

Appendix 4E

Under ASX Listing Rule 4.3A

Wagners Holding Company Limited (ABN 49 622 632 848) & controlled entities

Current period	1 July 2018 to 30 June 2019
Prior corresponding period	1 July 2017 to 30 June 2018

	30 Jun 2019 \$'000	30 Jun 2018 \$'000	Change \$'000	Change %
Results for announcement to the market				
Revenue from ordinary activities	236,888	231,530	5,358	2.3%
Net profit after tax from ordinary activities	12,779	24,807	(12,028)	(48.5%)
Net profit attributable to members	12,779	24,807	(12,028)	(48.5%)

For further information refer to the 'Operating and Financial Review' section contained within the Directors' report of the Annual financial report.

	Cents per security	Franking % per security
Dividend information		
2019 interim dividend – paid 16 April 2019	2.2	100%
2019 final dividend – no dividend declared		
2018 interim dividend – paid 17 April 2018	1.5	0%
2018 final dividend – paid 16 October 2018	3.5	100%

There were no dividend reinvestment plans in operation during the current or prior corresponding periods.

	30 Jun 2019 \$	30 Jun 2018 \$
Net tangible assets per security		
Net tangible assets per ordinary shares	0.37	0.37

Control gained or lost over entities during the year

No entities were gained or lost in the current financial year.

Status of audit

The 30 June 2019 financial statements and accompanying notes for Wagners Holding Company Limited have been audited and are not subject to any disputes or qualifications. Refer to pages 76 to 78 of the financial report for a copy of the auditor's report.

This Appendix 4E should be read in conjunction with Wagners Holding Company Limited Financial Report for the year ended 30 June 2019.



Wagners Holding Company Limited

ABN 49 622 632 848

Annual financial report

for the year ended 30 June 2019



Wagners Holding Company Limited

Financial Report

for the year ended 30 June 2019

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Wagners Holding Company Limited

Corporate Directory

30 June 2019

Directors	Denis Wagner, Non-executive chairman John Wagner, Non-executive director Peter Crowley, Non-executive director Lynda O'Grady, Non-executive director Ross Walker, Non-executive director
Company secretary	Karen Brown
Registered office	Level 10, 12 Creek Street, Brisbane QLD 4000
Principal place of business	1 Airport Drive, 1511 Toowoomba-Cecil Plains Rd, Wellcamp QLD 4350
Share register	Computershare Investor Services Ltd
Auditor	BDO Audit Pty Ltd
Solicitors	McCullough Robertson Lawyers
Bankers	National Australia Bank Limited HSBC Bank Australia Limited Australian and New Zealand Banking Group Limited
Stock exchange listing	Wagners Holding Company Limited shares are listed on the ASX (code: WGN)
Website	www.wagner.com.au

Wagners Holding Company Limited

Directors' Report

The Directors of Wagners Holding Company Limited (Wagners, the 'Company') and its controlled entities (the 'Group'), present their report together with the consolidated financial statements for the year ended 30 June 2019.

Directors

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

Director	Role	Date of Appointment
Denis Wagner	Non-executive chairman	2 November 2017
John Wagner	Non-executive director	2 November 2017
Peter Crowley	Non-executive director	9 November 2017
Lynda O'Grady	Non-executive director	8 November 2017
Ross Walker	Non-executive director	2 November 2017
Alternate Director	Role	Date of Appointment
Joseph Wagner	Non-executive director	13 March 2018

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).

Significant changes in the state of affairs

The Group has made a decision under the 'Cement Supply Agreement' with Boral Limited to suspend supply of cement following the issue of a pricing notice, which the Group disputes the validity of the notice. The details of this were advised to the ASX on 18 March 2019 with an update on the 23 April 2019. This matter is now set for a hearing in the Supreme Court of Queensland on the 16th and 17th September 2019.

On 31 August 2018, the Group acquired the Castlereagh Quarry from Rivet Mining Services. The quarry is located in Cloncurry and enables the Group to expand its presence in the North West Queensland minerals province.

