URSTADT BIDDLE PROPERTIES INC
Form 8-K
December 18, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 15, 2017

URSTADT BIDDLE PROPERTIES INC.
(Exact Name of Registrant as Specified in Charter)

STATE OF MARYLAND (State or Other Jurisdiction of Incorporation)	1-12803 (Commission File Number)	04-2458042 (I.R.S. Employer Identification No.)

321 Railroad Avenue, Greenwich, CT (Address of Principal Executive Offices)	06830 (Zip Code)

(203) 863-8200
(Registrant's telephone number, including area code)
N/A
(Former Name or Former address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:
Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12)
Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging Growth Company
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On December 15, 2017, Urstadt Biddle Properties Inc. (the "Company") issued a press release, which sets forth the results of operations and financial condition of the Company for the quarter ended October 31, 2017. A copy of the Company's press release is attached hereto as Exhibit 99.1. Such information shall not be deemed "filed" for any purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable

(b) Not applicable

(c) Not applicable.

(d) The following exhibit is furnished as part of this report:

Press release dated December 15, 2017 is filed as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 18, 2017 URSTADT BIDDLE PROPERTIES INC.
(Registrant)

/s/ John T. Hayes
John T. Hayes
Senior Vice President & Chief Financial Officer

t>$10,109

Payroll Taxes

Bureau of Alcohol, Tobacco and Firearms

$43,550

$35,324

Excise Tax

CA Board of Equalization

$ 7,501

$ 4,812

Excise & Sales Tax

CA Department of Conservation

$26,919

$23,785

CRV Tax

Butte County & CA Franchise Tax Board

$23,959

$21,470

Property & Franchise Taxes

Most of these delinquent payables have been assumed by the Company in connection with our acquisition of Butte Creek as the continuation of regulatory compliance is material to the Company's ability to continue as a going concern. Continued operations could be severely impaired should the TTB or any other governmental agency seek to collect any of the delinquent payables before we are able to pay them.

At June 30, 2006 the Company had outstanding rent obligations assumed from Butte Creek on our operating facility of $17,950.   The Landlord has made demand for payment of this amount no later than November 1, 2006.

6. Deferred Offering Costs:

As of June 30, 2006, the Company had incurred $232,089 related to the then pending public offering of its securities. The Company has carried $150,000 of the costs as deferred offering costs and has expensed $11,295 in its fiscal 2005 and $70,794 in the six months ended June 30, 2006. The deferred offering costs will be charged against the proceeds. All legal and accounting costs incurred in excess of $150,000 will be charged as an expense.

The Company's SB-2 registration statement and a post-effective amendment were declared effective by the Securities and Exchange Commission on February 14, 2006 and June 30, 2006, respectively. The offering consisted of a minimum of 400,000 shares at $0.50 per share and a maximum of 1,000,000 shares at $0.50 per share. The Company completed this offering on August 3, 2006 having sold 408,000 shares for gross proceeds of $204,000.

7. Common Stock:

At inception, the Company issued 400,000 shares of its common stock at $0.15 per share for assets valued at $60,000. During the period ended December 31, 2003, the Company issued 300,000 shares of its common stock at $0.25 per share for cash of $75,000.

During the period ended December 31, 2004, the Company issued 800,000 shares of its common stock at $0.25 per share for cash of $200,000.

In January, 2005, the Company issued 90,000 shares of its common stock at $0.25 per share for conversion of advances payable of $22,500, and 30,000 shares of common stock in conversion of outstanding indebtedness in the amount of $7,500.

In connection with the acquisition of Butte Creek on August 31, 2005, the Company issued 200,000 shares of common stock to Butte Creek.

Effective December 30, 2005, John Power converted $10,000 in accrued advances payable into 40,000 shares of common stock, at a conversion price of $.25 per share.

Effective December 30, 2005, our attorney Clifford Neuman converted $25,000 in accrued legal fees payable into 100,000 shares of common stock at a conversion price of $.25 per share.. Mr. Neuman immediately gifted the shares to his two adult children equally.

On December 30, 2005, an uncollateralized outstanding advance to the Company by an unaffiliated party at that time in the amount of $10,000 was converted into 40,000 shares of common stock. In February 2006, the Company was notified by the SEC that this conversion of $10,000 into 40,000 shares of common stock to an unaffiliated third party might have been a violation of Section 5 of the Securities Act of 1933 (the "33 Act"). While Management disagrees with this view, if it is determined that this transaction constituted a primary offering by or on behalf of the Company in violation of Section 5 of the 33 Act, then the Company may be subject to remedial sanctions. Such sanctions may include the payment of disgorgement, prejudgment interest and civil or criminal penalties. Management of the Company is not aware of any pending claims for sanctions against it based on Section 5 of the 33 Act, and intends to vigorously defend against any such claims if they arise. However, due to the notification by the SEC, the Company has classified the advance, amounting to $10,000 as of June 30, 2006, as a liability under amounts subject to rescission in the accompanying June 30, 2006 balance sheet. The 40,000 shares issued

are included in our total number of shares outstanding as of June 30, 2006. A contingency exists with respect this matter, the ultimate resolution of which cannot be determined at this time.

