

Appendix 4D - Interim Financial Report

Under ASX Listing Rule 4.2A.3

Wagners Holding Company Limited (ABN 49 622 632 848) & Controlled Entities

Current period	1 July 2020 to 31 December 2020
Prior corresponding period	1 July 2019 to 31 December 2019

	Half-year to 31 Dec 2020 \$'000	Half-year to 31 Dec 2019 \$'000	Change %
Results for announcement to the market			
Revenue from continuing operations	155,024	122,320	27%
Net profit/(loss) before tax from continuing operations	2,167	(1,628)	233%
Net profit/(loss) after tax from continuing operations	1,388	(1,210)	215%

Please refer to commentary in Directors' Report and associated presentation that was released to the market on 25 February 2021 for further commentary.

	Half-year to 31 Dec 2020 cents	Half-year to 31 Dec 2019 cents	Change %
Dividend information			
No interim dividend per ordinary share declared	-	-	-
There were no dividend reinvestment plans in operation during the period			

	Half-year to 31 Dec 2020 \$	Half-year to 31 Dec 2019 \$	Change %
Net tangible assets per security			
Net tangible assets per ordinary shares	0.54	0.53	2%

Additional Appendix 4D disclosure requirements and commentary affecting the results for the period are contained in the Interim Financial Report for the half-year ended 31 December 2020 and management presentation for the half-year ended 31 December 2020.

This report is based on the interim consolidated financial statements which have been reviewed.



Wagners Holding Company Limited

ABN 49 622 632 848

Interim financial report

for the half-year ended 31 December 2020



Wagners Holding Company Limited
Interim financial report
for the half-year ended 31 December 2020

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Wagners Holding Company Limited

Directors' report

The directors of Wagners Holding Company Ltd (Wagners) and its controlled entities (the Group), present their report together with the consolidated interim financial report for the half year ended 31 December 2020.

Principal activities

The principal activities of the Group consist of construction materials and services and new generation building materials.

Construction materials and services supplies a large range of construction materials and services to customers in the construction, infrastructure and resources industries. Key products include cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. Services include project specific mobile and on-site concrete batching, contract crushing and haulage services.

New generation building materials provides innovative and environmentally sustainable building products and construction materials through composite fibre technologies (CFT) and earth friendly concrete (EFC).

Directors

The following persons were directors of the Group during the period and until the date of this report:

Director	Role
Denis Wagner	Non-executive chairman
John Wagner	Non-executive director
Lynda O'Grady	Non-executive director
Ross Walker	Non-executive director

Operating and financial review

Financial information found below is based upon the reviewed financial statements. Further commentary surrounding the review of operations of the Group for the half year are contained in the Investor Presentation announcements released to the Australian Securities Exchange on 25 February 2021.

Operating Earnings before Interest, Tax, Depreciation and Amortisation is a non-IFRS disclosure. In the opinion of the Directors, the Group's EBITDA reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles.

Pro forma & statutory results

Pro forma results are provided for the half year ended 31 December 2020 to allow shareholders to make a meaningful comparison with the pro forma results for the half year ended 30 June 2020 and the for the half year ended 31 December 2019 and to make an assessment of the Group's performance as a listed company. Pro forma and statutory results are summarised in tables 1 and 2 below.

Pro forma adjustments have been made on a consistent basis with those made in the prior year, and adjustments for the AASB 16 treatment of lease payments. A reconciliation of the pro forma results to the statutory results is provided in table 3 on the following pages.

Operating and financial review (continued)

Pro forma & statutory results (continued)

Table 1: Pro forma results actual compared to the prior two halves

	1H FY 21 Pro forma Actual \$'000	2H FY 20 Pro forma Actual \$'000	1H FY 20 Pro forma Actual \$'000
Revenue	155,024	127,348	122,320
Direct material and cartage costs	(67,698)	(52,585)	(55,488)
Gross profit	87,326	74,763	66,832
Other income	778	1,830	481
Operating expenses	(69,548)	(62,019)	(58,721)
EBITDA	18,556	14,574	8,592
Depreciation & amortisation	(8,260)	(7,529)	(6,637)
EBIT	10,296	7,045	1,955
Net finance costs	(3,379)	(2,734)	(2,470)
Net profit before tax	6,917	4,311	(515)
Income tax expense	(779)	(222)	418
NPAT	6,138	4,089	(97)

