareholder value.

### **15. Compliance statement**

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

☒

The accounts have been audited.

☐

The accounts have been subject to review.

☐

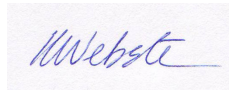
The accounts are in the process of being audited or subject to review.

☐

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

5. The auditors' audit report is attached to the financial statements.
6. The entity has a formally constituted Audit and Finance Committee.

Signed:



Company Secretary

Date: 22 August 2008

Name:

Kylie Webster