8. Income Taxes

The Company has an estimated net operating loss carry forward of approximately $63,000 and $191,000 at December 31, 2004 and December 31, 2005, respectively, to offset future taxable income. The net operating loss carry forward, if not used, will expire in various years through 2025, and may be restricted if there is a change in ownership. No deferred income taxes have been recorded because of the uncertainty of future taxable income to be offset.

Significant components of the Company's net deferred income tax asset are as follows:

	June 30, 2006	December 31,2005	December 31, 2004
Net operating losses carry forward	$ 264,726	$ 191,000	$ 63,000
Deferred income tax allowance	(48,974)	(35,335)	(11,700)
Net deferred income tax asset	$ -	$ -	$ -

The reconciliation of income tax (benefit) computed at the federal statutory rate to income tax expense (benefit) for all periods presented is as follows:

Tax (benefit) at Federal statutory rate	(15.00)%
State tax (benefit) net of Federal benefit	(3.50)
Valuation allowance	18.50
Tax provision (benefit)	-

9. Acquisition

On August 31, 2005, the Company acquired all the assets and certain liabilities of Butte Creek Brewing Company, LLC (Butte Creek). The results of Butte Creek's operations have been included in the consolidated financial statements since that date. Butte Creek was a manufacturer of craft beers, specializing in organic beers. The Company made the acquisition to become an organic craft brewer and expects to continue to produce organic craft beers and to market them strategically in niche markets to capitalize on dedication to the use of organic ingredients.

This business combination was accounted for as a purchase of Butte Creek by the Company under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations. Under the purchase method of accounting, the total purchase price, including transaction costs, is allocated to the net tangible and intangible assets acquired by the Company in connection with the transaction, based on their fair values as of the completion of the transaction. The aggregate purchase price was $983,084, including $567,400 cash, $365,684 assumed liabilities, and common stock valued at $50,000. The $567,400 cash consisted of advances to Butte Creek of $215,035 and $134,965 during the years ended December 31, 2004 and 2003, respectively, and advances of $217,400 during the eight months ended August 31, 2005. These advances were prepayments on the purchase of assets and were uncollateralized. The value of the 200,000 common shares issued was determined based on the offering price of the Company's common shares in its prospectus, which management believes to be the fair value.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition.

	At August 31, 2005
Current assets	$197,612
Property, plant and equipment	287,969
Intangible assets	25,000
Goodwill	472,503
Total assets acquired	983,084
Current liabilities	365,684
Total liabilities assumed	365,684
Net assets acquired	$617,400

The $25,000 of acquired intangible assets relate to tradenames and trademarks that have an expected remaining useful life of approximately five years.

10. Equity Incentive Plan:

On December 10, 2004, we adopted our 2004 Equity Incentive Plan for our officers, directors and other employees, plus outside consultants and advisors. Under the Equity Incentive Plan, our employees, outside consultants and advisors may receive awards of non-qualified options and incentive options, stock appreciation rights or shares of stock. A maximum of 500,000 shares of our common stock are subject to the Equity Incentive Plan. No stock appreciation rights, options or bonus stock have been granted under the Equity Incentive Plan.

The Equity Incentive Plan may be administered by the Board or in the Board's sole discretion by the Compensation Committee of the Board or such other committee as may be specified by the Board to perform the functions and duties of the Committee under the Equity Incentive Plan. Subject to the provisions of the Equity Incentive Plan, the Committee and the Board shall determine, from those eligible to be participants in the Equity Incentive Plan, the persons to be granted stock options, stock appreciation rights and restricted stock, the amount of stock or rights to be optioned or granted to each such person, and the terms and conditions of any stock option, stock appreciation rights and restricted stock.

