Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 30/6/2002.

Name of entity

Australian Whisky Holdings Limited

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year/financial year ended ('current period')
62 104 600 544	√		31 December 2016

Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

Reporting period	Current 31 December 2016		Previous 31 December 2015	
Revenues from ordinary activities	Up	545%	to	$14,832
Loss from ordinary activities after tax attributable to members	Up	180%	to	($740,060)
Net loss for the period attributable to members	Up	175%	to	($730,332)

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	0.0195	0.0005

This is a half yearly report, it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

AUSTRALIAN WHISKY HOLDINGS LIMITED (ASX:AWY)
ACN 104 600 544
AND CONTROLLED ENTITIES

INTERIM REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

AUSTRALIAN WHISKY HOLDINGS LIMITED
ACN 104 600 544
AND CONTROLLED ENTITIES

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AUSTRALIAN WHISKY HOLDINGS LIMITED
ACN 104 600 544
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Directors

The names of directors who held office during or since the end of the half-year:

Terry Cuthbertson	Non Executive Director, Chairman
Peter Herd	Non Executive Director
David Yu	Non Executive Director
Gary David Mares	Non Executive Director
Rohan Boman	Non Executive Director

Review of Operations

The consolidated entity's total comprehensive loss for the six months ended 31 December 2016 was $730,332 compared to a loss of $265,905 for the six months ended 31 December 2015.

Business activities in the half-year ended 31 December 2016 were in the management of current equity investment, and the investigation of further opportunities.

During the half year ended 31 December 2016 the Company received new and additional Convertible Note subscriptions totalling $4.6 million and following Shareholder approval on 8 December 2016 $4.2 million of Convertible Notes in issue were converted into ordinary shares of the Company. In addition, the Company issued $1.3 million of ordinary shares to provide additional working capital.

During the half-year ended 31 December 2016, the Group has been focused on managing and executing the Transaction Implementation Agreement (TIA) with the Nant Group to acquire the Nant Distillery business and the historic Nant Estate property at Bothwell, Tasmania from the Nant Group, subsequent to reporting date.

On 8 December 2016 the Company made an Offer to Shareholders of Lark Distillery Pty Limited (Lark) to acquire all of the remaining shares in Lark that it did not own by way of a Scrip Offer (10,333 AWY shares for each Lark Share). At 31 December 2016 the company held 38.49% of the shares in Lark. As at the date of this Report and as a result of acceptances from Lark Shareholders subsequent to 31 December 2016, the Company has increased its holding to 48.09% of Lark.

Management have also continued to investigate further opportunities, both within and outside the dairy category.

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

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated group for the half year ended 31 December 2016, except for the 30:1 share consolidation during November 2016.

Events Subsequent to Reporting Date

There were no material events subsequent to reporting date except for the completion of the Land Sale Agreement with Nant Estate Pty Ltd and the Company on 17 February 2017. The Company has agreed to pay the purchase price of $3,850,000 and has also acquired a loan and securities over various Nant Entities having a face value of $2,500,000.

On 30 January 2017 the Company increased its interest in the shares of Lark Distillery Pty Limited by 2.81% to 41.29% and extended the closing date of the Scrip Offer to 28 February 2017.

On 24 February 2017 the Company increased its interest in the shares of Lark Distillery Pty Limited by 6.79% to 48.09% and further extended the closing date of the Scrip Offer to 23 March 2017 to allow Lark Shareholders to receive and consider an Independent Expert's Report commissioned by the Board of Directors of Lark Distillery Pty Limited as to the Offer by AWY.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review of the interim financial report for the half-year ended 31 December 2016 is shown on page 15 and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

Director

Terry Cuthbertson

Dated this 28th day of February 2017

AUSTRALIAN WHISKY HOLDINGS LIMITED
ACN 104 600 544
AND CONTROLLED ENTITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Consolidated Group	
	Note	**31.12.16 $**	**31.12.15 $**
Revenues		14,832	2,301
Compliance and professional fees		(223,204)	(220,514)
Administrative expenses		(21,431)	(12,509)
Travel expenses		(13,400)	(17,238)
Insurance expenses		(7,746)	(10,012)
Borrowing costs		(327,116)	(5,875)
Depreciation and amortisation expenses		(3,346)	(365)
Other expenses	**2**	(158,649)	-
Loss before income tax		(740,060)	(264,212)
Income tax expense		-	-
Loss for the period		(740,060)	(264,212)
Other comprehensive income			
Exchange differences on translating foreign operations, net of tax		9,728	(1,693)
Total comprehensive income/(loss) for the period		(730,332)	(265,905)
Loss for the period attributable to members of the parent entity		(740,060)	(264,212)
Total comprehensive income for the period attributable to members of the parent entity		(730,332)	(265,905)
Basic and diluted loss per share (cents per share)		(0.0022)	(0.00006)

