

**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 2023
Previous period:	For the half-year ended 31 December 2022

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

			\$
Revenues from ordinary activities	down	20.6% to	9,030,175
Loss from ordinary activities after tax attributable to the Owners of Lark Distilling Co. Ltd	up	10.7% to	(1,613,167)
Loss for the half-year attributable to the Owners of Lark Distilling Co. Ltd	up	10.7% to	(1,613,167)
		<b>31 December 2023</b>	<b>31 December 2022</b>
		<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings / (loss) per share		(2.14)	(1.93)
Diluted earnings / (loss) per share		(2.14)	(1.93)

*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 \$1,613,167 (31 December 2022: \$1,456,605).

**3. Net tangible assets**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible assets per ordinary security	<u>101.80</u>	<u>108.39</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**

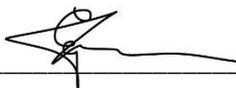
*Details of attachments (if any):*

The Interim Report of Lark Distilling Co. Ltd for the half-year ended 31 December 2023 is attached.

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**11. Signed**

Signed



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Domenic Panaccio  
Chairman

Date: 21 February 2024

**Lark Distilling Co. Ltd**

**ABN 62 104 600 544**

**Interim Report - 31 December 2023**

**Lark Distilling Co. Ltd**  
**Corporate directory**  
**31 December 2023**

Directors	Mr Domenic Panaccio - Non-Executive Chairman Mr David Dearie - Non-Executive Director Ms Laura McBain - Non-Executive Director Mr Warren Randall - Non-Executive Director
Chief Executive Officer	Mr Satya Sharma
Company Secretary	Ms Melanie Leydin
Registered office and Principal place of business	Level 1, 91-93 Macquarie Street Hobart TAS 7000
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne, VIC 3000
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 2023**

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 2023.

**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 Domenic Panaccio - Non-Executive Chairman - appointed Non-Executive Chairman on 24 January 2024  
Mr David Dearie - Non-Executive Director - resigned Non-Executive Chairman and continued as Non- Executive Director on 24 January 2024  
Ms Laura McBain - Non-Executive Director  
Mr Warren Randall - Non-Executive Director

**Principal activities**

The principal activities of the Group during the half year ended 31 December 2023 were 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.

**Review of operations**

*Profit or Loss*

The loss for the Group after providing for income tax amounted to \$1,613,167 (31 December 2022: loss of \$1,456,605).

*Cash Flows*

Cash flows used in operating activities was \$1,104,481 for the period (31 December 2022: \$3,323,615) including payments to suppliers and employees amounting to \$8,780,063 (31 December 2022: \$12,934,648) and for inventories \$3,317,742 (31 December 2022: \$4,492,418).

*Financial Position*

Net asset position of the Group as at 31 December 2023 was \$103,741,101 (30 June 2023: \$104,676,543), lower due to the net loss after income tax incurred during the period.

**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 2023 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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Domenic Panaccio  
Chairman

21 February 2024

**RSM Australia Partners**

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## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lark Distilling Co. Ltd. and its controlled entities for the half year ended 31 December 2023, 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.



**RSM AUSTRALIA PARTNERS**



**B Y CHAN**

Partner

Dated: 21 February 2024

Melbourne, Victoria

**THE POWER OF BEING UNDERSTOOD**

AUDIT | TAX | CONSULTING

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**Lark Distilling Co. Ltd**  
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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 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue		9,030,175	11,368,206
Cost of sales		<u>(4,153,732)</u>	<u>(4,801,914)</u>
Gross profit		<u>4,876,443</u>	<u>6,566,292</u>
Other income	4	829,634	369,883
<b>Expenses</b>			
Selling and distribution expenses		(1,014,521)	(1,750,480)
Administration expenses		(1,801,312)	(3,027,417)
Employee benefits expense		(3,979,867)	(3,143,770)
Costs relating to acquisition and equity raise		-	(274,903)
Depreciation and amortisation		<u>(543,826)</u>	<u>(387,438)</u>
<b>Operating loss</b>		<u>(1,633,449)</u>	<u>(1,647,833)</u>
Finance costs		(124,863)	(155,215)
Finance income		<u>28,485</u>	<u>17,608</u>
<b>Loss before income tax benefit</b>		<u>(1,729,827)</u>	<u>(1,785,440)</u>
Income tax benefit		<u>116,660</u>	<u>328,835</u>
<b>Loss after income tax benefit for the half-year attributable to the Owners of Lark Distilling Co. Ltd</b>		<u>(1,613,167)</u>	<u>(1,456,605)</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year attributable to the Owners of Lark Distilling Co. Ltd</b>		<u><u>(1,613,167)</u></u>	<u><u>(1,456,605)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	(2.14)	(1.93)
Diluted earnings per share	13	(2.14)	(1.93)