11. Subsequent Events:

A. The Company's SB-2 registration statement and a post-effective amendment were declared effective by the Securities and Exchange Commission on February 14, 2006 and June 30, 2006, respectively. The offering consisted of a minimum of 400,000 shares at $0.50 per share and a maximum of 1,000,000 shares at $0.50 per share. The Company completed this offering on August 3, 2006 having sold 408,000 shares for gross proceeds of $204,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Plan of Operations

Golden West Brewing Company, Inc. (the "Company" or "Golden West") was formed in December 2003 to acquire substantially all of the business assets of Butte Creek Brewing Company, LLC ("Butte Creek" or "Butte"). We are currently a holding company for our wholly-owned subsidiary Golden West Brewing Company, a California corporation, which acquired the assets and certain liabilities of Butte Creek on August 31, 2005. Butte Creek has been operating as a craft brewery in Chico, California since 1996. It specializes in brewing certified organic craft beers. In 2005, we doubled our production capacity from 4,000 barrels per year to approximately 8,000 barrels per year with the acquisition of two 80 barrel fermentation tanks and one 80 barrel conditioning or "brite" tank. We still face operational challenges as our sales and production levels increase. The following are the key issues and challenges facing the Company:

* Sales. We believe that our minimum level of sales for our operating subsidiary, Butte Creek, to break-even is $120,000 per month. Butte Creek has never achieved this level of sales during a month in its history. It is critical for us to improve our sales so that we can achieve at least a break-even operating level. There is no assurance that we will be able to achieve this level of sales, or if we achieve it, that we will be able to maintain it. Our sales enhancement plan is to (a) introduce new products (b) add new sales territories and (c) increase our penetration in existing territories.

* Increase Gross Profit Margin. In addition, our gross profit margin must be increased to at least 30% of sales. Our plan is to take advantage of our increased production capacity and increase our production which we believe will lower our average cost per barrel of beer produced. Also, we are trying to improve our product mix with higher margin products. Finally, we raised our prices in early 2006 and believe they will need to be raised again in January 2007. There is no assurance that we will be successful in implementing our plan to increase our gross profit margin. Many of these strategies have contributed to an improvement in our gross profit margin but have been outweighed by negative contributing factors including raising raw material costs, contract brewing increasing as a percentage of total sales, inventory adjustments and shortages and packaging inefficiencies caused by an equipment problem. As a result, we have reduced our short-term target gross profit margin to 30% from 35% and have raised our target break-even monthly sales

level to $120,000 from $100,000.

* Control Selling, General & Administrative Expenses. In addition to raising sales, we must control our expenditures to achieve a break-even operating level. We have taken steps to reduce our monthly operating expenses by reducing our employee head-count. These savings have been off-set by wage increases for other remaining employees.

* Working Capital Shortage. Our history of working capital deficiencies make it difficult to build finished inventory. We owe delinquent taxes to several Federal and State agencies. In addition, we have increased our production capacity and launched new products that will require increased levels of inventory.

* Lack of Marketing Materials. We have very limited marketing budgets and are not competitive with other breweries of our size in the amount and quality of marketing materials needed to support our distribution network.

* Continued Operating Losses. Our history of operating losses makes it difficult to raise capital for our working capital needs.

* Lack of Inventory Controls. We need to improve our control and management of our finished inventory to reduce the amount of shrinkage we have experienced due, we believe, to unsupervised employees. We do not believe our lack of inventory control has materially impacted our business. We conduct physical inventories on a monthly basis and upgraded our accounting software to improve our inventory control. If these measures do not provide improved inventory controls, we would expect our margins to erode and our sales to decline.

Both Golden West and Butte Creek which we acquired on August 31, 2005 have sustained losses from operations. Golden West has a working capital deficit which raise substantial doubts about their ability to continue as a going concern. Our audited financial statements have received going concern qualifications from our Independent Registered Public Accounting Firm.

The following discussion and analysis is for the three and six month periods ended June 30, 2006 and should be read in conjunction with the Notes thereto of Golden West Brewing Company, Inc. financial statements. We were a development stage entity prior to our acquisition of Butte Creek on August 31, 2005.

Possible Section 5 Violation

It is possible that it may be determined that we violated Section 5 of the Securities Act. Section 5 of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell a security unless a registration statement is in effect as to such security. Section 5(c) of the Securities Act prohibits the use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy a security unless a registration statement has been filed as to such security.

The transaction that may have caused such a violation of Section 5 is as follows: In December, 2004, we made the initial filing of the registration statement of which this prospectus forms a part. In June 2005, an unaffiliated third-party at that time, Bob Vogt, loaned us the sum of $10,000. The loan was unsecured and undocumented. It was our intention to repay the loan in a short period of time; however, we were unable to do so due to our lack of working capital. In December 2005, in an effort to improve our balance sheet, we offered Mr. Vogt an opportunity to convert his $10,000 loan into shares of our common stock. In December 2005, we effected the conversion of Mr. Vogt's loan into shares of our common stock in a transaction in which we relied upon an exemption from the registration requirements of the Securities Act contained in Section 4(2), which exempts transactions not involving a public offering.

Under the principals of integration, two or more offerings of securities may be integrated and deemed to be one offering under certain circumstances. Factors considered in determining whether offers and sales of securities should be integrated are:

* Whether the sales are part of a single plan of financing;
* Whether the sales involve the issuance of the same class of securities;
* Whether the sales have been made at or about the same time;
* Whether the same type of consideration is being received; and,
* Whether the sales were made for the same general purpose.

