

Appendix 4D

Half yearly report

Introduced 30/6/2002.

Name of entity

Australian Whisky Holdings Limited

ABN or equivalent company
reference

62 104 600 544

Half yearly
(tick)



Preliminary
final (tick)



Half year/financial year ended ('current period')

31 December 2018

Results for announcement to the market

Reporting period	Current 31 December 2018	Previous 31 December 2017

All comparisons to half-year ended 31 December 2017	Up/down	Movement %	\$
Revenues from ordinary activities	Up	1475%	2,819,252
Loss from ordinary activities after tax attributable to members	Down	25%	(1,467,111)
Net loss for the period attributable to members	Down	25%	(1,468,142)
Dividends (distributions)	Amount per security	Franked amount per security	
Final dividend			
Interim dividend	-¢		-¢
Previous corresponding period			
	-¢		-¢

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	0.021	0.012

This is a half yearly report, it is to be read in conjunction with the 2018 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2018.

This report is based on the consolidated financial statements for the half-year ended 31 December 2018 which have been reviewed by the auditor.

⁺ See chapter 19 for defined terms.

Australian Whisky Holdings Limited

ABN 62 104 600 544

and Controlled Entities



CONSOLIDATED ENTITY

ABN 62 104 600 544

INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Australian Whisky Holdings Limited
ABN 62 104 600 544
and Controlled Entities

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DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial statements of the Group comprising of Australian Whisky Holdings Limited (the Company) (ASX: AWY) and its subsidiaries for the half year ended 31 December 2018 and the Auditor's Independence Declaration thereon.

Directors

The names of directors in office at any time during or since the end of the half year are:

Name

Mr Terry Cuthbertson

Mr Peter Herd

Mr Gary Mares

Mr Rohan Boman (ceased to be a director on 27 November 2018)

Mr Bill Lark (appointed as a director on 1 February 2019)

Mr Stuart Grant (appointed as a director on 1 February 2019)

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. All director positions were in a non-executive capacity, with Mr Cuthbertson remaining as Chairman, consistent with the prior year.

Operating Results

The consolidated entity's comprehensive loss for the half year ended 31 December 2018 was \$1,468,003, compared to a loss of \$1,960,032 for the half year ended 31 December 2017.

Principal Activities and Significant Change in Nature of Activities

The principal activities of the Group during the half year ended 31 December 2018 were in the further development of investment opportunities in the Australian craft distilling industry and management of current equity investments in this industry, including the operation of the Nant Distillery.

During the half year ended 31 December 2018, the group raised additional capital of \$11,946,049 through the issuance of 291,367,057 ordinary shares in the Company.

On 18 December 2018, the Group repaid \$4,810,000 of secured loans to Bananacoast Community Credit Union Ltd and Dowd Corporate Finance Pty Ltd. Following repayment of the loans the security granted for the loans was discharged.

The Group continues to develop its strategic business partners with the appointment of the following distributors during the period:

- Proof and Company to distribute Lark Whisky, Overeem Whisky and Forty Spotted Gin in mainland Australia;
- Spirits Platform Pty Ltd to distribute Nant Single Malt Highland Whisky in mainland Australia (excluding Tasmania);
- Ace Cosmo Developments Limited for the marketing and distribution of all of the Group's brands in Hong Kong.

There were no other significant changes in the nature of the Group's principal activity during the half year.

DIRECTORS' REPORT (continued)

Dividends Paid or Recommended

No interim dividend was declared or paid during the half year.

Review of Operations

During the half year ended 31 December 2018, the Group continued its positive support base from its shareholders, successfully completed a capital raising of \$11,946,049. These additional funds enabled the repayment of \$4,810,000 of secured maturing debt and strengthened the balance sheet to support the future growth plans of the business.

The Group has made further progress in the implementation of the investment phase of its longer term strategy which is aimed at achieving a major position in the premium quality, craft whisky industry in Australia. Further production expansion at the Group's Nant distillery in Bothwell, has seen the operating output capacity of its distillery increase from 8 to 14 barrels per week through the completion of the first phase of its expansion program.