Table 2: Statutory results actual compared to the prior two halves

	1H FY 21 Statutory Actual \$'000	2H FY 20 Statutory Actual \$'000	1H FY 20 Statutory Actual \$'000
Revenue	155,024	127,348	122,320
Direct material and cartage costs	(67,698)	(52,585)	(55,488)
Gross profit	87,326	74,763	66,832
Other income	778	1,830	481
Operating expenses	(69,427)	(60,300)	(55,992)
EBITDA	18,677	16,293	11,321
Depreciation & amortisation	(11,044)	(10,196)	(8,791)
EBIT	7,633	6,097	2,530
Net finance costs	(5,466)	(4,682)	(4,158)
Net profit before tax	2,167	1,415	(1,628)
Income tax expense	(779)	(222)	418
NPAT	1,388	1,193	(1,210)

Pro forma results against comparative periods

Increased Cement sales, bulk haulage, increased quarry volumes and increased concrete volumes have contributed to the higher revenue in 1H FY 21. These increases have resulted in higher direct material and cartage costs, and increased operating expenses reflecting the nature of the work involved.

Operating and financial review (continued)

Pro forma & statutory results (continued)

The results for the half year ended 31 December 2020 were higher compared to the prior corresponding period due to:

- Increased volumes to our major cement customers.
- Increased contribution from major contracts for precast concrete and quarries.
- Increased demand for concrete, aggregate and cement in SEQ.
- Growth in bulk haulage revenues, supporting the increased production from the mines.
- Continued market pressure on concrete margins from our fixed concrete plants.

Table 3: Reconciliation of pro forma results to statutory results

Group Results (\$'000)	1H FY 21	2H FY 20	1H FY 20
Statutory EBIT	7,633	6,097	2,530
Reversal of fair value on derivative instruments (gain)/loss	3,151	1,325	(260)
AASB 16 - Rental Payments	(3,272)	(3,044)	(2,469)
AASB 16 - Right of Use Depreciation	2,784	2,667	2,154
Pro forma EBIT	10,296	7,045	1,955
Statutory NPAT	1,388	1,193	(1,210)
Reversal of fair value on derivative instruments (gain)/loss	3,151	1,325	(260)
AASB 16 - Rental Payments	(3,272)	(3,044)	(2,469)
AASB 16 - Right of Use Depreciation	2,784	2,667	2,154
AASB 16 - Finance Costs Lease Liabilities	2,087	1,948	1,688
Pro forma NPAT	6,138	4,089	(97)

The outlook for the second half of this year is:

- Ongoing contributions from our major contracts in precast concrete and quarries.
- Continued strong performance of the bulk haulage business.
- Increased activity in the domestic pedestrian infrastructure and bridge division of CFT.
- To establish USA manufacturing facility for CFT after delays caused by COVID-19.
- To seek external investment in our low carbon concrete technology (EFC).

Dividends

There are no dividends proposed to be paid as at the date of this report.

Significant events occurring after the balance date

The directors of the company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 31 December 2020.

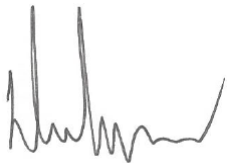
Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the Director's Report for half year ended 31 December 2020.

Rounding

The Company is a kind referred to in Australian Securities & Investment Commission (ASIC) Corporations Instrument 2016/191, and in accordance with that instrument all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors.



Mr Denis Wagner

Chairman

Toowoomba, Qld

25 February 2021

Wagners Holding Company Limited

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF WAGNERS HOLDING COMPANY LIMITED

As lead auditor for the review of Wagners Holding Company Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wagners Holding Company Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C K Henry', is written over a light blue horizontal line.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 25 February 2021

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Wagners Holding Company Limited
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2020

	Note	Consolidated Group	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from contracts with customers	3(a)	155,024	122,320
Other income	3(b)	778	481
Direct material and cartage costs		(67,698)	(55,488)
Employee benefits expense		(27,063)	(23,039)
Depreciation – right-of-use assets	7	(2,784)	(2,154)
Depreciation and amortisation expense – other		(8,260)	(6,637)
Finance costs – lease liabilities	7	(2,087)	(1,688)
Net finance costs – other		(3,379)	(2,470)
Fuel		(2,490)	(1,482)
Contract work and purchased services		(6,814)	(6,322)
Freight and postal		(742)	(812)
Legal and professional		(738)	(1,157)
Rental & hire		(2,801)	(2,702)
Repairs and maintenance		(18,474)	(12,327)
Travel and accommodation		(3,660)	(2,567)
Utilities		(2,053)	(1,795)
Fair value adjustment on derivative instruments	12	(3,151)	260
Impairment of trade receivables – gain/(loss)		227	-
Other expenses		(1,668)	(4,049)
Profit/(loss) before income tax	3	2,167	(1,628)
Income tax (expense)/benefit	4	(779)	418
Profit/(loss) attributable to equity holders of the parent		1,388	(1,210)
Other comprehensive income (net of tax)			
<i>Items that may be reclassified to profit or loss</i>			
Adjustment from translation of foreign controlled entities		95	(63)
		95	(63)
Total comprehensive income attributable to equity holders of the parent		1,483	(1,273)
Earnings per share		Cents	Cents
Basic earnings per share	10	0.7	(0.7)
Diluted earnings per share	10	0.7	(0.7)