If it were to be determined that the conversion of Mr. Vogt's note payable into shares of common stock is integrated with the offering covered by the registration statement and this prospectus, then we could not rely upon the exemption contained in Section 4(2) of the Securities Act for the Vogt conversion, and as a result, it may be determined that the conversion of the Vogt loan into shares of common stock constituted a violation of Section 5 of the Securities Act. If this were to occur, we would become subject to remedial actions, which would include the payment of disgorgement, pre-judgment interest and civil or criminal penalties pursuant to Sections 12(a)(1), 8A and 24 of the Securities Act. We are not aware of any pending claims for sanctions against us based upon a Section 5 violation and we intend to vigorously defend any such claim should it arise. However, in our financial statements, we have classified the advance payable to Mr. Vogt as subject to rescission. A rescission offer would require that we file a registration statement covering the offer and, once the registration statement has been declared effective by the Securities and Exchange Commission, redeeming the shares of common stock and repaying the loan to Mr. Vogt. In addition, we could face possible civil penalties in an undetermined amount. This could have a significant impact on our working capital and impair our ability to continue as a going concern.

Furthermore, any claim for rescission would make it difficult for us to raise additional debt or equity financing needed to run our business, and would not be viewed favorably by analysts or investors.

Critical Accounting Policies And Estimates

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting

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policies, which are those that are most important to the portrayal of our financial condition and results. We constantly re-evaluate these significant factors and make adjustments where facts and circumstances dictate.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The actual results could differ from those estimates. Our financial statements are based upon a number of significant estimates, the allowance for doubtful accounts, obsolescence of inventories and the estimated useful lives selected for property and equipment. Due to the uncertainties inherent in the estimation process, it is at least reasonably possible that the estimates for these items could be further revised in the near term and such revisions could be material.

Overview - Factors Affecting Results of Operations

Sales in the craft beer industry generally reflect a degree of seasonality, with the first and fourth quarters historically being the slowest and the rest of the year typically demonstrating stronger sales. We have historically operated with little or no backlog and, therefore, our ability to predict sales for future periods is limited.

Our sales are affected by several factors, including consumer demand, price discounting and competitive considerations. We compete in the craft brewing market as well as in the much larger specialty beer market, which encompasses producers of import beers, major national brewers that produce fuller-flavored products, and large spirit companies and national brewers that produce flavored alcohol beverages. Beyond the beer market, craft brewers also face competition from producers of wines and spirits. The craft beer segment is highly competitive due to the proliferation of small craft brewers, including contract brewers, and the large number of products offered by such brewers. Imported products from foreign brewers have enjoyed resurgence in demand since the mid-1990s. Certain national domestic brewers have also sought to appeal to this growing demand for craft beers by producing their own fuller-flavored products. The wine and spirits market has experienced a surge in the past several years, attributable to competitive pricing, increased merchandising, and increased consumer interest in spirits. Because the number of participants and number of different products offered in this segment have increased significantly in the past ten years, the competition for bottled product placements and especially for draft beer placements has intensified.

Operating and Financial Review and Prospects

Operating Results

For the quarter ended June 30, 2006 compared to the quarter ended June 30, 2005:

SALES. Gross Sales were $282,631 for the quarter ended June 30, 2006. Sales net of excise taxes (Net sales) for the quarter ended June 30, 2006 were $269,153 compared to $0.00 in the quarter ended June 30, 2005. The increase was due to our acquisition of Butte Creek which occurred on August 31, 2005. Our sales by segment consisted of:

Case Beer Sales 75.7%

Draft Beer Sales 11.0%

Contract Brewing 13.3%

COST OF GOODS SOLD. Cost of goods sold for the quarter ended June 30, 2006 was $196,232 or 72.9% of net sales. There was no comparison to fiscal 2005 as we were still a development stage company in the corresponding period. Our cost of goods sold for each segment was:

Case Beer Sales 69.1%

Draft Beer Sales 49.6%

Contract Brewing 77.5%

In addition we had $3,866 in freight costs that were not allocated to any segment but was part of our cost of goods sold.

Our cost of goods sold is the lowest in our draft beer sales and highest in contract brewing. Our cost of goods sold was negatively impacted in the quarter by (a) increases in the cost of certain raw materials (b) contract brewing as a percentage of total sales (c) inventory adjustments and shortages and (d) packaging inefficiencies caused by an equipment problem.

GROSS PROFIT. Gross profit for the quarter ended June 30, 2006 was $72,921 or 27.1% of net sales. Our goal is to increase our gross profit to at least 30% of net sales. There was no comparison to fiscal 2005 as we were still a development stage company in the corresponding period.