Sales and marketing strategies have been implemented through the appointment of three key distributors in Australia and Hong Kong. The appointment of Mr Stuart Grant on 1 February 2019 as a Director provides further product expansion opportunities through associates business interests in the United States.

The acquisition of Lark Distillery Pty Ltd and its subsidiary (Lark Group) was effected on 28 June 2018. The half year consolidated results include 6 months trading in relation to the Lark Group that is not included in the comparative numbers.

The Company maintained a 12% equity interest in Old Kempton Distillery Pty Limited (formally Redlands Estate Distillery).

During the period the group's Chinese operations were maintained to a level of minimum presence.

Financial Position

The net assets of the Group have increased by \$9.9 million from 30 June 2018 to net assets of \$40.9 million as at 31 December 2018. This increase is largely due to the following factors:

- Shares issued, net of issue costs, of \$11.4 million;
- Increase in revenue by \$2,640,263 compared to prior period;

Offset by:

- Net operating expenses incurred during the year;
- Interest expense of \$273,988;
- Write-off of prior year Nant acquisition expenses previously capitalized of \$254,231.

The Group's working capital, being current assets less current liabilities, has increased from net current assets of \$17.0 million at 30 June 2018 to \$22.0 million at 31 December 2018.

Significant Changes in State of Affairs

Other than as stated in this report, there were no other significant changes in the state of affairs of the Group during the half year ended 31 December 2018.

DIRECTORS' REPORT (continued)

After Balance Date Events

Mr Bill Lark and Mr Stuart Grant were appointed Directors of the Group effective 1 February 2019.

On 11 February 2019 the company terminated its contract with Whisky Negotiants Australia Pty Ltd which Mr Chris Malcolm was formerly engaged as Chief Executive Officer of the Company.

Other than the foregoing, there are no other matters or circumstances that have arisen since 31 December 2018 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review of the consolidated interim financial report for the half year ended 31 December 2018 as required under section 307C of the Corporations Act 2001 is set out on page 22 and forms part of this director's report.

Signed in accordance with a resolution of the Board of Directors.



Terry Cuthbertson
Chairman
Dated this 26th day of February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		Consolidated	
		Half-Year 31 December 2018	Half-Year 31 December 2017
	Note		
Revenue	2	2,819,252	178,989
Cost of sales	3	(1,345,854)	(79,751)
Gross profit		1,473,398	99,238
Selling and distribution expenses	3	(228,298)	(6,794)
Administration expenses		(1,314,913)	(1,127,095)
Employee benefits expense		(888,914)	(234,590)
Depreciation and amortisation expenses	7	(27,573)	(141,357)
Impairment expense	3	(254,231)	(158,649)
Operating Profit		(1,240,531)	(1,569,247)
Finance income		47,547	1,675
Finance costs		(273,988)	(390,672)
Net finance costs		(226,441)	(388,997)
Loss before tax		(1,466,972)	(1,958,244)
Income tax expense		-	-
Loss from continuing operations		(1,466,972)	(1,958,244)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(1,031)	(1,788)
Other comprehensive income for the period, net of tax		(1,031)	(1,788)
Total comprehensive income/(loss) for the period		(1,468,003)	(1,960,032)
Loss attributed to:			
Owners of the Company		(1,467,111)	(1,958,244)
Non-controlling interest		139	-
		(1,466,972)	(1,958,244)
Total comprehensive income attributed to:			
Owners of the Company		(1,468,142)	(1,960,032)
Non-controlling interests		139	-
		(1,468,003)	(1,960,032)
Earnings per Share			
Basic earnings per share (cents per share)	4	(0.0010)	(0.0045)
Diluted earnings per share (cents per share)	4	(0.0010)	(0.0045)

The consolidated financial statements should be read in conjunction with the accompanying notes.