*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 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December</b>	<b>30 June 2023</b>
		<b>2023</b>	<b>2023</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,525,062	7,159,778
Trade and other receivables	5	1,777,541	1,994,999
Inventories	6	18,416,702	15,993,162
Prepaid assets		222,879	116,820
<b>Total current assets</b>		<u>25,942,184</u>	<u>25,264,759</u>
<b>Non-current assets</b>			
Inventories	6	44,346,414	45,916,614
Property, plant and equipment	7	15,006,051	15,201,278
Right-of-use assets		1,506,997	4,521,931
Intangibles	8	21,313,254	21,238,641
Deferred tax		4,111,049	3,994,389
<b>Total non-current assets</b>		<u>86,283,765</u>	<u>90,872,853</u>
<b>Total assets</b>		<u>112,225,949</u>	<u>116,137,612</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	2,648,438	2,676,684
Financial liabilities		200,575	369,906
Employee benefits		520,595	463,448
Deferred Government grants		3,675,000	3,675,000
<b>Total current liabilities</b>		<u>7,044,608</u>	<u>7,185,038</u>
<b>Non-current liabilities</b>			
Financial liabilities		1,364,002	4,216,367
Employee benefits		76,238	59,664
<b>Total non-current liabilities</b>		<u>1,440,240</u>	<u>4,276,031</u>
<b>Total liabilities</b>		<u>8,484,848</u>	<u>11,461,069</u>
<b>Net assets</b>		<u>103,741,101</u>	<u>104,676,543</u>
<b>Equity</b>			
Issued capital	10	116,486,221	116,486,221
Reserves		3,447,598	2,769,873
Accumulated losses		(16,192,718)	(14,579,551)
<b>Total equity</b>		<u>103,741,101</u>	<u>104,676,543</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 2023**

<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	37,501	-	-	37,501
Share-based payments (note 14)	-	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>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	116,486,221	2,769,873	(14,579,551)	104,676,543
Loss after income tax benefit for the half-year	-	-	(1,613,167)	(1,613,167)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,613,167)	(1,613,167)
Share-based payments (note 14)	-	677,725	-	677,725
Balance at 31 December 2023	<u>116,486,221</u>	<u>3,447,598</u>	<u>(16,192,718)</u>	<u>103,741,101</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 2023**

	<b>Consolidated</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	10,661,303	13,835,884
Payments to suppliers and employees	(8,780,063)	(12,934,648)
Purchase of inventory	(3,317,742)	(4,492,418)
Interest received	28,485	17,608
Interest and other finance costs paid	(81,639)	(116,214)
Government grants and tax incentives received	385,175	366,173
	<u>(1,104,481)</u>	<u>(3,323,615)</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	(309,270)	(396,849)
Payments for intangibles	8 (95,701)	(92,920)
Proceeds from sale of property, plant and equipment	-	9,091
Government grants and tax incentives received	-	1,980,000
	<u>(404,971)</u>	<u>1,379,472</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Shares	10 -	37,501
Repayment of borrowings	-	(5,000,000)
Repayment of lease liabilities	(125,264)	(113,807)
	<u>(125,264)</u>	<u>(5,076,306)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(1,634,716)	(7,020,449)
Cash and cash equivalents at the beginning of the financial half-year	7,159,778	16,096,404
Cash and cash equivalents at the end of the financial half-year	<u>5,525,062</u>	<u>9,075,955</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 2023**

**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 21 February 2024.

**Note 2. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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 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.

**Note 3. 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 CODM does not assess the balance sheet in separate segments as it is impractical to do so.

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

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 3. Operating segments (continued)**

*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*

During the half year ended 31 December 2023, approximately 28% of the Group's external revenue was derived from sales to one customer (FY23: 20%) with revenue of the Group from direct customers being materially derived from the Australian geographical market.

*Operating segment information*

<b>Consolidated - 31 December 2023</b>	<b>Whisky</b> \$	<b>Gin</b> \$	<b>Other</b> \$	<b>Total</b> \$
<b>Revenue</b>				
Sales to external customers	7,097,453	1,395,333	537,389	9,030,175
Other revenue	652,068	128,194	49,372	829,634
<b>Total revenue</b>	<u>7,749,521</u>	<u>1,523,527</u>	<u>586,761</u>	<u>9,859,809</u>
<b>EBITDA</b>	(475,508)	(528,850)	(85,265)	(1,089,623)
Interest income	22,389	4,402	1,694	28,485
Finance costs	(98,139)	(19,294)	(7,430)	(124,863)
Depreciation and amortisation	(427,432)	(84,031)	(32,363)	(543,826)
<b>Loss before income tax benefit</b>	<u>(978,690)</u>	<u>(627,773)</u>	<u>(123,364)</u>	<u>(1,729,827)</u>
Income tax benefit				116,660
<b>Loss after income tax benefit</b>				<u>(1,613,167)</u>
	<b>Whisky</b> \$	<b>Gin</b> \$	<b>Other</b> \$	<b>Total</b> \$
<b>Consolidated - 31 December 2022</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>	<u>9,562,943</u>	<u>1,544,449</u>	<u>630,697</u>	<u>11,738,089</u>
<b>EBITDA</b>	(702,931)	(493,651)	(63,813)	(1,260,395)
Interest income	14,354	2,278	976	17,608
Finance costs	(126,528)	(20,077)	(8,610)	(155,215)
Depreciation and amortisation	(315,828)	(50,115)	(21,495)	(387,438)
<b>Loss before income tax benefit</b>	<u>(1,130,933)</u>	<u>(561,565)</u>	<u>(92,942)</u>	<u>(1,785,440)</u>
Income tax benefit				328,835
<b>Loss after income tax benefit</b>				<u>(1,456,605)</u>