Dividends

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Final fully franked dividend of 3.5 cents per share paid during period (2018: Nil)	5,648	-
Interim dividend of 2.2 cents per share paid during period (2018: 1.5)	3,550	2,421
	9,198	2,421

Operating and financial review

Group financial results

Statutory net profit after tax (NPAT) of \$12,779,000 (30 June 2018: \$24,807,000) decreased by 48.5% compared to the 2018 result. Wagners recorded a pro forma NPAT result of \$13,752,000, allowing for fair value adjustments in derivatives.

Non-IFRS measures

Throughout this report, Wagners has included certain non-IFRS financial information, including Earnings Before Interest, Depreciation & Amortisation (EBITDA), and pro forma equivalents of IFRS measures such as net profit after tax. Wagners believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of.

Pro forma & statutory results

Pro forma results are provided for the financial year ended 30 June 2019 to allow shareholders to make a meaningful comparison with the pro forma results for the year ended 30 June 2018 and to make an assessment of the Group's performance as a listed company. Pro forma and statutory results are summarised in table 1 below.

Pro forma adjustments have been made on a consistent basis with those made in the prior year. A reconciliation of the pro forma results to the statutory results is provided in table 2 on the following pages.

Table 1: Pro forma and statutory results actual compared to prospectus forecast & prior financial year

	FY2019 Pro forma Actual \$'000	FY2018 Pro forma Actual \$'000	FY2019 Statutory Actual \$'000	FY2018 Statutory Actual¹ \$'000
Revenue	236,888	231,530	236,888	231,530
Cost of sales	(89,184)	(86,889)	(89,184)	(86,889)
Gross profit	147,704	144,641	147,704	144,641
Other income	2,898	1,789	2,898	1,789
Operating expenses	(111,922)	(96,125)	(112,709)	(97,606)
EBITDA	38,680	50,305	37,893	48,824
Depreciation & amortisation	(13,043)	(10,819)	(13,043)	(10,819)
EBIT	25,637	39,486	24,850	38,005
Net finance costs	(5,992)	(6,306)	(5,992)	(7,670)
Net profit before tax	19,645	33,180	18,858	30,335
Income tax expense	(6,079)	(9,954)	(6,079)	(5,528)
NPAT	13,566	23,226	12,779	24,807

Notes:

- Statutory results include the performance of all Group entities for the entire 2018 financial year, per Continuation Accounting Policy in Note 1(a)(ii), whereas the statutory results disclosed in Wagners prospectus did not include the first five months performance of certain Group subsidiaries in its calculations.

Operating and financial review (continued)

Group financial results (continued)

Pro forma & statutory results (continued)

Pro forma results 2019 vs 2018

Increased bulk haulage, increased quarry volumes and increased concrete volumes have contributed to the higher revenue in 2019, these have partially been offset by the decreased cement volume, as a result of the Company's decision to suspend supply to Boral, and decreased precast revenues. These increases have resulted in higher cost of sales, and increased operating expenses reflecting the nature of the work involved.

Other income reflects increased asset sales compared to the prior year.

Depreciation expense has been impacted by accelerated depreciation rates on bulk haulage equipment in line with the increased utilisation of these assets.

Statutory results 2019 vs 2018

The major variances have been discussed in the previous section of Pro forma results compared to last year. Items included in the statutory results that are not included in the Pro forma 2019 results include:

- Fair value loss on derivative instruments, being \$0.8m

The income tax expense includes adjustments for the group now being taxed under its own tax consolidated group, all due to prior period deferred tax assets and asset values calculated upon formation of the tax consolidated group.