Australian Whisky Holdings Limited
ABN 62 104 600 544
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Consolidated	
		31 December 2018	30 June 2018
Current Assets			
Cash and cash equivalents	8	9,341,245	6,860,819
Trade and other receivables	9	1,469,407	1,408,321
Inventories	10	12,252,254	9,570,706
Other current assets		279,563	317,203
Current assets		23,342,469	18,157,049
Non-current Assets			
Trade and other receivables	9	200,713	223,228
Financial assets	11	300,000	554,232
Property, plant and equipment	12	12,590,327	12,933,635
Intangible assets	13	7,194,806	7,172,745
Other non-current assets		4,534	4,534
Non-current assets		20,290,380	20,888,374
Total assets		43,632,849	39,045,423
Current Liabilities			
Trade and other payables		1,054,555	728,673
Provisions		147,242	81,528
Financial liabilities	14	150,944	309,801
Current liabilities		1,352,741	1,120,002
Non-current Liabilities			
Trade and other payables		12,616	102,618
Provisions		27,194	173,161
Financial liabilities	14	1,341,356	6,680,491
Non-current liabilities		1,381,166	6,956,270
Total liabilities		2,733,907	8,076,272
Net assets		40,898,942	30,969,151
Equity			
Share capital	15	49,362,366	37,964,572
Reserves		46,782	47,813
Accumulated losses		(8,514,960)	(7,047,849)
Equity attributed to owners of the Company		40,894,188	30,964,536
Non-controlling interest	16	4,754	4,615
Total equity		40,898,942	30,969,151

The consolidated financial statements should be read in conjunction with the accompanying notes.

Australian Whisky Holdings Limited
ABN 62 104 600 544
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Consolidated Group	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2017	30,932,437	(24,889,805)	142,343	-	6,184,975
Section 258F Capital Reduction	(21,246,675)	21,246,675	-	-	-
Total comprehensive income for the period	-	(3,388,235)	(94,530)	-	(3,482,765)
FX arising from translating	-	(11,869)	-	-	(11,869)
Recognition of non-controlling interest of Lark Distillery Pty Ltd	-	(4,615)	-	4,615	-
Shares issued during the year	29,290,102	-	-	-	29,290,102
Shares issue cost	(1,011,292)	-	-	-	(1,011,292)
Balance at 30 June 2018	37,964,572	(7,047,849)	47,813	4,615	30,969,151
Total comprehensive income for the period	-	(1,466,972)	-	-	(1,466,972)
FX arising from translating	-	-	(1,031)	-	(1,031)
Recognition of non-controlling interest of Lark Distillery Pty Ltd	-	(139)	-	139	-
Shares issued during the period	11,946,049	-	-	-	11,946,049
Shares issue cost	(548,255)	-	-	-	(548,255)
Balance at 31 December 2018	49,362,366	(8,514,960)	46,782	4,754	40,898,942

The consolidated financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	Half-Year 31 December 2018	Half-Year 31 December 2017
Cashflows from operating activities		
Cash receipts from customers	2,708,536	184,791
Payments to suppliers and employees	(1,256,887)	(2,040,984)
Purchase of Inventory	(3,848,414)	(369,553)
Interest paid	(297,020)	(291,052)
Interest received	47,547	1,659
Net cash used in operating activities	(2,646,238)	(2,515,139)
Cashflows from investing activities		
Payment for investments	-	(1,510,784)
Payment for property, plant and equipment	(583,164)	(1,884,685)
Payment for Intangibles	(33,500)	-
Net cash used in investing activities	(616,664)	(3,395,469)
Cashflows from financing activities		
Proceeds from issue of share capital	11,946,049	1,005,948
Proceeds from borrowings	262,300	4,990,208
Repayment of borrowings	(5,777,757)	(413,670)
Share issue costs	(687,264)	(67,154)
Net cash provided by financing activities	5,743,328	5,515,332
Net increase / (decrease) in cash and cash equivalents	2,480,426	(395,276)
Cash and cash equivalents, beginning of the period	6,860,819	860,976
Movement in foreign exchange rate	-	-
Cash and cash equivalents at end of the period	9,341,245	465,700

