

**Lark Distilling Co. Ltd**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Lark Distilling Co. Ltd
ABN:	62 104 600 544
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	down	6.5% to	11,368,206
Loss from ordinary activities after tax attributable to the owners of Lark Distilling Co. Ltd	up	841.9% to	(1,456,605)
Loss for the half-year attributable to the owners of Lark Distilling Co. Ltd	up	841.9% to	(1,456,605)
		Cents per share	Cents per share
Basic earnings / (loss) per share		(1.93)	(0.23)
Diluted earnings / (loss) per share		(1.93)	(0.23)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the group after providing for income tax and amounted to \$1,456,605 (Restated 31 December 2021: \$154,649).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>108.39</u>	<u>125.62</u>

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

**7. Details of associates and joint venture entities**

Not applicable.

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**8. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**9. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**10. Attachments**

*Details of attachments (if any):*

The Interim Report of Lark Distilling Co. Ltd for the half-year ended 31 December 2022 is attached.

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**11. Signed**

Signed



David Dearie  
Chairman

Date: 23 February 2023

FOR PAPER

**Lark Distilling Co. Ltd**

**ABN 62 104 600 544**

**Interim Report - 31 December 2022**

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**Lark Distilling Co. Ltd**  
**Corporate directory**  
**31 December 2022**

Directors

Mr David Dearie - Non-Executive Chairman  
Ms Laura McBain - Interim Managing Director  
Mr Warren Randall - Non-Executive Director  
Mr Domenic Panaccio - Non-Executive Director

Company secretary

Ms Melanie Leydin

Chief Financial Officer

Mr Alex Aleksic - Resigned on 31 December 2022  
Mr Michael Andrews - appointed Interim Chief Financial Officer on 31 December 2022

Registered office and Principal  
place of business

Level 1,  
91-93 Macquarie Street  
Hobart TAS 7000

Auditor

Deloitte Touche Tohmatsu  
Level 8  
22 Elizabeth Street  
Hobart TAS 7000

Stock exchange listing

Lark Distilling Co. Ltd shares are listed on the Australian Securities Exchange (ASX  
code: LRK)

**Lark Distilling Co. Ltd**  
**Directors' report**  
**31 December 2022**

The directors present their report, together with the interim financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Lark Distilling Co. Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

**Directors**

The following persons were directors of Lark Distilling Co. Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David Dearie - Non-Executive Chairman  
Ms Laura McBain - Interim Managing Director  
Mr Warren Randall - Non-Executive Director  
Mr Domenic Panaccio - Non-Executive Director

**Principal activities**

The principal activities of the Group during the half year ended 31 December 2022 were in the in the production, marketing, sale and distribution of Australian craft spirits.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the group during the financial half-year.

**Matters subsequent to the end of the financial half-year**


No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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David Dearie  
Chairman

23 February 2023

The Board of Directors  
Lark Distilling Co Ltd  
Level 1, 30 Argyle Street  
Hobart TAS 7000

23 February 2023

Dear Board Members

### Auditor's Independence Declaration to Lark Distilling Co. Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Lark Distilling Co. Ltd.

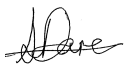
As lead audit partner for the review of the financial report of Lark Distilling Co. Ltd for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Stuart Dare  
Partner  
Chartered Accountants

**Lark Distilling Co. Ltd**  
**Contents**  
**31 December 2022**

Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	17
Independent auditor's review report to the members of Lark Distilling Co. Ltd	18

