



Little World Beverages LIMITED

Press Release 22.08.08

Little World Beverages posts strong result and lays platform for growth.

The activity of Little World Beverages (LWB) this past financial year has delivered a **strong financial result** from the established business, 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.

On the east coast of Australia, LWB 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 Company owned sales and distribution structure has resulted in a “step change” with the significant expansion of the National Sales Team and increased logistics and systems back up.

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 existing cellar door operations in Fremantle have been **upgraded and expanded** in area, inclusive of the new “Creatures Loft” which has been trading well since December.

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 the site and the first brew of what will be a new national brand 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, 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.

Pipsqueak Cider’s first year performance verified the 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 Company’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 export markets** for the Little Creatures products which could provide LWB with broader opportunity.

The Directors are very pleased with the financial performance and the timely completion of several major projects this past year which will facilitate **future growth plans**.

FINANCIAL RESULTS

Total revenue for the year grew 30.1% to \$34.1 million (2007: \$26.2 million), while earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year of \$6.2 million (2007: \$4.6million) was 34.9% above the previous year.

The Group achieved a net profit after tax of \$3.41 million (2007: \$2.98 million), representing an increase of 14.4% on the previous year. Operating cash flow increased 82.9% on the prior year to \$6.1million (2007: \$3.3 million).

Earnings per share for the year ended 30 June 2008 was 5.78 cents (2007: 5.05 cents), and diluted earnings per share was 5.01 cents (2007: 4.59 cents).

The directors have declared a final dividend of 2.3 cents per share fully franked bring the total dividends for the year to 4.6 cents per share (2007: 4.3 cents per share).

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