The consolidated financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: BASIS OF PREPARATION

The condensed interim consolidated financial statements (the interim consolidated financial statements) of the Group are for the half year ended 31 December 2018 and are presented in Australian dollars (\$AUD), which is the functional currency of the parent company. These general purpose interim consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

The interim consolidated financial statements have been approved and authorised for issue by the board of directors on 26 February 2019.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2018 annual report, unless otherwise stated.

a) Going Concern

The financial report has been prepared on the basis of a going concern notwithstanding, the consolidated group incurred a loss from continuing operations of \$1,466,972 and used \$2,646,238 of cash in operating activities during the half year ended 31 December 2018. However, the Group has \$9,341,245 of cash or cash equivalents available and an excess of current assets over current liabilities of \$21,989,728 as at 31 December 2018. The cash flow projections of the consolidated entity evidence that the consolidated entity will have sufficient available cash resources to continue operations. The Directors anticipate the available cash resources will be sufficient to cover its liabilities when they fall due.

As at 31 December 2018 the group had adequate cash resources to continue to develop its business plan and has historically demonstrated an ability to raise additional capital to support the group's expansion if and when required. As a consequence the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial report.

b) Adoption of new and revised accounting standards

During the half year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. There were no significant effects on the current period or future periods arising from the first-time application of these standards in respect of presentation, recognition and measurement of accounts. The new and revised accounting standards are detailed below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: BASIS OF PREPARATION (CONTINUED)

AASB 9: Financial Instruments and associated amending standards

The Standard includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognize gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that allows greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

There are no material changes that are required to the interim consolidated financial report to recognize the revised requirements of AASB 9. The Group will continue to measure derivatives at fair value through other comprehensive income.

AASB 15: Revenue from contracts with customers

The core principle of this standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

There are no material changes that are required to the interim consolidated financial report to recognize the revised requirements of AASB 15.

c) New Accounting Standards for Application in Future Periods

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Company has operating leases that relates to empty barrels and distillery facilities.

The Group, after its initial assessment of the impact arising from AASB 16 anticipates that upon adoption of this standard, the Group's Consolidated Statement of Financial Position will be grossed up to reflect the rights and obligations relating to the Group's leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2: REVENUE

	Consolidated	
	Half-Year 31 December 2018	Half-Year 31 December 2017
Operating activities		
Sales revenue	2,818,802	178,989
Other revenue	450	-
Total Revenue	2,819,252	178,989

NOTE 3: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	Half-Year 31 December 2018	Half-Year 31 December 2017
Loss before income tax determined after:		
Impairment expense - Nant acquisition (i)	(254,231)	(158,649)
Cost of goods sold	(1,345,854)	(79,751)
Directors and consulting expenses	(400,351)	(505,110)
Selling and distribution expenses	(228,298)	(6,794)
Legal Fees	(90,177)	(574,390)
Occupancy costs	(122,101)	(24,686)
Transport, travel and entertainment	(151,683)	(48,919)

(i) The current period expense relates to the writedown of the Nant investment carried forward as an asset in prior years relating to legal fees incurred in prior years in acquiring the Nant operating business.

NOTE 4: EARNINGS PER SHARE

	Consolidated	
	31 December 2018	31 December 2017
a. Reconciliation of earnings to net loss		
Net loss for the year, attributed to owners of the Company	(1,467,111)	(1,958,244)
Loss used in the calculation of basic and diluted EPS	(1,467,111)	(1,958,244)
b. Applying AASB133:		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,413,093,139	426,294,656
Weighted average number of options outstanding treated as dilutive	6,840,240	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	1,419,933,379	426,294,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5: DIVIDENDS

No interim dividends have been declared or paid during the current period, nor in the previous corresponding period.

