ASX Announcement
Date: 11 July 2018

AUSTRALIAN WHISKY HOLDINGS UNDERTAKES CAPITAL REDUCTION

Australian Whisky Holdings Limited (ASX: AWY) ("**AWY**") advises that the Board has resolved with effect 30 June 2018 to reduce AWY's share capital by $21,246,675.00 in accordance with Section 258F of the Corporations Act. The capital reduction will have the effect of reducing the share capital account and reducing AWY's accumulated accounting losses. This is a technical adjustment which does not require shareholder approval and will be reflected in the audited financial reports for the year ended 30 June 2018.

The capital reduction has no impact on AWY's assets, net assets, financial results, cash flow or funding of AWY. The number of shares on issue will not change as a result of the capital reduction.

Under Section 258F (1) of the Corporations Act, a company may reduce its share capital without shareholder approval by cancelling any paid-up share capital that is not represented by available assets. The deficiency in AWY's assets arose as a result of the impairment from the historical operations and losses incurred by the Group when operating its milk beverages division.

AWY is required to make the following disclosures to shareholders under Listing Rule 7.20:

1. The capital reduction will have no effect on the number of securities.

2. There are no fractional entitlements arising from the capital reduction.

3. There are no convertible securities on issue.

Yours sincerely,

Gary Stewart - Company Secretary