Table 2: Reconciliation of pro forma results to statutory results

Group Results (\$'000)	Note	FY2019	FY2018
Statutory EBITDA		37,893	48,824
Standalone corporate costs	1	-	(1,700)
Reversal of costs of the Offer	2	-	4,212
Reversal of fair value on derivative instruments gain	3	787	(1,227)
Reversal of loss on asset impairment write downs	4	-	196
Pro forma EBITDA		38,680	50,305
Statutory NPAT		12,779	24,807
Standalone corporate costs	1	-	(1,200)
Reversal of costs of the Offer	2	-	2,948
Reversal of fair value on derivative instruments gain	3	787	(859)
Reversal of loss on asset impairment write downs	4	-	137
Net finance costs	5	-	955
Tax expense/(benefit)	6	-	(3,562)
Pro forma NPAT		13,566	23,226

Notes:

- Adjustment to include Wagners' estimate of the corporate costs incurred by previous ultimate head entity that is now incurred by Wagners post IPO. Standalone corporate costs included the incremental annual costs that Wagners incur as a listed public company, such as Directors' remuneration, additional Directors' and officers' liability insurance premiums, additional audit and tax costs, listing fees, Share Registry costs and annual general meeting costs. Annual costs were estimated at \$4 million (\$2.8 million post-tax). FY18 statutory NPAT included 7 months of costs, therefore \$1.2 million of costs have been reflected in the pro forma NPAT for FY18.
- Adjustment made to reverse the costs associated with the IPO.
- Adjustment to remove gains made on derivative instruments fair values as at 30 June 2019.
- Adjustment made to remove losses associated with assets written off as part of property, plant and equipment review.
- Adjustment to reflect estimated interest expense as if the New Banking Facilities had been in place since 1 July 2017.
- Adjustment made to reflect a flat 30% tax rate on profit before tax used in prospectus calculations.

Operating and financial review (continued)

Group financial results (continued)

Operating results by segment

Segment (\$'000)	Pro forma FY2019		Pro forma FY2018		Growth	
	Revenue	EBIT	Revenue	EBIT	Revenue	EBIT
Construction, Materials and Services	210,691	30,104	204,800	44,834	5,891	(14,730)
New Generation Building Materials	29,269	1,760	29,101	1,953	168	(193)
Other/Eliminations	(174)	(6,227)	(582)	(7,301)	408	1,074
Total	239,786	25,637	233,319	39,486	6,467	(13,849)

Construction Materials and Services

Construction Materials and Services revenue growth has been driven by increased revenues across bulk haulage, concrete and quarry operations, partially offset by lower revenues in cement and precast.

Cement volumes have been impacted by the Company's decision to suspend supply of cement to Boral, as reported to the ASX on 18 March 2019.

Decrease in precast volumes due to low margins and continued delays in the commencement of large infrastructure projects in south east Queensland. The outlook for the precast business remains depressed due to competitive market forces which has resulted in a decision to close the precast business in July 2019.

Increased transport revenue from long term bulk haulage contracts in the North West mineral province of Queensland and Northern Territory from the resources sector.

Concrete revenues have increased due to the expansion of the south east Queensland fixed plant network and growth in volumes.

Increased supply of quarry materials, as a result of the acquisition of the Castlereagh Quarry in Cloncurry together with the continued supply from the Wellcamp quarry.

EBIT reduction in the year is driven by the higher activity in lower margin areas such as contract haulage and fixed plant concrete, and delays in major project work.

New Generation Building Materials

New Generation Building Materials revenue is predominantly CFT as EFC continues to develop this market with negligible sales to date.

A 3.5% increase in cross-arm volumes and continued sales of pedestrian infrastructure, short span road bridge and marine infrastructure have maintained the reported revenue. While the overall sales of NGBM remained static, the mix of customers and geography changed significantly in our pedestrian and road infrastructure division. In FY18 the Group completed the Pinkenba Wharf project for the Wagner Family, which represented 18% of the NGBM revenue. In FY19 this project was replaced by projects in Australia, New Zealand, UK, USA and UAE.

EBIT was impacted by increased sales and marketing spend in USA, UK and New Zealand and an increased spend on research and development in both CFT and EFC in the 2019 year.