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**Lark Distilling Co. Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
		<b>31 December</b>	<b>Restated</b>
	<b>Note</b>	<b>2022</b>	<b>31 December</b>
		<b>\$</b>	<b>2021</b>
			<b>\$</b>
<b>Revenue</b>			
Sales revenue		11,368,206	12,155,684
Cost of sales		<u>(4,801,914)</u>	<u>(6,042,907)</u>
Gross profit		<u>6,566,292</u>	<u>6,112,777</u>
Other income	5	369,883	410,324
<b>Expenses</b>			
Selling and distribution expenses		(1,750,480)	(1,460,360)
Administration expenses		(3,027,417)	(2,271,899)
Employee benefits expense		(3,143,770)	(2,056,298)
Costs relating to acquisition and equity raise		(274,903)	(339,276)
Depreciation and amortisation		<u>(387,438)</u>	<u>(158,068)</u>
<b>Operating profit/(loss)</b>		<u>(1,647,833)</u>	<u>237,200</u>
Finance costs		(155,215)	(111,262)
Finance income		<u>17,608</u>	<u>1,090</u>
<b>Profit/(loss) before income tax (expense)/benefit</b>		<u>(1,785,440)</u>	<u>127,028</u>
Income tax (expense)/benefit		<u>328,835</u>	<u>(281,677)</u>
<b>Loss after income tax (expense)/benefit for the half-year attributable to the owners of Lark Distilling Co. Ltd</b>		<u>(1,456,605)</u>	<u>(154,649)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>-</u>	<u>2</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>2</u>
<b>Total comprehensive income for the half-year attributable to the owners of Lark Distilling Co. Ltd</b>		<u><u>(1,456,605)</u></u>	<u><u>(154,647)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(1.93)	(0.23)
Diluted earnings per share	14	(1.93)	(0.23)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Lark Distilling Co. Ltd**  
**Consolidated statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2022</b>
		<b>2022</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		9,075,955	16,096,404
Trade and other receivables	6	2,932,044	4,110,428
Inventories	7	18,524,967	20,430,247
Prepaid assets		1,454,696	180,591
<b>Total current assets</b>		<u>31,987,662</u>	<u>40,817,670</u>
<b>Non-current assets</b>			
Inventories	7	42,948,388	39,741,486
Property, plant and equipment	8	15,175,522	15,271,786
Right-of-use assets		1,534,860	1,631,574
Intangibles	9	21,645,254	21,602,426
Deferred tax		2,853,875	2,525,040
<b>Total non-current assets</b>		<u>84,157,899</u>	<u>80,772,312</u>
<b>Total assets</b>		<u>116,145,561</u>	<u>121,589,982</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	6,230,498	5,676,914
Financial liabilities		186,513	420,191
Employee benefits		538,494	448,789
<b>Total current liabilities</b>		<u>6,955,505</u>	<u>6,545,894</u>
<b>Non-current liabilities</b>			
Borrowings		-	5,000,000
Financial liabilities		1,398,714	1,255,513
Employee benefits		51,375	34,647
<b>Total non-current liabilities</b>		<u>1,450,089</u>	<u>6,290,160</u>
<b>Total liabilities</b>		<u>8,405,594</u>	<u>12,836,054</u>
<b>Net assets</b>		<u>107,739,967</u>	<u>108,753,928</u>
<b>Equity</b>			
Issued capital	11	116,486,221	116,448,720
Reserves		2,381,873	1,976,730
Accumulated losses		<u>(11,128,127)</u>	<u>(9,671,522)</u>
<b>Total equity</b>		<u>107,739,967</u>	<u>108,753,928</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Restated Accumulated losses</b> \$	<b>Restated Total equity</b> \$
Balance at 1 July 2021	58,498,886	1,100,504	(9,201,124)	50,398,266
Loss after income tax expense for the half-year	-	-	(154,649)	(154,649)
Other comprehensive income for the half-year, net of tax	-	2	-	2
Total comprehensive income for the half-year	-	2	(154,649)	(154,647)
Contributions of equity, net of transaction costs	56,552,760	-	-	56,552,760
Share-based payments (note 15)	-	606,673	-	606,673
Balance at 31 December 2021	<u>115,051,646</u>	<u>1,707,179</u>	<u>(9,355,773)</u>	<u>107,403,052</u>
<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Reserves</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 July 2022	116,448,720	1,976,730	(9,671,522)	108,753,928
Loss after income tax benefit for the half-year	-	-	(1,456,605)	(1,456,605)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,456,605)	(1,456,605)
Contributions of equity, net of transaction costs (note 11)	37,501	-	-	37,501
Share-based payments (note 15)	-	405,143	-	405,143
Balance at 31 December 2022	<u>116,486,221</u>	<u>2,381,873</u>	<u>(11,128,127)</u>	<u>107,739,967</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