NOTE 6: SEGMENT INFORMATION

Identification of reportable segments

Australian Whisky Holdings Limited has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The operations of the Group in management of current equity investments is consistent with the Group's strategy to pursue investment in the craft whisky industry in Australia and the marketing of Australian premium whisky in Australia and overseas. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter segment transactions

Segment revenues, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

Segment assets

Assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities

Liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Australian Whisky Holdings Limited
ABN 62 104 600 544
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6: SEGMENT INFORMATION (CONTINUED)

Six months ended 31 Dec 2018

	Australia	China	Eliminations	Consolidated Group
	\$	\$	\$	\$
REVENUE				
Sales	2,962,565	-	(143,763)	2,818,802
Other income	450	-	-	450
Interest income	47,547	-	-	47,547
Share of net profits from associates	-	-	-	-
Total segment revenue	3,010,562	-	(143,763)	2,866,799
SEGMENT RESULT				
Expenses	(4,430,042)	(1,491)	97,762	(4,333,771)
Loss before income tax expense	(1,419,480)	(1,491)	(46,001)	(1,466,972)
Income tax expense				-
Loss after income tax expense				(1,466,972)
ASSETS				
Segment assets	55,902,692	-	(12,269,843)	43,632,849
Total assets	55,902,692	-	(12,269,843)	43,632,849
LIABILITIES				
Segment liabilities	2,520,584	386,141	(172,818)	2,733,907
Total liabilities	2,520,584	386,141	(172,818)	2,733,907
OTHER				
Depreciation and amortisation of segment assets (Note 7)	170,778	-	-	170,778
Six months ended 31 Dec 2017				
	Australia	China	Eliminations	Consolidated Group
	\$	\$	\$	\$
REVENUE				
Sales	178,989	-	-	178,989
Interest income	1,675	-	-	1,675
Total segment revenue	180,664	-	-	180,664
SEGMENT RESULT				
Expenses	(2,137,258)	(1,650)	-	(2,138,908)
Loss before income tax expense	-	-	-	(1,958,244)
Income tax expense				-
Loss after income tax expense				(1,958,244)
ASSETS				
Segment assets	24,291,159	66,931	(3,523,572)	20,834,518
Total assets	24,291,159	66,931	(3,523,572)	20,834,518
LIABILITIES				
Segment liabilities	19,069,982	588,529	(3,987,731)	15,670,780
Total liabilities	19,069,982	588,529	(3,987,731)	15,670,780
OTHER				
Depreciation and amortisation of segment assets (Note 7)	141,357	-	-	141,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 7: DEPRECIATION AND AMORTISATION

	Consolidated	
	31 December 2018	31 December 2017
Depreciation	(11,734)	(141,357)
Amortisation	(15,839)	-
Depreciation and amortisation expensed	(27,573)	(141,357)
Depreciation capitalised into inventory	(143,205)	-
Total Depreciation and amortisation	(170,778)	(141,357)

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2018	30 June 2018
Petty Cash	7,666	3,059
Cash at Bank	473,479	1,044,208
Cash Management Account	1,860,100	5,813,552
Term Deposits	7,000,000	-
Cash and cash equivalent	9,341,245	6,860,819

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2018	30 June 2018
CURRENT		
Trade Receivables	885,107	448,907
Provision for doubtful debts	(9,661)	(1,000)
Deposits paid	13,232	80,396
Other receivables	580,729	880,018
Trade and other receivables	1,469,407	1,408,321
NON CURRENT		
Deposit paid	199,281	221,447
Other receivables	1,432	1,781
Trade and other receivables	200,713	223,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 10: INVENTORIES

	Consolidated	
	31 December 2018	30 June 2018
Inventory in casks	10,326,156	8,593,023
Raw materials	1,368,277	427,166
Finished goods	557,821	550,517
Inventory	12,252,254	9,570,706

NOTE 11: FINANCIAL ASSETS

	Consolidated	
	31 December 2018	30 June 2018
NON-CURRENT		
Investment in Nant (i)	-	254,232
Investment in Old Kempton (ii)	300,000	300,000
Inventory	300,000	554,232