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated statement of financial position
as at 31 December 2020

	Note	Consolidated Group	
		31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current Assets			
Cash and cash equivalents		14,064	3,436
Trade and other receivables	5	44,641	55,586
Inventories		24,896	21,755
Current tax assets		3,232	2,986
Derivative instruments	12	-	216
Other assets		2,051	573
Total Current Assets		88,884	84,552
Non-current Assets			
Other financial assets		7	7
Property, plant and equipment	6	142,052	143,702
Right-of-use assets	7	92,891	92,489
Intangible assets		2,462	2,521
Deferred tax assets		8,275	6,719
Total Non-current Assets		245,687	245,438
Total Assets		334,571	329,990
Current Liabilities			
Trade and other payables		42,907	33,575
Borrowings	8	10,726	18,715
Lease liabilities	7	2,356	2,372
Derivative instruments	12	7,084	3,215
Provisions		6,295	6,418
Total Current Liabilities		69,368	64,295
Non-current Liabilities			
Borrowings	8	64,470	67,759
Lease liabilities	7	95,078	93,061
Derivative instruments	12	1,095	2,029
Provisions		524	439
Total Non-current Liabilities		161,167	163,288
Total Liabilities		230,535	227,583
Net Assets		104,036	102,407
Equity			
Issued capital		410,915	410,915
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves		82	(159)
Retained earnings		47,652	46,264
Total Equity		104,036	102,407

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2020

	Note	Consolidated Group			
		Share capital	Pre IPO distributions to related entities	Reserves	Retained earnings
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019		371,334	(354,613)	(397)	46,281
Profit for the half-year		-	-	-	(1,210)
Exchange differences from translation of foreign controlled entities.		-	-	(63)	-
Total comprehensive income for the half-year		-	-	(63)	(1,210)
<i>Transactions with owners in their capacity as owners:</i>					
New shares issued (net of share issue costs)		39,581	-	-	-
Balance at 31 December 2019		410,915	(354,613)	(460)	45,071
Balance at 1 July 2020		410,915	(354,613)	(159)	46,264
Profit/(loss) for the half-year		-	-	-	1,388
Exchange differences from translation of foreign controlled entities, net of tax		-	-	95	-
Total comprehensive income for the half-year		-	-	95	1,388
<i>Transactions with owners in their capacity as owners:</i>					
New shares issued (net of share issue costs)		-	-	-	-
Recognition of share based payments	9	-	-	146	-
Balance at 31 December 2020		410,915	(354,613)	82	47,652

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2020

	Note	Consolidated Group	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		183,130	124,049
Payments to suppliers and employees (inclusive of GST)		(146,113)	(125,875)
Interest received		35	11
Dividends received		364	-
Finance costs		(5,446)	(4,101)
Income tax paid		(2,581)	(5,982)
Net cash provided by/(used in) operating activities	11	29,389	(11,898)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		210	473
Payments for property, plant and equipment		(6,602)	(7,202)
Net cash used in investing activities		(6,392)	(6,729)
Cash flows from financing activities			
Proceeds from borrowings		1,323	690
Proceeds from issue of new shares		-	40,023
Share issue costs		-	(632)
Repayment of lease liabilities		(1,185)	(781)
Repayment of borrowings		(12,601)	(17,077)
Net cash provided by/(used in) financing activities		(12,463)	22,223
Net increase in cash and cash equivalents		10,534	3,596
Cash and cash equivalents			
Cash at beginning of half-year		3,436	6,101
Effect of currency translation on cash and cash equivalents		94	(63)
Cash at end of half-year		14,064	9,634

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Notes to the consolidated interim financial report
for the half-year ended 31 December 2020

1 Statement of Significant Accounting Policies

Wagners Holding Company Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The consolidated interim financial report was authorised for issue by the directors on 25 February 2021.