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31 December</b> <b>2023</b>	<b>31 December</b> <b>2022</b>
Excise rebates received	350,000	350,000
Others	479,634	19,883
	<u>829,634</u>	<u>369,883</u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 5. Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	1,284,324	1,965,557
Less: Allowance for expected credit losses	(45,000)	(45,000)
	<u>1,239,324</u>	<u>1,920,557</u>
Other receivables	532,434	19,442
Deposits paid	5,783	55,000
	<u>1,777,541</u>	<u>1,994,999</u>

**Note 6. Inventories**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Raw materials - at cost	1,904,836	2,023,326
Work in progress - at cost	3,100,063	2,605,512
Finished goods - at cost	1,885,454	2,049,282
Inventory in casks	12,081,125	9,940,969
Provision for obsolescence	(554,776)	(625,927)
	<u>18,416,702</u>	<u>15,993,162</u>
<i>Non-current assets</i>		
Inventory in casks	44,123,773	45,693,973
Finished goods	222,641	222,641
	<u>44,346,414</u>	<u>45,916,614</u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 7. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land and building	9,364,644	9,364,644
Less: Impairment	<u>(529,683)</u>	<u>(529,683)</u>
	8,834,961	8,834,961
Building improvements - at cost	1,614,502	1,614,502
Less: Accumulated depreciation	<u>(783,095)</u>	<u>(607,923)</u>
	831,407	1,006,579
Plant, machinery & production assets - at cost	6,344,101	6,222,273
Less: Accumulated depreciation	<u>(2,351,155)</u>	<u>(2,032,005)</u>
	3,992,946	4,190,268
Motor vehicles - at cost	94,157	94,157
Less: Accumulated depreciation	<u>(59,136)</u>	<u>(55,712)</u>
	35,021	38,445
Capital work in progress	1,311,716	1,131,025
	<u>15,006,051</u>	<u>15,201,278</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 2023	8,834,961	1,006,579	4,190,268	38,445	1,131,025	15,201,278
Additions	-	-	90,821	-	218,449	309,270
Depreciation capitalised to inventory	-	-	(89,273)	(215)	-	(89,488)
Transfers in/(out)	-	-	37,758	-	(37,758)	-
Depreciation expense	-	<u>(175,172)</u>	<u>(236,628)</u>	<u>(3,209)</u>	-	<u>(415,009)</u>
Balance at 31 December 2023	<u>8,834,961</u>	<u>831,407</u>	<u>3,992,946</u>	<u>35,021</u>	<u>1,311,716</u>	<u>15,006,051</u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 8. Intangibles**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	20,735,100	20,735,100
Other intangible assets - at cost	834,537	738,836
Less: Accumulated amortisation	(256,383)	(235,295)
	<u>578,154</u>	<u>503,541</u>
	<u><u>21,313,254</u></u>	<u><u>21,238,641</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>Consolidated</b>	<b>Goodwill</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>intangibles</b>	<b>\$</b>
		<b>\$</b>	
Balance at 1 July 2023	20,735,100	503,541	21,238,641
Additions	-	95,701	95,701
Amortisation expense	-	(21,088)	(21,088)
Balance at 31 December 2023	<u><u>20,735,100</u></u>	<u><u>578,154</u></u>	<u><u>21,313,254</u></u>

**Note 9. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade Creditors	1,331,696	1,053,024
Sundry creditors and accrued expenses	1,316,742	1,623,660
	<u><u>2,648,438</u></u>	<u><u>2,676,684</u></u>

**Note 10. Issued capital**

	<b>Consolidated</b>			
	<b>31 December</b>	<b>30 June 2023</b>	<b>31 December</b>	<b>30 June 2023</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u><u>75,448,044</u></u>	<u><u>75,430,044</u></u>	<u><u>116,486,221</u></u>	<u><u>116,486,221</u></u>

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 10. Issued capital (continued)**

*Movements in ordinary Share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2023	75,430,044		116,486,221
Exercise of performance rights	7 September 2023	10,000	\$0.00000	-
Exercise of performance rights	27 December 2023	<u>8,000</u>	<u>\$0.00000</u>	<u>-</u>
Balance	31 December 2023	<u><u>75,448,044</u></u>		<u><u>116,486,221</u></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.