- (i) Expenses incurred from prior periods in acquiring the Distillery Assets at Bothwell, including the Nant intellectual property from the Receivers of NAW Distillery business of Nant were written off in the current period.
- (ii) The Group has maintained 12% ownership interest for \$300,000 in Old Kempton Distillery (formerly Redlands Estate Distillery (Redlands)) based in Tasmania.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2018	30 June 2018
Cost	13,264,146	13,645,362
Accumulated depreciation	(673,819)	(711,727)
Carrying Value	12,590,327	12,933,635

	Consolidated	
	31 December 2018	30 June 2018
LAND AND BUILDINGS		
Land and buildings – 254 Nant Lane, Bothwell at cost	6,289,644	6,289,644
Land and buildings - 40 Denholms Road, Cambridge at cost	524,759	524,759
Buildings improvements	2,925,715	2,528,591
Buildings improvements amortization	(105,440)	(74,556)
Assets in Progress	267,850	160,114
Total Land and Buildings	9,902,528	9,428,552
PLANT AND EQUIPMENT		
Plant and Machinery		
At cost	3,066,516	3,947,551
Accumulated depreciation	(499,426)	(573,459)
Total Plant and Machinery	2,567,090	3,374,092
Office and Computer equipment		
At cost	35,617	40,658
Accumulated depreciation	(3,877)	(5,100)
Total Office and Computer equipment	31,740	35,558
Motor vehicles		
At cost	154,045	154,045
Accumulated depreciation	(65,076)	(58,612)
Total Motor Vehicles	88,969	95,433
Total Property, Plant and Equipment	12,590,327	12,933,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Land and buildings	Assets under construction	Building Improvement	Plant, Machinery & Equipment	Total
Opening balance as at 30 June 2017	6,289,644	-	147,116	9,706	6,446,466
Additions	524,759	160,114	2,381,475	4,132,548	7,198,896
Closing balance as at 30 June 2018	6,814,403	160,114	2,528,591	4,142,254	13,645,362
Opening balance as at 1 July 2018	6,814,403	160,114	2,528,591	4,142,254	13,645,362
Additions	-	107,736	397,124	78,302	583,162
Transfers to inventory (i)	-	-	-	(957,979)	(957,979)
Transfers to intangibles (ii)	-	-	-	(6,000)	(6,000)
Transfers to profit and loss	-	-	-	(399)	(399)
Disposals	-	-	-	-	-
Closing balance as at 31 December 2018	6,814,403	267,850	2,925,715	3,256,178	13,264,146

Accumulated Depreciation	Land and buildings	Assets under construction	Building Improvement	Plant, Machinery & Equipment	Total
Opening balance as at 30 June 2017	-	-	(74,556)	(636,708)	(711,264)
Additions	-	-	-	(463)	(463)
Closing balance as at 30 June 2018	-	-	(74,556)	(637,171)	(711,727)
Opening balance as at 1 July 2018	-	-	(74,556)	(637,171)	(711,727)
Transfers to inventory (i)	-	-	-	191,247	191,247
Depreciation	-	-	(30,884)	(122,455)	(153,339)
Disposals	-	-	-	-	-
Closing balance as at 31 December 2018	-	-	(105,440)	(568,379)	(673,819)
Carrying Value as at 30 June 2018	6,814,403	160,114	2,454,035	3,505,083	12,933,635
Carrying Value as at 31 December 2018	6,814,403	267,850	2,820,275	2,687,799	12,590,327

(i) Casks purchased to hold the Nant investor barrel whisky were previously recorded as property plant and equipment and depreciated. On 1 July 2018, these casks were transferred to inventory at written down value to more accurately reflect the saleable value of the barrels upon maturity of the whisky, consistent with similar inventory held on the balance sheet.