(a) Statement of compliance

The consolidated interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the information normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ending 30 June 2020; 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 Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

(b) Basis of preparation

The accounting policies and methods of computation applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2020 except for the adoption of new and amended standards as set out below.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

New and revised standards

A number of new or amended standards became applicable for the current reporting period. The impact of the adoption of these standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

(c) Critical accounting estimates and judgments

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

1 Statement of Significant Accounting Policies (continued)

(c) Critical accounting estimates and judgments (continued)

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 annual report.

2 Segment reporting

AASB 8 Operating Segments requires the Group to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Group to allocate resources and assess performance. In the case of the Group, the chief operating decision maker is the Board of Directors.

An operating segment is a component of the Group that engages in business activity from which it may earn revenues or incur expenditure, including those that relate with other Group components. Each operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segments and assess its performance. The Board monitors the operations of the Group based on the following two segments:

- **Construction Materials & Services (CMS)** – supplies a range of construction materials and services predominantly to customers in the construction, infrastructure, and resources industries. Key products include cement, flyash, ready-mix concrete, precast concrete products, aggregates and reinforcing steel. Services include mobile concrete, crushing and haulage services, and are typically provided via medium to long-term contracts both domestically and internationally.
- **New Generation Building Materials (NGBM)** – provides innovative and environmentally sustainable new generation building materials and technologies. Key products are Composite Fibre Technology (CFT) materials and low carbon concrete technology, Earth Friendly Concrete (EFC).

Corporate amounts reflect corporate areas servicing the Group, as well as the financing and investment activities of the Group.

Segment performance is evaluated based on profit before interest and tax. Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from the sales of materials and services between operations.

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

Reconciliations of reportable segment revenues & profit or loss.

	CMS \$'000	NGBM \$'000	Corporate \$'000	Total \$'000
Half-year ended 31 December 2020				
Segment revenue	139,534	16,127	605	156,266
Inter-segment elimination	(880)	(45)	(317)	(1,242)
Revenue from contracts with customers	138,654	16,082	288	155,024
Other income	548	82	148	778
Total revenue for the period	139,202	16,164	436	155,802
Profit/(loss) before interest & income tax	14,811	1,424	(8,602)	7,633
Finance costs				(5,501)
Interest income				35
Income tax expense				(779)
Profit for the half-year				1,388

2 Segment reporting (continued)

	CMS \$'000	NGBM \$'000	Corporate \$'000	Total \$'000
Half-year ended 31 December 2019				
Segment revenue	106,652	16,329	505	123,486
Inter-segment elimination	(645)	(33)	(488)	(1,166)
Revenue from contracts with customers	106,007	16,296	17	122,320
Other income	161	93	227	481
Total revenue for the period	106,168	16,389	244	122,801
Profit/(loss) before interest & income tax	6,947	842	(5,259)	2,530
Finance costs				(4,169)
Interest income				11
Income tax benefit				418
Loss for the half-year				(1,210)

3 Revenue & expenses

	Consolidated Group	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
(a) Revenue from contracts with customers		
Revenue from contracts with customers	155,024	122,320
(b) Other income		
Profit on sale of property, plant and equipment	158	180
Dividends received	364	-
Rent and hire received	107	184
Other income	149	117
	778	481
	155,802	122,801
Profit for the half-year included the following significant expenses:		
Employee benefits expense	27,063	23,039
Repairs & maintenance	18,474	12,327

3 Revenue & expenses (continued)

(c) Disaggregation of revenue

The Group earns revenue from several geographical location, the segment revenue presented below is based on the selling entity.

	31 Dec 2020			31 Dec 2019		
	CMS \$'000	NGBM \$'000	Corporate \$'000	CMS \$'000	NGBM \$'000	Corporate \$'000
Australia ¹						
Point-in-time	138,506	9,411	288	105,818	8,119	17
Over-time	-	6,565	-	-	8,177	-
United States of America						
Over-time	-	106	-	-	-	-
Papua New Guinea & Malaysia						
Point-in-time	148	-	-	189	-	-
Total point-in-time	138,654	9,411	288	106,007	8,119	17
Total over-time	-	6,671	-	-	8,177	-

1 Australia NGBM has also earned export revenue from several geographical locations in the half-year, including New Zealand, United Arab Emirates & United Kingdom.