OPERATING EXPENSES. Total operating expenses increased $181,045 or 2822% to $187,460 for of the quarter ended June 30, 2006 compared to $6,415 in the quarter ended June 30, 2005. The

increase was primarily due to our acquisition of Butte Creek in 2005. In addition, we had $45,261 in legal and accounting costs that were expensed in the quarter related to our public offering.

Components of operating expenses were:

* Depreciation & Amortization expense was $7,893 for the quarter ended June 30, 2006. The increase was the result of tangible and intangible assets acquired from Butte Creek on August 31, 2005 and additional brewing equipment acquired in 2005. We did not own any assets in the first quarter of 2005 that were subject to depreciation or amortization.
* Management compensation was $30,550 for the quarter ended June 30, 2006 compared to zero in the corresponding quarter ended June 30, 2005. The increase was solely related to our acquisition of Butte Creek on August 31, 2005.
* Rent expense was $9,450 for the quarter ended June 30, 2006 compared to zero in the corresponding quarter in 2005. The increase was the rent paid for our Chico, California brewery during the period which we did not operate until our acquisition of Butte Creek on August 31, 2005.
* Selling expense was $20,448 for the quarter ended June 30, 2006 compared to zero in the prior fiscal year. The increase was due to our acquisition of Butte Creek on August 31, 2005.
* Outside Sales Compensation was $9,721 for the quarter ended June 30, 2006 compared to zero in the prior fiscal year. The increase was the result of purchase of Butte Creek on August 31, 2005.
* Other General & Administrative Operating Expenses increased $59,544 or 1,460% for quarter ended June 30, 2006 compared to $2,795 for the quarter ended June 30, 2005. The increase was a result of our acquisition of Butte Creek in 2005. This categories primary components are insurance, payroll and payroll related expenses.

OPERATING LOSS. The operating loss for the quarter ended June 30, 2006 increased $108,124 or 1685% to $114,539 from $6,415 compared to the corresponding quarter ended June 30, 2005 as a result of our acquisition of Butte Creek on August 31, 2005. In addition, we have incurred $45,621 in legal and accounting expense in the quarter related to our public offering.

OTHER INCOME & EXPENSE. Total other expense was $15,713 for the quarter ended June 30, 2006 compared to zero for the corresponding quarter ended June 30, 2005. The primary component was interest expense of $16,231 related to debt assumed as part of the Butte Creek acquisition on August 31, 2005 and incurred to purchase equipment and sustain operations.

NET LOSS. Net loss increased $123,837 or 1930% to $130,252 for the quarter ended June 30, 2006 compared to $6,415 for the corresponding period of 2005. The increase in our net loss was a result of the operating losses incurred by Butte Creek in the second quarter of 2006. We did not own Butte Creek in the second quarter of 2005. In addition, we incurred $45,261 in legal and accounting costs during the quarter related to our pending self-underwritten public offering.

For the six months ended June 30, 2006 compared to the six months ended June 30, 2005:

SALES. Gross Sales for the six months ended June 30, 2006 were $477,530. Sales net of excise taxes (Net Sales) were $454,033 compared to $0.00 in the six months ended June 30, 2005. The increase was due to our acquisition of Butte Creek which occurred on August 31, 2005. Our sales by segment consisted of:

Case Beer Sales

80.6%

Draft Beer Sales

10.1%

Contract Brewing

9.3%

COST OF GOODS SOLD. Cost of goods sold for the six months ended June 30, 2006 was $322,891 or 71.1% of net sales. There was no comparison to fiscal 2005 as we were still a development stage company in the corresponding period. . Our cost of goods sold for each segment was:

Case Beer Sales 66.8%

Draft Beer Sales 47.8%

Contract Brewing 77.7%

In addition we had $6.180 in freight costs that were not allocated to any segment but was part of our cost of goods sold.

Our cost of good sold was negatively impacted in the quarter ended June 30, 2006 by (a) contract brewing as a percentage of total sales (b) inventory adjustments and shortages and (c) packaging inefficiencies caused by an equipment problem. The higher cost of good sold in this period raised our overall cost of goods sold for the six month period ended June 30, 2006.

GROSS PROFIT. Gross profit for the six months ended June 30, 2006 was $131,142 or 28.9% of net sales. Our goal is to increase our gross profit to at least 30% of net sales. There was no comparison to fiscal 2004 as we were still a development stage company in the corresponding period.

OPERATING EXPENSES. Total operating expenses increased $351,447 or 2213% to $367,323 for of the six moinths ended June 30, 2006 compared to $15,876 in the six months ended June 30, 2005. The increase was primarily due to our acquisition of Butte Creek in 2005. In addition, we had over

$90,000 in legal and accounting costs that were expensed in the six months ended June 30, 2006 related to our public offering that commenced on February 14, 2006 and ended on August , 2006.