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

AUSTRALIAN WHISKY HOLDINGS LIMITED
ACN 104 600 544
AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		Consolidated Group	
	Note	**31.12.16 $**	**30.06.16 $**
CURRENT ASSETS			
Cash and cash equivalents		3,048,341	409,326
Trade and other receivables	**7**	74,550	62,853
Inventories		602,610	320,809
Other current assets		22,581	2,089
TOTAL CURRENT ASSETS		3,748,082	795,077
NON-CURRENT ASSETS			
Property, plant and equipment		3,706	-
Financial assets		5,323,340	3,041,631
Intangible assets		28,256	27,193
TOTAL NON-CURRENT ASSETS		5,355,302	3,068,824
TOTAL ASSETS		9,103,384	3,863,901
CURRENT LIABILITIES			
Trade and other payables		506,428	402,278
Short-term provisions		16,193	16,193
Financial liabilities	**8**	1,120,000	1,322,600
TOTAL CURRENT LIABILITIES		1,642,621	1,741,071
NON-CURRENT LIABILITIES			
Financial liabilities	**8**	800,000	200,000
TOTAL NON-CURRENT LIABILITIES		800,000	200,000
TOTAL LIABILITIES		2,442,621	1,941,071
NET ASSETS		6,660,763	1,922,830
EQUITY			
Issued capital		29,529,523	24,061,258
Reserves		123,631	113,903
Accumulated losses		(22,992,391)	(22,252,331)
TOTAL EQUITY		6,660,763	1,922,830

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Retained Profits/ Accumulated Losses	Foreign Exchange Reserves	Total
	$	$	$	$
Balance at 1 July 2015	23,787,388	(21,678,298)	102,933	2,212,023
Shares issued during the period	313,011	-	-	313,011
Shares issue costs	(30,008)	-	-	(30,008)
Total comprehensive income for the period	-	(264,212)	(1,693)	(265,905)
Balance at 31 December 2015	24,070,391	(21,942,510)	101,240	2,229,121
Balance at 1 July 2016	24,061,258	(22,252,331)	113,903	1,922,830
Shares issued during the period	5,505,745	-	-	5,505,745
Shares issue costs	(37,480)	-	-	(37,480)
Total comprehensive income for the period	-	(740,060)	9,728	(730,332)
Balance at 31 December 2016	29,529,523	(22,992,391)	123,631	6,660,763

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

AUSTRALIAN WHISKY HOLDINGS LIMITED
ACN 104 600 544
AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated Group	
	31.12.16 $	**31.12.15 $**
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Customer	204	-
Payments to suppliers and employees	(378,784)	(113,805)
Payments for inventories	(281,801)	(66,000)
Interest received	14,628	2,301
Interest paid	(170,225)	(70,871)
Net cash used in operating activities	(815,978)	(248,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for intangible assets	(4,409)	(26,640)
Payment for non-current assets	(3,706)	-
Payment for investments	(2,405,158)	(40,702)
Net cash used in investing activities	(2,413,273)	(67,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,600,000	1,072,600
Proceeds from issue of shares	1,305,746	313,011
Cost of share issue	(37,480)	(30,008)
Net cash provided by financing activities	5,868,266	1,355,603
Net increase in cash held	2,639,015	1,039,886
Cash at start of period	409,326	43,334
Cash at end of period	3,048,341	1,083,220

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: BASIS OF PREPARATION

The condensed interim consolidated financial statements of the Group are for the six months ended 31 December 2016 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim 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 AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 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 financial statements have been approved and authorised for issue by the board of directors on 27 February 2017.

The accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the 30 June 2016 annual report, unless otherwise stated.

a. **Going Concern**

The group's business activities together with the factors likely to affect its future development, performance and position are reflected in these Financial Statements. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Statements. At 31 December 2016 the group has considerable cash balances and has historically demonstrated an ability to raise additional capital to support its business plan. As a consequence the directors believe that the group is well placed to manage its business risks successfully. After making enquiries 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**

The Company has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its interim financial statements.

c. **New accounting standards and interpretations Issued but not yet applied by the entity**

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	Consolidated Group	
	31.12.2016	31.12.2015
	$	$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Other expenses – Impairment of diligence cost on acquisition of Nant Distillery business and Estate at Bothwell	(158,649)	-

NOTE 3: DIVIDENDS

No dividends were declared or paid in the period.	-	-
	-	-

NOTE 4: 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 are primarily investment in Lark Distillery Pty Ltd in Australia. 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.