(ii) On 1 July 2018, an asset was reallocated to intangibles to more accurately reflect the nature of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 13: INTANGIBLE ASSETS

	Consolidated	
	31 December 2018	30 June 2018
Cost	7,298,239	7,258,740
Accumulated amortisation	(103,433)	(85,995)
Carrying Value	7,194,806	7,172,745

Cost	Goodwill	Whisky Barrel Fund	Other intangibles	Total
Opening balance as at 30 June 2017	-	39,812	950	40,762
Additions	7,217,978	-	-	7,217,978
Closing balance as at 30 June 2018	7,217,978	39,812	950	7,258,740
Opening balance as at 1 July 2018	7,217,978	39,812	950	7,258,740
Additions	-	-	32,549	32,549
Transfer from property, plant and equipment	-	-	6,000	6,000
Restatement from prior year	950	-	-	950
Reclassification from prior year	(118,956)	-	118,956	-
Disposals	-	-	-	-
Closing balance as at 31 December 2018	7,099,972	39,812	158,455	7,298,239

Accumulated Amortisation	Goodwill	Whisky Barrel Fund	Other intangibles	Total
Opening balance as at 30 June 2017	(67,599)	(10,433)	-	(78,032)
Additions	-	(7,963)	-	(7,963)
Closing balance as at 30 June 2018	(67,599)	(18,396)	-	(85,995)
Opening balance as at 1 July 2018	(67,599)	(18,396)	-	(85,995)
Amortisation	-	(3,980)	(13,458)	(17,438)
Reclassification from prior year	67,599	-	(67,599)	-
Disposals	-	-	-	-
Closing balance as at 31 December 2018	-	(22,376)	(81,057)	(103,433)
Carrying Value as at 30 June 2018	7,150,379	21,416	950	7,172,745
Carrying Value as at 31 December 2018	7,099,972	17,436	77,398	7,194,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 14: FINANCIAL LIABILITIES

	Consolidated	
	31 December 2018	30 June 2018
CURRENT		
<i>Short term financing</i>		
Insurance Premium Funding (ii)	150,944	241,205
Loan - Tasmanian Irrigation Pty Ltd (i)	-	68,596
Current financial liabilities	150,944	309,801
NON-CURRENT		
<i>Finance lease</i>		
Barrel Finance and Logistics	913,763	1,169,342
Motor vehicles	78,792	90,624
Finance leases	992,555	1,259,966
<i>Secured loans</i>		
Dowd Corporate Finance (iii)	-	2,500,000
Bananacoast Community Credit Union Ltd (iv)	-	2,322,752
Eclix (v)	348,801	597,773
Secured loans	348,801	5,420,525
Non-current financial liabilities	1,341,356	6,680,491

(i) Payment instalments with interest rate at 2% p.a + BBSY with Tasmanian Irrigation Pty Ltd for the purchase of water entitlement in the Southern Highlands Irrigation Scheme for Nant Distillery.

(ii) Payment instalments with interest rate at 2.96% p.a with Attvest Finance for business insurance premium.

(iii) The loan was advanced by Dowd Corporate Finance with interest rate at 7.99% per annum interest payable quarterly in arrears. The loan was secured by land title at 254 Nant Lane, Bothwell TAS and guarantee and indemnity provided by Australian Whisky Holdings Bothwell Pty Ltd and Australian Whisky Holdings Management Pty Ltd and an unsecured guarantee from Australian Whisky Holdings Limited. The loan was repaid in full on 18 December 2018 and all security was released.

(iv) The loan was advanced by Bananacoast Community Credit Union Ltd (BCU) with interest rate at 6.5% per annum, interest payable monthly in arrears. The loan was secured by land title at 254 Nant Lane, Bothwell TAS and guarantee and indemnity provided by Australian Whisky Holdings Bothwell Pty Ltd and Australian Whisky Holdings Management Pty Ltd and an unsecured guarantee from Australian Whisky Holdings Limited. The loan was repaid in full on 18 December 2018 and all security was released.