	Note	Consolidated 31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		13,835,884	11,724,519
Payments to suppliers and employees		(12,934,648)	(14,995,903)
Purchase of inventory		(4,492,418)	(2,885,026)
Interest received		17,608	1,090
Interest and other finance costs paid		(116,214)	(128,951)
Government grants and tax incentives received		2,346,173	353,324
		<u>(1,343,615)</u>	<u>(5,930,947)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired		(119,850)	-
Payments for property, plant and equipment		(396,849)	(1,305,742)
Payments for intangibles	9	(92,920)	-
Proceeds from sale of property, plant and equipment		9,091	-
		<u>(600,528)</u>	<u>(1,305,742)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	11	37,501	57,897,503
Share issue transaction costs		-	(1,904,520)
Proceeds from borrowings		-	5,000,000
Repayment of borrowings		(5,000,000)	(5,088,855)
Repayment of lease liabilities		(113,807)	(97,844)
		<u>(5,076,306)</u>	<u>55,806,284</u>
Net cash from/(used in) financing activities		<u>(5,076,306)</u>	<u>55,806,284</u>
Net increase/(decrease) in cash and cash equivalents		(7,020,449)	48,569,595
Cash and cash equivalents at the beginning of the financial half-year		16,096,404	7,645,874
Cash and cash equivalents at the end of the financial half-year		<u>9,075,955</u>	<u>56,215,469</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 1. General information**

The financial statements cover Lark Distilling Co. Ltd as a group consisting of Lark Distilling Co. Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Lark Distilling Co. Ltd's functional and presentation currency.

Lark Distilling Co. Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 91-93 Macquarie Street  
Hobart TAS 7000 Australia

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

In the six months to 31 December 2022, the Group has:

- Generated a loss after tax of \$1,456,605 and
- Used cash in operating activities of \$1,343,615.

As at 31 December 2022, the Group had a cash and cash equivalents of \$9,075,955.

The directors approved a cash flow forecast which included further expansionary activities in the production of new-make spirit for the FY2023 year which will absorb cash throughout FY2023 and beyond. Due to having no current contracted or legal obligations to increase production or undertake expansionary capital expenditure, the entity has the ability to undertake mitigating actions in response to any cash flow uncertainties or potential risks that may arise. Such actions include ceasing or reducing the level of expansionary whisky production, and the deferral or suspension of non-critical capital expenditure. At the date of this report and having considered the current cash balance, cash flow forecasts and mitigating plans, the directors are confident that the Group will be able to continue as a going concern.

**Note 3. Restatement of comparatives**

*Correction of error*

In the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2021, Lark recognised revenue relating to a sales transaction on dispatch of goods in line with purchasing documentation it received from the customer. Based on new information identified in the subsequent six months, it was determined that the terms of the sale did not satisfy the revenue recognition requirements of AASB 15 “Revenue from contracts with customers”. As a result, the sale was reversed during the financial year ended 30 June 2022 and as such does not affect any amounts reported in the annual report for the year ended 30 June 2022.

As the transaction referred to above occurred during the half-year ended 31 December 2021, adjustments have been made to the following financial statement line items for the comparative period:

	Reported 2021 \$	Increase/ (Decrease) \$	Restated 2021 \$
Sales revenue	12,962,705	(807,021)	12,155,684
Cost of sales	6,545,304	(502,397)	6,042,907
Profit/(loss) before income tax (expense)/benefit	431,652	(304,624)	127,028
Income tax (expense)/benefit	(357,833)	76,156	(281,677)
Profit/(loss) after income tax (expense)/benefit	73,819	(228,468)	(154,649)

**Note 4. Operating segments**

*Identification of reportable operating segments*

The group is organised into three operating segments: whisky, gin, and other. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The operations of the group in management of equity investments is consistent with the groups' strategy to continue its investment and growth in both whisky (“Lark” as the hero brand) and gin (“Forty Spotted Gin”). Whisky and gin are assessed as separate segments by the CODM due to the differences in production processes, inventory life cycle, market categories, working capital requirements and financial contribution to the group. The “other” segment is function’s that attribute to Group results but are not directly attributable to whisky or gin segments. Operating segments are therefore split into the three segments; whisky, gin and other.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

There were no major customers during the half year ended 31 December 2022 (31 December 2021: there were no major customers during the half year).