OPERATING LOSS. The operating loss for the six months ended June 30, 2006 increased $220,305 or 1387% to $236,181 from $15,876 compared to the corresponding period ended June 30, 2005 as a result of our acquisition of Butte Creek on August 31, 2005. In addition, we have incurred substantial legal and accounting expense in the quarter related to our public offering as described herein.

OTHER INCOME & EXPENSE. Total other expense was $28,545 for the six months ended June 30, 2006 compared to zero for the corresponding period ended June 30, 2005. The primary component was interest expense of $29,432 on debt assumed as part of the Butte Creek acquisition on August 31, 2005 or incurred to purchase equipment and sustain operations.

NET LOSS. Net loss increased $248,850 or 1567% to $264,726 for the six months ended June 30, 2006 compared to $15,876 for the corresponding period of 2005. The increase in our net loss was a result of the operating losses incurred by Butte Creek in the first six months of 2006. We did not own Butte Creek in the first six months of 2005. In addition, we incurred over $90,000 in legal and accounting costs during this period related to our public offering that was completed in August 2006.

Liquidity and Capital Resources

We have required capital principally for the purchase of Butte Creek and the funding of operating losses and working capital. To date, we have financed our capital requirements through the sale of equity and short and long-term borrowings primarily from related parties. We expect to meet our future financing needs and working capital and capital expenditure requirements through cash on hand, borrowings and offerings of debt or equity securities, although there can be no assurance that our future financing efforts will be successful The terms of future financings could be highly dilutive to existing shareholders.

We have no commitments, understandings or arrangements for any additional working capital. If we are unable to secure additional financing to cover our operating losses until break-even operations can be achieved, we may not be able to continue as a going concern.

We had $11,577 cash and cash equivalents and a negative working capital of $516,560 at June 30, 2006. Our long-term debt was $420,121 at June 30, 2006. We do not have sufficient cash on hand or available credit facilities to continue operations for more than 30 days and are dependent upon securing loans or the sale of equity to provide adequate working capital to continue operations. We have raised capital through the sales of unregistered securities and advances and/or loans from its officers and directors to acquire Butte Creek, and fund its operations after its acquisition. There are no assurances that we will be able to secure additional capital to maintain operations.

During the quarter ended June 30, 2006, the Company's capital expenditures totaled $8,453.

Available Credit

The Company assumed a $25,000 balance on a credit card issued by Wells Fargo Bank, with interest at the rate of 16.25%. The card is uncollateralized and guaranteed by Tom Atmore, Butte Creek's former general manager. The outstanding balance as of June 30, 2006 was $24,156..

The Company assumed a $15,400 line of credit on a Butte Creek credit card with MBNA with interest at the rate of 29.98%. The debt on the credit card is uncollateralized but guaranteed by Tom Atmore, Butte Creek's former general manager. The outstanding balance as of June 30, 2006 was $11,457.

Notes Payable

On November 1, 2004, J. Andrew Moorer, a Director of the Company, made an uncollateralized advance of $8,750. This advance started to accrue interest at 8% on January 1, 2006 and has accrued interest of $350 as of June 30, 2006. Between March and September 2005, the Company borrowed a total of $125,000 from three lenders: $50,000 in July 2005 from Power Curve, Inc. (a company controlled by John Power); $50,000 in May 2005 from Lone Oak Vineyards, Inc. (a company controlled by Brian Power); and $25,000 in March 2005 from Tiffany Grace, an unaffiliated party. The loans were used to payoff Butte Creek's loans to Tri County Economic Development Corporation, purchase additional equipment and provide working capital. The Tiffany Grace note, which was executed on September 9, 2005 accrues interest at the rate of 9% per annum, is payable in monthly payments of principal and interest based upon a five year amortization, and is due in full March 2008. As of December 31, 2005, the Tiffany Grace note had current maturities of $4,637 and a long-term maturity of $15,121. The Power Curve and Lone Oak notes were executed in September, 2005, accrue interest at the rate of 9% per annum, and are payable in full in 2008. The loans are collateralized by a security interest covering all of our tangible and intangible assets. As of June 30, 2006, the Power Curve and Lone Oak notes had accrued interest of $4,757 and long-term maturities of $100,000.

On December 30, 2005, John Power and Power Curve, Inc. converted $215,000 and $90,000, respectively, in outstanding advances into collateralized long-term debt. The notes bear interest at 9% and mature December 31, 2008 and are collateralized by a security interest covering all of our tangible and intangible assets but are junior to the security interest granted to Power Curve, Inc. ($50,000), Lone Oak Vineyards, Inc. ($50,000) and Tiffany Grace ($25,000) in September 2005 described above. As of June 30, 2006, these notes had accrued interest of $9,675 and $4,050 respectively and long-term maturities of $215,000 and $90,000 respectively.