(v) Payment instalments with interest rate at 8.5% per annum with Eclix Commercial for the purchase of plant and equipment of Nant Distillery. The loan is secured over the assets of Australian Whisky Holdings Management Pty Ltd and by filled barrels owned by the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 15: SHARE CAPITAL

	Consolidated	
	31 December 2018	30 June 2018
1,630,579,441 (30 June 2018: 1,339,212,384) fully paid ordinary shares (i)	53,374,501	41,428,452
Share issue costs	(4,012,135)	(3,463,880)
Share capital	49,362,366	37,964,572

(i) Ordinary shares (\$)

Balance as at 31 July	37,964,572	30,932,437
Share movements during the year:		
- Shares issue of 33,955,520 ordinary shares on 15/09/2017	-	805,948
- Shares issue of 6,666,666 ordinary shares on 22/12/2017	-	200,000
- Shares issue of 106,573,568 ordinary shares on 14/03/2018	-	3,195,834
- Shares issue of 133,710,086 ordinary shares on 24/5/2018	-	4,247,157
- Shares issue of 100,000,000 ordinary shares on 30/5/2018	-	3,000,000
- Shares issue of 264,709,074 ordinary shares on 31/5/2018	-	7,987,563
- Shares issue of 307,925,000 ordinary shares on 28/6/2018	-	9,853,600
- Capital reduction on 28/6/2018	-	(21,246,675)
- Shares issue of 242,586,570 ordinary shares on 12 Nov 2018	9,946,049	-
- Shares issue of 48,780,487 ordinary shares on 26 Nov 2018	2,000,000	-
- Share issue costs	(548,255)	(1,011,292)
Share capital at the end of the period	49,362,366	37,964,572

	Consolidated	
	31 December 2018	30 June 2018
(i) Number of Ordinary shares		
Balance as at 1 July	1,339,212,384	385,672,470
Shares issued during the half year ended 31 December 2018:		
- 12 November 2018	242,586,570	-
- 26 November 2018	48,780,487	-
Shares issued during the financial year ended 30 June 2018:		
- 15 September 2017	-	33,955,520
- 22 December 2017	-	6,666,666
- 14 March 2018	-	106,573,568
- 24 May 2018	-	133,710,086
- 30 May 2018	-	100,000,000
- 31 May 2018	-	264,709,074
- 28 June 2018	-	307,925,000
Number of shares on issue at the end of the period	1,630,579,441	1,339,212,384

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 16: NON-CONTROLLING INTEREST

	Consolidated	
	31 December 2018	30 June 2018
Opening balance as at 1 July 2018	4,615	-
Acquisition of Lark net assets	-	4,615
Movement in Lark Net Assets	139	-
Balance as at 31 December 2018	4,754	4,615

NOTE 17: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities as at 31 December 2018.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

Mr Bill Lark and Mr Stuart Grant were appointed Directors of the Group effective 1 February 2019.

On 11 February 2019 the company terminated its contract with Whisky Negotiants Australia Pty Ltd which Mr Chris Malcolm was formerly engaged as Chief Executive Officer of the Company.

Other than the foregoing, there are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 19: RELATED PARTY TRANSACTIONS

During the period, the Group made purchases totaling \$286,186 from entities associated with Mr Chris Malcolm during his tenure as Chief Executive Officer. These include payments for the cooperage of wood (casks) and the purchase of barrels from related entities.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 20 are in accordance with the Corporations Act 2001, including:
 - a complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Terry Cuthbertson
Chairman
Dated this 26th February 2019



**AUSTRALIAN WHISKY HOLDINGS LIMITED ABN 62 104 600 544
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN WHISKY HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been no contraventions of:

- a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Director

Sydney

Dated this 26th day of February 2019



**AUSTRALIAN WHISKY HOLDINGS LIMITED ABN 62 104 600 544
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTRALIAN WHISKY HOLDINGS LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Australian Whisky Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Australian Whisky Holdings Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Australian Whisky Holdings Limited's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Whisky Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Whisky Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Australian Whisky Holdings Limited's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 26th day of February 2019