



29 January 2009

December 2008 Quarterly Update

The Directors of Empire Beer Group Ltd ("Empire" or "the Company") are pleased to announce the quarterly results for the quarter ended 31 December 2008.

Sale of leasehold operations

On 24 November 2008, under the terms of the Sale Agreement, Empire handed the control and operations of the Royal on the Waterfront and the Colonial Brewing Co in Margaret River to the new purchaser, Colonial Leisure Group Pty Ltd

The final settlement under the sale agreement was completed on 8 December 2008. The combined consideration for the sale of the leasehold businesses was \$4,450,000 plus stock at cost.

Empire Corporate

In December 2008, proceeds from the sale of leasehold operations were immediately utilised to repay the bank facility of \$906,000 and to redeem \$575,000 of convertible notes.

The Company is now debt free and holds cash reserves of \$3.02 million as at 31 December 2008.

In December 2008 under the terms of the Convertible Note, Empire issued 10,000 unlisted options (10 cents, 30 June 2011) for each Convertible note redeemed, which resulted in the issue of 5,750,000 unlisted options (10 cents, 30 June 2011).

On 30 November 2008, 15,768,606 listed options (35 cents, 30 November 2008) expired.

Rights Issue

As announced on 14 January 2009, the Company is proposing to raise approximately \$1.9 million through a non-renounceable rights issue at a price of 4.5 cents per share.

Following the completion of the Rights Issue, it is proposed that the Board of the Company will undergo a restructure with the resignation of Non-executive chairman,



Mr Mel Ashton and Non-executive director Ms Kate Lamont and the appointment of three new directors to the Board in Mr Chris Morris, Mr Greg Bandy and Mr Tony King.

Company Strategy

The proposed board restructure reflects the change in direction of the Company's operations following the divestment of its two leasehold businesses the Royal in East Perth and Colonial Brewing Co in Margaret River.

On completion of the Rights Issue, and with the restructure of the board the Company will be well positioned to pursue strategic business opportunities in a number of diversified fields with the aim of maximising shareholder wealth.

For further information contact:

Mel Ashton – Chairman
Empire Beer Group Ltd
Tel 0419 494 154

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Empire Beer Group Ltd

ABN

45 119 327 169

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	1,477	3,224
1.2 Payments for		
(a) staff costs	(705)	(1,427)
(b) advertising and marketing	(25)	(39)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,180)	(2,338)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	21
1.5 Interest and other costs of finance paid	(43)	(70)
1.6 Income taxes paid	-	-
1.7 Other income (r&d tax refund and other)	48	231
Net operating cash flows	(413)	(398)

+ See chapter 19 for defined terms.

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Quarterly report for entities
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	Current quarter \$A'000	Year to date \$A'000
1.8 Net operating cash flows (carried forward)	(413)	(398)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(7)	(9)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	4,617	4,617
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	(15)	(15)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	4,595	4,593
1.14 Total operating and investing cash flows	4,182	4,195
Cash flows related to financing activities		
1.15 Proceeds from issues of convertible note.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(905)	(905)
1.19 Dividends paid	-	-
1.20 Other-Repayment of convertible note	(575)	(575)
Net financing cash flows	(1,480)	(1,480)
Net increase (decrease) in cash held	2,702	2,715
1.21 Cash at beginning of quarter/year to date	319	306
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,021	3,021

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(112)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

<ul style="list-style-type: none"> - There were no Director payments made during the quarter. - A payment to a Director related entity for \$35,097 for provision of Company secretarial and Corporate Advisory services for the quarter. - A payment to a Director related entity for \$77,000 for provision of Legal and corporate services relating to the sale and settlement of the operating assets during the quarter.
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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	209	239
4.2 Deposits at call	2,812	53
4.3 Bank overdraft	-	-
4.4 Other (Till and Safe floats)	-	27
Total: cash at end of quarter (item 1.23)	3,021	319

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	Royal on the Waterfront (Leasehold) Colonial Brewing Co (Leasehold)
5.2 Place of incorporation or registration	-	Western Australia
5.3 Consideration for acquisition or disposal	-	\$4,616,514**
5.4 Total net assets	-	\$1,981,164 ***
5.5 Nature of business	-	Food and Beverage

** Represents the gross consideration.

***Value represents property, plant and equipment transferred on sale of operating venues.

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.
Sign here:



Sign here:
Print name: Phil Warren – Company Secretary
Date: 29 January 2009

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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