As part of our acquisition of Butte Creek, the Company assumed an $8,136 note payable to Bruce Detweiler, a member of Butte Creek, and a $10,098 note payable to Richard Atmore, Jr., a member of Butte Creek and the brother of Tom Atmore, a managing member of Butte Creek

The Company has pledged substantially all of our assets to secure some of the notes. Should the Company default in the payment of these secured notes, the collateral could be subject to forfeiture.

In the six months ended June 30.2006, John Power and Power Curve, Inc. have made advances to the Company of $87,200 and $99,410 respectively. The advances are uncollateralized and due on demand.

Delinquent Taxes & Rent

Delinquent Taxes & Rent

At June 30, 2006 the Company had outstanding payroll tax liabilities of $49,432. Of these amounts $41,009 are considered delinquent.

California Redemption Value (CRV) is a tax collected on all package sales to retailers, processed through the California Department of Conservation and refunded through the State's recycling program. The United States Bureau of Alcohol, Tobacco and Firearms ("BATF"), now the TTB, and various state agencies collect excise taxes often referred to as "alcohol taxes" with the amount based on the volume of beer sold. At June 30, 2006, the Company had alcohol related taxes payable to federal and state taxing authorities of $77,970. Of these amounts, $63,921 is considered delinquent. The detail of those taxes payable is as follows:

	June 30, 2006		
Tax Agency	Due	Delinquent	
Internal Revenue Service	$36,709	$30,900	Payroll Taxes
CA Employment Development Department	$12,723	$10,109	Payroll Taxes
Bureau of Alcohol, Tobacco and Firearms	$43,550	$35,324	Excise Tax
CA Board of Equalization	$ 7,501	$ 4,812	Excise & Sales Tax
CA Department of Conservation	$26,919	$23,785	CRV Tax
Butte County & CA Franchise Tax Board	$23,959	$21,470	Property & Franchise Taxes

Most of these delinquent payables have been assumed by the Company in connection with our acquisition of Butte Creek as the continuation of regulatory compliance is material to the Company's ability to continue as a going concern. Continued operations could be severely impaired should the TTB or any other governmental agency seek to collect any of the delinquent payables before we are able to pay them.

.At June 30, 2006 the Company had outstanding rent obligations assumed from Butte Creek in the acquisition on our operating facility of $17,950. The Landlord has made demand for payment of this amount no later than November 1, 2006.

Off Balance Sheet Arrangements

The Company does not have and has never had any off-balance sheet arrangements.

Overview of Product Distribution

Our products are available for sale directly to consumers in draft and bottles at restaurants, bars and liquor stores, as well as in bottles at supermarkets, warehouse clubs and convenience stores. Like substantially all craft brewers, our products are delivered to these retail outlets through a network of local distributors whose principal business is the distribution of beer and, in some cases, other alcoholic beverages, and who traditionally have local distribution relationships with one or more national beer brand.

Sales in the craft beer industry generally reflect a degree of seasonality, with the first and fourth quarters historically being the slowest and the rest of the year typically demonstrating stronger sales. We have historically operated with little or no backlog and, therefore, our ability to predict sales for future periods is limited.

Certain Considerations: Issues and Uncertainties

We do not provide forecasts of future financial performance or sales volume, although this prospectus contains certain other types of forward-looking statements that involve risks and uncertainties. Those risks and uncertainties are discussed more fully in the section of this prospectus titled "Risk Factors." While we are optimistic about our long-term prospects, the following issues and uncertainties, among others, should be considered in evaluating its business prospects and any forward-looking statements.

In light of uncertain contingencies relating to our acquisition of Butte Creek, we anticipate that a material impairment charge is reasonably likely to occur in the future, resulting in a material impact on our financial statements and results of operations. Since the acquisition has been consummated, we will be required to determine if a valuation allowance with respect to our investment in Butte Creek. Based upon the financial history of Butte Creek, it appears to us that a valuation allowance is reasonably likely.

Recent Accounting Pronouncements

There were various accounting standards and interpretations issued during 2006, 2005, 2004 and 2003, none of which are expected to have a material impact on the Company's consolidated financial position, operations or cash flows.

ITEM 3.   CONTROLS AND PROCEDURES

The Company's Principal Executive Officer and Principal Financial Officer, John C. Power, has established and is currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is

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accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

The Principal Executive Officer and Principal Financial Officer conducted an update review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on his evaluation as of the end of the period covered by this Report, that our disclosure controls and procedures are not effective to provide reasonable assurance that information required to be disclosed in the reports that you file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, to allow timely decisions regarding required disclosure and we refer you to Exchange Act Rule 13a-15(e). We initially became subject to the reporting requirements of Section 13a of the Exchange Act on February 16, 2006. The principal deficiency in our disclosure controls and procedures is our lack of a dedicated Chief Financial Officer who is primarily responsible for our public disclosures and financial reporting. We intend to retain a qualified Chief Financial Officer if available working capital permits. There have been no material changes in our internal controls or in other factors that could materially affect these controls subsequent to the date of the previously mentioned evaluation.