4 Income tax expense

	Consolidated Group	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Profit from continuing activities before income tax expense	2,167	(1,628)
Prima facie tax payable using Australian tax rate of 30% (2019: 30%)	650	(488)
<i>Adjusted for:</i>		
Other net non-deductible/(non-assessable) items	129	(38)
Under/(over) provision from prior years	-	108
Income tax expense	779	(418)

5 Trade and other receivables

Current

Trade receivables
Provision for impairment of receivables
Contract assets
Other receivables

Consolidated Group	
31 Dec 2020 \$'000	30 Jun 2020 \$'000
44,035	48,050
(587)	(844)
43,448	47,206
524	1,110
669	7,270
44,641	55,586

While the COVID-19 situation remains fluid and has seen a number of industries severely economically impacted, the Group has not adjusted its expected loss rate in the half-year ended 31 December 2020 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees significant Government backed spending in the construction and infrastructure sectors in the coming financial periods.

6 Property, plant & equipment

Land & buildings

Land improvements & buildings – at cost
Less accumulated depreciation

Plant & equipment

Plant & equipment – at cost
Less accumulated depreciation

Motor vehicles

Motor vehicles – at cost
Less accumulated depreciation

Assets under construction – at cost

Total property, plant & equipment

Consolidated Group	
31 Dec 2020 \$'000	30 Jun 2020 \$'000
22,291	19,722
(5,368)	(5,014)
16,923	14,708
158,374	155,570
(74,233)	(68,398)
84,141	87,172
50,503	52,272
(22,344)	(21,296)
28,159	30,976
12,829	10,846
142,052	143,702

6 Property, plant & equipment (continued)

(a) Movements in carrying amounts

Half-year ended 31 December 2020 \$'000	Land & buildings	Plant & equipment	Motor vehicles	Assets under construction	Total
Opening net book value	14,708	87,172	30,976	10,846	143,702
Additions	2,569	1,286	765	1,983	6,603
Exchange differences	-	(1)	-	-	(1)
Depreciation	(354)	(4,265)	(3,582)	-	(8,201)
Disposals	-	(51)	-	-	(51)
Closing net book value	16,923	84,141	28,159	12,829	142,052

7 Right-of-use assets & Lease liabilities

	Consolidated Group					
	31 Dec 2020			30 Jun 2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Right-of-use assets						
Land improvements & buildings	-	92,891	92,891	-	92,489	92,489
Lease liabilities						
Land improvements & buildings	(2,356)	(95,078)	(97,434)	(2,372)	(93,061)	(95,433)
Total derivative assets/(liabilities)	(2,356)	(2,187)	(4,543)	(2,372)	(572)	(2,944)

(a) Movements in carrying amounts

Half-year ended 31 December 2020 \$'000	Right-of use asset	Lease liability
Opening net book value	92,489	(95,433)
Additions	3,186	(3,186)
Payments	-	3,272
Depreciation & interest	(2,784)	(2,087)
Closing net book value	92,891	(97,434)

8 Borrowings

Current

Secured liabilities

Finance facility¹

Chattel mortgages

Non-current

Secured liabilities

Finance facility¹

Chattel mortgages

Total current and non-current secured liabilities:

Finance facility

Chattel mortgages

Consolidated Group	
31 Dec 2020	30 Jun 2020
\$'000	\$'000
-	7,050
10,726	11,665
10,726	18,715
56,500	56,500
7,970	11,259
64,470	67,759
56,500	63,550
18,696	22,924
75,196	86,474

- 1 The Groups finance facility agreement is due to expire in January 2022, the Group however fully expects to obtain equivalent facilities prior to expiry.

The fair values of borrowings are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The estimated fair values are not materially different from their carrying values. For other financial instruments, the fair values are not materially different from their carrying values because they are short-term in nature.

There were no breaches of covenants during the period.