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 4. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 31 December 2022</b>	<b>Whisky</b> <b>\$</b>	<b>Gin</b> <b>\$</b>	<b>Other</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b>Revenue</b>				
Sales to external customers	9,267,036	1,470,473	630,697	11,368,206
Other revenue	295,907	73,976	-	369,883
<b>Total revenue</b>	<b>9,562,943</b>	<b>1,544,449</b>	<b>630,697</b>	<b>11,738,089</b>
<b>EBITDA</b>	<b>(711,670)</b>	<b>(499,788)</b>	<b>(64,607)</b>	<b>(1,276,065)</b>
Interest income	14,354	2,278	976	17,608
Finance costs	(113,753)	(18,050)	(7,741)	(139,544)
Depreciation and amortisation	(315,829)	(50,115)	(21,495)	(387,439)
<b>Loss before income tax benefit</b>	<b>(1,126,898)</b>	<b>(565,675)</b>	<b>(92,867)</b>	<b>(1,785,440)</b>
Income tax benefit				328,835
<b>Loss after income tax benefit</b>				<b>(1,456,605)</b>

<b>Consolidated - 31 December 2021 (Restated)</b>	<b>Whisky</b> <b>\$</b>	<b>Gin</b> <b>\$</b>	<b>Other</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b>Revenue</b>				
Sales to external customers	9,270,260	2,535,128	350,296	12,155,684
Other revenue	325,605	81,401	3,318	410,324
<b>Total revenue</b>	<b>9,595,865</b>	<b>2,616,529</b>	<b>353,614</b>	<b>12,566,008</b>
<b>EBITDA</b>	<b>492,888</b>	<b>(31,542)</b>	<b>(66,078)</b>	<b>395,268</b>
Interest income	926	164	-	1,090
Finance costs	(90,122)	(16,689)	(4,451)	(111,262)
Depreciation and amortisation	(128,035)	(23,710)	(6,323)	(158,068)
<b>Profit/(loss) before income tax expense</b>	<b>275,657</b>	<b>(71,777)</b>	<b>(76,852)</b>	<b>127,028</b>
Income tax expense				(281,677)
<b>Loss after income tax expense</b>				<b>(154,649)</b>

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
R&D Grant income	-	57,000
Excise rebates received	350,000	350,006
Others	19,883	3,318
	<b>369,883</b>	<b>410,324</b>

Lark Distilling Co. Ltd  
Notes to the consolidated financial statements  
31 December 2022

**Note 6. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	2,808,096	3,998,130
Other receivables	67,374	36,978
Deposits paid	56,574	75,320
	<u>2,932,044</u>	<u>4,110,428</u>