OTHER INFORMATION

Item 1. Legal Proceedings

On March 15, 2006, we were notified that the California Department of Alcoholic Beverage Control had filed an Accusation alleging that we had violated California regulations by participating in a beer tasting at the Mt. Shasta Board & Ski Park, not sponsored by a non-profit. As a result, we entered into a consent sanction consisting of a temporary suspension of ten days of our manufacturing license which was automatically stayed.

There are no material legal proceedings in which either we or any of our affiliates are involved which could have a material adverse effect on our business, financial condition or future operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities

The following information is being provided pursuant to Item 701(f) of Regulation SB under the Securities Act of 1933, as amended (the Securities Act):

1. The Company s registration statement on Form SB-2, SEC File No. 333-121351 (the Registration Statement) was declared effective by the Securities and Exchange Commission on February 14, 2006. Post Effective Amendment No. 1 to the Registration Statement on Form SB-2 was declared effective by the Securities and Exchange Commission on June 30, 2006. The Registration Statement registered for sale an aggregate of 1,000,000 shares of common stock to be offered by the Company to the public in a direct public offering, without the use of an underwriter, on a 400,000 share minimum, all or none (the minimum offering), 1,000,000 share maximum-basis (the maximum offering).

2. The Offering commenced on February 14, 2006.

3. Not applicable

4. (i) The Offering terminated on August 3, 2006 with the Company having sold an aggregate of 408,000 shares of common stock, 592,000

shares of common stock fewer than the maximum offering of 1,000,000 shares.

(ii) There was no managing underwriter.

(iii) The Registration Statement registered a maximum of 1,000,000 shares of common stock, $.0001 par value.

(iv) The Registration Statement registered for sale to the public a maximum of 1,000,000 shares of common stock at a public offering price of $.50 per share. The offering terminated on August 3, 2006, with the Company having sold an aggregate of 408,000 shares of common stock at a price of $.50 per share, or gross proceeds of $204,000.

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(v) As of June 30, 2006, the Company had incurred expenses totaling $232,089 related to the public offering of its securities. The Company has carried $150,000 of the costs as deferred offering costs and has expensed the balance ($11,295 in fiscal 2005 and $70,794 in the six months ended June 30, 2006) as a current expense. All legal and accounting costs incurred in excess of $150,000 have been charged as a current expense, and not an expense related to the public offering.

(A). No expense payments were made, directly or indirectly to directors, officers, general partners of the issuer or their associates; to persons owning 10% or more of any class of equity securities of the issuer, or to affiliates of the issuer, except that $9,426.40 was paid to a director and officer for reimbursement of expenses.

(B). The following offering expenses were paid to others:

Legal Counsel: $100,000;

Independent Registered Public Accountants: $5,000;

Printing, Mailing, Travel: $6,700;

Transfer Agent: $4,300.

(vi) The net offering proceeds to the issuer after deducting total expenses described in paragraph (f)(4)(v) of this Item were $84,000.

(vii) The amount of net offering proceeds to the issuer have been reserved for the following purposes (funds have not been expended as of the date of this Report):

Construction of plant-building facilities: $0;

Purchase and Installation of Machinery and Equipment $0;

Purchases of Real Estate: $0;

Acquisition of Other Businesses: $0;

Repayment of Indebtedness: $50,000

Working Capital: $34,000;

Temporary Investments: $0; and,

Other Purposes (at least 5% of total offering proceeds or, $100,000 whichever is less).

Of the foregoing use of proceeds, the following amounts are reserved for payment to:

(A) Direct or indirect payments to officers, general partners of the issuer or their affiliates; to persons owning 10% or more of any class of equity securities of the issuer, and to affiliates of the issuer: $0.

(B) Direct or indirect payments to others: $84,000.

Item 3. Defaults Upon Senior Securities

None, except as previously disclosed.

Item 4. Submission of Matters to a Vote of Security Holders

None, except as previously disclosed.

Item 5. Other Information

None, except as previously disclosed.

Item 6. Exhibits and Reports on Form 8-K

Exhibits

31	Certification
32	Certification pursuant to 18 U.S.C. Section 1350

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOLDEN WEST BREWING COMPANY, INC.

Date: August 17, 2006

By: /s/ John C. Power
John C. Power, President, Chief Financial Officer, Principal Accounting Officer