9 Issued capital

Other securities issued

As part of the previously disclosed Long Term Incentive Plan (Omnibus Incentive Plan) for Company employees, the Company issued 1,216,458 options on 19 November 2020 with the following vesting conditions:

1	Vesting Dates	Tranche 1 – 31 August 2021 Tranche 2 – 31 August 2022 Tranche 3 and Remainder Options – 31 August 2023
2	Vesting Conditions	<p>For Tranche 1 the vesting conditions are set out as follows:</p> <ul style="list-style-type: none"> (a) at least 5% (but less than 10%) higher than the Offer EPS, 50% of the Tranche 1 Options shall vest; or (b) at least 10% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest. <p>The Target EPS for Tranche 2 is 10% increase on the Offer EPS (Tranche 2 Target EPS) & for Tranche 3 is 10% increase on the Tranche 2 Target EPS, with the following conditions:</p> <ul style="list-style-type: none"> (a) at least 5% (but less than 10%) higher than the Tranche Target EPS, 50% of the respective Tranche Options shall vest; or (b) at least 10% (but less than 15%) higher than the Tranche Target EPS, 75% of the respective Tranche Options shall vest; or (c) at least 15% higher than the Tranche Target EPS, 100% of the respective Tranche Options shall vest. <p>Additional vesting terms</p> <p>Any Tranche 1 or 2 Options which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 3 Target EPS.</p>
3	Expiry Date	5 years from the date the Options were issued.

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The total expense for all share based payment recognised through Profit or Loss for the half year 31 December 2020 was \$145,613. The expense was calculated based on the probability of vesting conditions being met and the fair value of options granted. There were vesting conditions met this financial year.

10 Earnings per share

	Consolidated Group	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Profit/(loss) attributable to ordinary shareholders of the Company	1,388	(1,218)
Weighted average number of shares for basic earnings per share	187,196,887	166,878,490
Basic earnings per share (cents per share)	0.7	(0.7)
Weighted average number of shares for diluted earnings per share	189,070,440	166,878,490
Diluted earnings per share (cents per share)	0.7	(0.7)

11 Cash flow information

Reconciliation of cash flow from operation with profit/(loss) after income tax

	Consolidated Group	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Profit/(loss) after income tax	1,388	(1,210)
Non-cash flows in profit/(loss)		
Depreciation of property, plant & equipment	8,200	6,579
Depreciation of right-of-use assets	2,784	2,154
Amortisation of intangible assets	60	58
Fair value adjustment on derivative instruments	3,151	(260)
Net (gain)/loss on disposal of non-current assets	(158)	(180)
Performance rights	146	-
Non-operating cash flow in profit/(loss)		
Effect of taxation on items directly recognised in equity	-	190
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	10,945	(9,469)
(Increase)/decrease in other assets	(1,478)	(720)
(Increase)/decrease in inventories	(3,141)	(464)
(Increase)/decrease in current tax assets	(246)	(6,031)
(Increase)/decrease in deferred tax assets	(1,556)	(559)
Increase/(decrease) in trade and other payables	9,334	(2,122)
Increase/(decrease) in provisions	(40)	136
Net cash provided by/(used in) operating activities	29,389	(11,898)

12 Derivative instruments

(a) Estimation of fair values

Financial assets and liabilities that are measured at fair value in the half year financial report comprise forward foreign exchange contracts and interest rate swaps. Forward exchange contracts are measured by discounting the contractual forward price and deducting the current spot rate and for interest rate swaps broker valuations are obtained. There were no changes in valuation techniques used from the previous reporting period.

(b) Fair value hierarchy

The Company uses the following fair value measurement hierarchy to determine & measure the fair value of its financial instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2020				
Interest rate swap contracts	-	(3,219)	-	(3,219)
Foreign exchange forward contracts	-	(4,960)	-	(4,960)
	-	(8,179)	-	(8,179)
As at 30 June 2020				
Interest rate swap contracts	-	(3,978)	-	(3,978)
Foreign exchange forward contracts	-	(1,050)	-	(1,050)
	-	(5,028)	-	(5,028)

(c) Current/Non-current split

	31 December 2020		30 June 2020	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Assets				
Foreign exchange forward contracts	-	-	216	-
Liabilities				
Foreign exchange forward contracts	(4,960)	-	(1,266)	-
Interest rate swap contracts	(2,124)	(1,095)	(1,949)	(2,029)
	(7,084)	(1,095)	(3,215)	(2,029)
Total derivative assets/(liabilities)	(7,084)	(1,095)	(2,999)	(2,029)

13 Subsequent events

To the Directors' best knowledge, there has not arisen in the interval between 31 December 2020 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.



Wagners Holding Company Limited

Directors' declaration

In the opinion of the Directors of Wagners Holding Company Limited:

- (a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Toowoomba, Queensland on 25 February 2021.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Mr Denis Wagner", written over a horizontal line.

Mr Denis Wagner

Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wagners Holding Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) 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 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 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. 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 2020 and its financial 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'C K Henry', is written over a faint, larger 'BDO' logo.

C K Henry

Director

Brisbane, 25 February 2021