*Share buy-back*

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

**Note 11. Related party transactions**

During the period, the Group made purchases amounting to \$48,281 (31 December 2022: \$97,951) 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 12. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2023 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 13. Earnings per Share**

	<b>Consolidated</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the Owners of Lark Distilling Co. Ltd	<u>(1,613,167)</u>	<u>(1,456,605)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>75,436,566</u>	<u>75,340,029</u>
Weighted average number of ordinary Shares used in calculating diluted earnings per Share	<u>75,436,566</u>	<u>75,340,029</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.14)	(1.93)
Diluted earnings per share	(2.14)	(1.93)

**Lark Distilling Co. Ltd**  
**Notes to the consolidated financial statements**  
**31 December 2023**

**Note 14. 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 performance rights granted under the plan:

**31 December  
2023**

<b>Grant date</b>	<b>Expiry date</b>	<b>Vesting hurdle</b>	<b>Balance at the start of the half-year</b>	<b>Granted</b>	<b>Shares issued/ Exercised</b>	<b>Expired/ forfeited/ other changes</b>	<b>Balance at the end of the half-year</b>
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	30,000	-	(8,000)	-	22,000
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	10,000	-	(10,000)	-	-
12/02/2021	31/12/2026	\$2.25000	68,332	-	-	-	68,332
12/02/2021	31/12/2026	\$2.55000	41,668	-	-	-	41,668
25/06/2021	31/12/2026	\$2.25000	98,334	-	-	-	98,334
25/06/2021	31/12/2026	\$2.55000	176,666	-	-	-	176,666
29/11/2021	31/12/2026	\$2.25000	45,000	-	-	-	45,000
29/11/2021	31/12/2026	\$2.55000	45,000	-	-	-	45,000
01/03/2023	01/06/2025	\$0.00000	3,147	-	-	-	3,147
01/03/2023	01/06/2025	\$3.81400	12,587	-	-	-	12,587
03/01/2023	01/06/2025	\$0.00000	3,252	-	-	-	3,252
03/03/2023	01/06/2025	\$3.81400	13,006	-	-	-	13,006
08/03/2023	01/06/2025	\$0.00000	3,357	-	-	-	3,357
08/03/2023	01/06/2025	\$3.81400	13,426	-	-	-	13,426
14/03/2023	01/06/2025	\$0.00000	15,734	-	-	-	15,734
14/03/2023	01/06/2025	\$3.81400	62,937	-	-	-	62,937
15/03/2023	01/06/2025	\$0.00000	5,770	-	-	-	5,770
15/03/2023	01/06/2025	\$3.81400	23,076	-	-	-	23,076
15/03/2023	01/06/2025	\$0.00000	4,196	-	-	-	4,196
15/03/2023	01/06/2025	\$3.81400	16,783	-	-	-	16,783
16/03/2023	01/06/2025	\$0.00000	4,196	-	-	-	4,196
16/03/2023	01/06/2025	\$3.81400	16,783	-	-	-	16,783
01/05/2023	01/05/2026	\$0.00000	343,357	-	-	-	343,357
01/05/2023	01/05/2026	\$4.00000	197,280	-	-	-	197,280
			<u>2,273,887</u>	-	<u>(18,000)</u>	-	<u>2,255,887</u>

Lark Distilling Co. Ltd  
Notes to the consolidated financial statements  
31 December 2023

Note 14. Share-based payments (continued)

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
			<u>1,895,500</u>	<u>-</u>	<u>(57,000)</u>	<u>(138,500)</u>	<u>1,700,000</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial half-year was 2.71 years (December 2022: 4 years).

**Lark Distilling Co. Ltd**  
**Directors' declaration**  
**31 December 2023**

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 2023 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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Domenic Panaccio  
Chairman

21 February 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Lark Distilling Co. Ltd.

### *Conclusion*

We have reviewed the accompanying half-year financial report of Lark Distilling Co. Ltd. ("Company") and its controlled entities ("Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the Group at the half-year end.

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 Lark Distilling Co. Ltd. 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 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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 Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 Lark Distilling Co. Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Lark Distilling Co. Ltd 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 is free from material misstatement, whether due to fraud or error.

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*Auditor's Responsibility for the Review of the Financial Report*

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 the Group's financial position as at 31 December 2023 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.



**RSM AUSTRALIA PARTNERS**



**B Y CHAN**

Partner

Dated: 21 February 2024  
Melbourne, Victoria