NOTE 4: SEGMENT INFORMATION (CONTINUED)

Segment liabilities

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

	Australia $	China $	Eliminations $	Consolidated Group $
Six months ended 31 Dec 2016				
REVENUE				
External sales	204	-	-	204
Total sales revenue	204	-	-	204
Interest revenue	14,628			14,628
Total revenue	14,832			14,832
SEGMENT RESULT				
Expenses	(753,371)	(1,521)	-	(754,892)
Loss before income tax expense				(740,060)
Income tax expense				-
Loss after income tax expense				(740,060)
ASSETS				
Segment assets	9,099,027	4,357	-	9,103,384
Total assets	9,099,027	4,357	-	9,103,384
LIABILITIES				
Segment liabilities	2,640,107	590,098	(787,584)	2,442,621
Total liabilities	2,640,107	590,098	(787,584)	2,442,621
OTHER				
Depreciation and amortisation of segment assets	3,346	-	-	3,346

NOTE 4: SEGMENT INFORMATION (CONTINUED)

	Australia $	China $	Eliminations $	Consolidated Group $
Six months ended 31 Dec 2015				
REVENUE				
External sales	-	-	-	-
Total sales revenue	-	-	-	-
Interest revenue				2,301
Total revenue				2,301
SEGMENT RESULT				
Expenses	(264,436)	(2,077)	-	(266,513)
Loss before income tax expense				(264,212)
Income tax expense				-
Loss after income tax expense				(264,212)
ASSETS				
Segment assets	3,843,041	96,528	-	3,939,569
Total assets	3,843,041	96,528	-	3,939,569
LIABILITIES				
Segment liabilities	1,622,828	615,589	(527,969)	1,710,448
Total liabilities	1,622,828	615,589	(527,969)	1,710,448
OTHER				
Depreciation and amortisation of segment assets	(365)	-	-	(365)

NOTE 5: CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at 31 December 2016.

NOTE 6: SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial year 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 except for the completion of the Land Sale Agreement with Nant Estate Pty Limited and the Company on 17 February 2017. The Company has agreed to pay the purchase price of $3,850,000 and has also acquired a loan and securities over various Nant Entities having a face value of $2,500,000.

On 30 January 2017 the Company increased its interest in the shares of Lark Distillery Pty Limited by 2.81% to 41.29% and extended the closing date of the Scrip Offer to 28 February 2017.

On 24 February 2017 the Company increased its interest in the shares of Lark Distillery Pty Limited by 6.79% to 48.09% and further extended the closing date of the Scrip Offer to 23 March 2017 to allow Lark Shareholders to receive and consider an Independent Expert's Report commissioned by the Board of Directors of Lark Distillery Pty Limited as to the Offer by AWY.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31.12.2016	30.06.2016
	$	$
Other receivables	74,550	62,853
	74,550	62,853

NOTE 8: FINANCIAL LIABILITIES

	31.12.2016	30.06.2016
CURRENT		
Loan - Kore Management Services Pty Ltd (i)	-	200,000
Loan - Kore Management Services Pty Ltd (ii)	-	50,000
Convertible Notes – Quality Life Pty Ltd (iii)	1,120,000	1,000,000
Loan - Kore Management Services Pty Ltd (iv)	-	72,600
	1,120,000	1,322,600
NON-CURRENT		
Loan – JB Trust (v)	800,000	200,000

NOTE 8: FINANCIAL LIABILITIES (CONTINUED)

(i) The loan was advanced by Kore Management Services Pty Ltd with interest rate at 12% until such time shareholders' approval is obtained to convert at the same term as the other noteholder in note (ii). The loan was converted to shares in the Company and approved at the 2016 Annual General Meeting of the Company.

(ii) The Convertible Note Agreement is between Kore Management Services Pty Ltd and the Company. The convertible notes agreement of $50,000 entered into by the Company was done so to provide working capital needs of the Company. The convertible note is issued for 6 months with interest rate at 12% per annum or 15% per annum if the maturity date is extended by three months and convertible to ordinary shares at $0.001 per share.

(iii) The Convertible Note Agreement is between Quality Life Pty Ltd and the Company. The convertible note agreement of $1,000,000 entered into by the Company was done so to provide for the working capital needs of the Company. The convertible notes were issued for 12 months with an interest rate of 12% per annum, payable annually in arrears. The conversion terms of the notes are the lesser of 80% of the 30 day volume weighted average market price or at $0.0009 per share. The notes may be extended for a further 12 months with an interest rate of 15% per annum and a rollover fee of 2% payable on the balance of the money's owing under the convertible note. Conversion of the notes is subject to the Company's existing placement capacity at the time of conversion and obtaining any necessary regulatory and shareholder approvals. During August 2016, $120,000 convertible notes were issued with the same term as original convertible notes agreement.

(iv) The loan was advanced by Kore Management Services Pty Ltd with interest rate at 12% until such time shareholders' approval is obtained to convert at the same term as the other noteholder in note (ii).

(v) The loan was advanced by J B Trust with interest rate at 9% per annum with 5 years term. Annual interest is due on 1 July each year. The loan has option to convert the principal and any capitalised interest into an investment in the Whisky Barrel Fund. During September 2016, a loan of $600,000 was advanced by J B Trust for the same terms as the original loan.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 13 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 2016 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.

Director

Terry Cuthbertson

Dated this 28th day of February 2017

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 2016 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 28th day of February 2017

MNSA Pty Ltd
ABN 59 133 605 400

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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 2016, the consolidated statement of profit or loss, the consolidated statement of 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 2016 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.

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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 2016 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 28th day of February 2017

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