**Note 7. Inventories**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Raw materials - at cost	2,673,981	3,843,114
Work in progress - at cost	2,438,462	1,737,390
Finished goods - at cost	3,263,162	3,793,620
Inventory in casks	10,430,707	11,222,598
Provision for obsolescence	(281,345)	(166,475)
	<u>18,524,967</u>	<u>20,430,247</u>
<i>Non-current assets</i>		
Inventory in casks	42,725,747	39,519,561
Finished goods	222,641	221,925
	<u>42,948,388</u>	<u>39,741,486</u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 8. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land and building - at cost	9,464,644	9,364,644
Less: Impairment	<u>(529,683)</u>	<u>(529,683)</u>
	<u>8,934,961</u>	<u>8,834,961</u>
Building improvements - at cost	1,514,500	1,514,502
Less: Accumulated depreciation	<u>(436,163)</u>	<u>(261,109)</u>
	<u>1,078,337</u>	<u>1,253,393</u>
Plant, machinery & production assets - at cost	5,982,399	5,819,243
Less: Accumulated depreciation	<u>(1,864,150)</u>	<u>(1,553,472)</u>
	<u>4,118,249</u>	<u>4,265,771</u>
Motor vehicles - at cost	94,157	154,044
Less: Accumulated depreciation	<u>(52,264)</u>	<u>(102,525)</u>
	<u>41,893</u>	<u>51,519</u>
Capital work in progress	<u>1,002,082</u>	<u>866,142</u>
	<u><u>15,175,522</u></u>	<u><u>15,271,786</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<b>Land and building</b>	<b>Building improvement</b>	<b>Plant machinery and production assets</b>	<b>Motor Vehicles</b>	<b>Capital WIP</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2022	8,834,961	1,253,393	4,265,771	51,519	866,142	15,271,786
Additions	100,000	-	160,909	-	135,940	396,849
Disposals	-	-	-	(5,381)	-	(5,381)
Depreciation capitalised to inventory	-	-	(243,831)	(3,505)	-	(247,336)
Depreciation expense	-	(175,056)	(64,600)	(740)	-	(240,396)
Balance at 31 December 2022	<u><u>8,934,961</u></u>	<u><u>1,078,337</u></u>	<u><u>4,118,249</u></u>	<u><u>41,893</u></u>	<u><u>1,002,082</u></u>	<u><u>15,175,522</u></u>



**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 9. Intangibles**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	21,231,628	21,231,628
Other intangible assets - at cost	627,730	534,810
Less: Accumulated amortisation	(214,104)	(164,012)
	<u>413,626</u>	<u>370,798</u>
	<u><u>21,645,254</u></u>	<u><u>21,602,426</u></u>

**Note 10. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade Creditors	1,910,900	2,161,743
Sundry creditors and accrued expenses	169,776	210,784
Deferred consideration payable	1,000,000	1,000,000
Unearned grant	1,800,000	-
Other payables	1,349,822	2,304,387
	<u>6,230,498</u>	<u>5,676,914</u>

**Note 11. Issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2022</b>	<b>31 December</b>	<b>30 June 2022</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>75,380,044</u>	<u>75,306,377</u>	<u>116,486,221</u>	<u>116,448,720</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2022	75,306,377		116,448,720
Exercise of options	9 September 2022	16,667	\$2.25000	37,501
Exercise of performance rights	17 October 2022	57,000	\$0.00000	-
Balance	31 December 2022	<u>75,380,044</u>		<u>116,486,221</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 11. Issued capital (continued)**

*Share buy-back*

There is no current on-market share buy-back.

**Note 12. Related party transactions**

During the period, the Group made purchases amounting to \$97,951 (31 December 2021: \$330,491) from an entity associated with Warren Randall (Non-Executive Director). These transactions were for the purchase of wooden barrels from Seppeltsfield Wines Pty Ltd (ABN: 97 127 078 282) for the Group to use in its' production process of whisky.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

**Note 14. Earnings per share**

	<b>Consolidated</b>	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Lark Distilling Co. Ltd	<u>(1,456,605)</u>	<u>(154,649)</u>	
	<b>Cents</b>	<b>Cents</b>	
Basic earnings per share	(1.93)	(0.23)	
Diluted earnings per share	(1.93)	(0.23)	

**Note 15. Share-based payments**

A share option plan has been established by the group and approved by shareholders at a general meeting, whereby the group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

**31 December**  
**2022**

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
02/11/2020	31/12/2022	\$2.25000	141,666	-	(16,667)	(124,999)	-
			<u>141,666</u>	<u>-</u>	<u>(16,667)</u>	<u>(124,999)</u>	<u>-</u>

**31 December**  
**2021**

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
28/11/2017	31/07/2021	\$2.25000	102,776	-	-	(102,776)	-
02/11/2020	31/12/2022	\$2.25000	233,335	-	(16,668)	(8,333)	208,334
			<u>336,111</u>	<u>-</u>	<u>(16,668)</u>	<u>(111,109)</u>	<u>208,334</u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 15. Share-based payments (continued)**

Set out below are summaries of performance rights granted under the plan:

**31 December  
2022**

Grant date	Expiry date	Vesting hurdle	Balance at the start of the half-year	Granted	Shares issued/ Exercised	Expired/ forfeited/ other changes	Balance at the end of the half-year
25/11/2019	31/12/2026	\$1.95000	70,000	-	-	-	70,000
25/11/2019	31/12/2026	\$2.25000	300,000	-	-	-	300,000
25/11/2019	31/12/2026	\$2.55000	550,000	-	-	-	550,000
16/03/2020	31/12/2026	\$1.95000	60,000	-	-	-	60,000
16/03/2020	31/12/2026	\$2.25000	53,334	-	-	-	53,334
16/03/2020	31/12/2026	\$2.55000	46,666	-	-	-	46,666
12/02/2021	31/12/2026	\$1.95000	50,000	-	-	(20,000)	30,000
12/02/2021	31/12/2026	\$2.25000	168,332	-	-	(50,000)	118,332
12/02/2021	31/12/2026	\$2.55000	171,668	-	-	(65,000)	106,668
25/06/2021	31/12/2026	\$2.25000	98,334	-	-	-	98,334
25/06/2021	31/12/2026	\$2.55000	176,666	-	-	-	176,666
18/10/2021	17/10/2022	\$0.00000	60,500	-	(57,000)	(3,500)	-
29/11/2021	31/12/2026	\$2.25000	45,000	-	-	-	45,000
29/11/2021	31/12/2026	\$2.55000	45,000	-	-	-	45,000
			1,895,500	-	(57,000)	(140,000)	1,700,000

**31 December  
2021**

Grant date	Expiry date	Vesting hurdle	Balance at the start of the half-year	Granted	Shares issued/ Exercised	Expired/ forfeited/ other changes	Balance at the end of the half-year
25/11/2019	31/12/2026	\$1.65000	110,000	-	-	-	110,000
25/11/2019	31/12/2026	\$1.95000	130,000	-	-	-	130,000
25/11/2019	31/12/2026	\$2.25000	650,000	-	-	-	650,000
25/11/2019	31/12/2026	\$2.55000	1,050,000	-	-	-	1,050,000
16/03/2020	31/12/2026	\$1.65000	133,333	-	-	-	133,333
16/03/2020	31/12/2026	\$1.95000	70,000	-	-	-	70,000
16/03/2020	31/12/2026	\$2.25000	63,333	-	-	-	63,333
16/03/2020	31/12/2026	\$2.55000	56,666	-	-	-	56,666
12/02/2021	31/12/2026	\$1.95000	80,000	-	-	(30,000)	50,000
12/02/2021	31/12/2026	\$2.25000	248,332	-	-	(80,000)	168,332
12/02/2021	31/12/2026	\$2.55000	256,668	-	-	(85,000)	171,668
25/06/2021	31/12/2026	\$2.25000	98,334	-	-	-	98,334
25/06/2021	31/12/2026	\$2.55000	176,666	-	-	-	176,666
18/10/2021	17/10/2022	\$0.00000	-	85,750	-	(7,750)	78,000
29/11/2021	31/12/2026	\$1.65000	-	50,000	-	-	50,000
29/11/2021	31/12/2026	\$1.95000	-	25,000	-	-	25,000
29/11/2021	31/12/2026	\$2.25000	-	-	-	45,000	45,000
29/11/2021	31/12/2026	\$2.55000	-	-	-	45,000	45,000
			3,123,332	160,750	-	(112,750)	3,171,332

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 4 years (December 2021: 5 years).

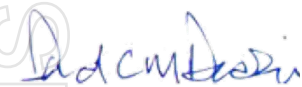
**Lark Distilling Co. Ltd**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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David Dearie  
Chairman

23 February 2023

## Independent Auditor's Review Report to the Members of Lark Distilling Co. Ltd

### *Conclusion*

We have reviewed the half-year financial report of Lark Distilling Co. Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, and consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Directors Responsibilities for the Half-year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

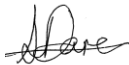
## *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 the Group's financial position as at 31 December 2022 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*.

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 other 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.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Stuart Dare  
Partner  
Chartered Accountants  
Hobart, 23 February 2023

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