Operating and financial review (continued)

Group financial results (continued)

Financial position

	Consolidated Group		
	30 June 2019 \$'000	30 June 2018 \$'000	Change \$'000
Current assets	69,124	62,091	7,033
Non-current assets	131,707	116,612	15,095
Total assets	200,831	178,703	22,128
Current liabilities	53,251	49,685	3,566
Non-current liabilities	84,975	69,716	15,259
Total liabilities	138,226	119,401	18,825
Net assets/(liabilities)	62,605	59,302	3,303

The group has slightly increased its Net assets position in 2019.

Increased cash on hand, together with increased inventory due to the timing of a cement raw material shipment have driven the increase in current assets.

Non-current assets have increased due to the investment in plant and equipment utilised for the increased bulk haulage work and the purchase of the Castlereagh quarry.

Total liabilities have increased as a result of the increased borrowings used to fund the purchase of the plant and equipment mentioned above.

Strategy and future prospects

Wagners remains focused on delivering future growth through the following principal strategies:

- **Continued expansion of ready-mix concrete plants:** the Group is continuing to establish and identify sites for expansion in its ready-mix concrete plant network. This will provide the Groups cement business with a secure and growing sales channel, and provide additional exposure to the continued expected growth in South East Queensland's ready-mix concrete supply market. The Group had 4 plants operational at 30 June 2019 with plans in place to increase this to 9 operational plants in the financial year ending 30 June 2020.
- **Increased efficiency of production:** the Group is investing in automation and increased capacity of CFT and EFC production facilities to allow for higher productivity and lower cost of production for these New Generation Building Materials.
- **Development of New Generation Building Materials international operations:** the Group will continue its growth focus in international markets for its composite fibre and earth friendly concrete products, with significant opportunities for a broad range of applications, particularly in the US, UK, New Zealand, Europe and Middle Eastern markets. The Group will commence production of CFT in the USA during the 2020 financial year.
- **Cement:** Boral have an obligation to recommence cement off take and meet their contractual obligations until 2031. The Group will continue to expand its customer base in South East Queensland and look to develop new products and markets.

Environment regulation

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

Wagners recognises and accepts that proper care of the environment is a fundamental part of its corporate business strategy and concerns for the environment must be integrated into all management programs. Wagners believes that it must conduct business in an environmentally responsible manner that leaves the environment healthy, safe and does not compromise the ability of future generations to sustain their needs. Our environmental performance is assured annually by SAI Global through our compliance to ISO 14001:2015. Wagners is also subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

Corporate governance

Wagners Holding Company Limited is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at <https://investors.wagner.com.au/corporate-governance/>.

Indemnities and insurance of officers and auditors

Indemnification

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has not entered into any agreement to indemnify their auditor, BDO Audit Pty Ltd for any liabilities to another person (other than the Company) that may arise from their position as auditor.

Insurances

During the reporting period and since the end of the reporting period, the Company has paid premiums in respect of a contract insuring directors and officers of the Group in relation to certain liabilities. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of liabilities insured against and the amounts of premiums paid are confidential.

Auditor's independence declaration

A copy of the lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 27 and forms part of the Directors' Report for financial year ended 30 June 2019.

Non-audit services

The following non-audit services were provided by the Group's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Audit & Risk Committee.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related firms:

	2019 \$	2018 \$
Tax compliance, advisory and other services	-	8,229
Due diligence services	-	71,131
	-	79,360

Rounding

The Company is a kind referred to in *Australian Securities & Investment Commission (ASIC) Legislative 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.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

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 financial year ended 30 June 2019.

Likely developments and expected results of operations

Construction Materials and Services

The Group is in a strong position to benefit from the large pipeline of infrastructure work in South East Queensland which is scheduled to commence late in the 2020 financial year and continue for four to five years. This will provide significant benefit to the construction materials and services offered by the Group, and will also provide opportunities for the use of the new generation building materials.

Concrete plants

The establishment of permanent concrete plants in South East Queensland, with four currently operational, two more to be operational by first quarter of the 2020 financial year and a further 4 sites secured for future plants, delivers on the strategy outlined in the prospectus. This, together with the development of a greenfield quarry site acquired in South East Queensland, which is forecast to be operational within the next 2 years, strengthens the Group's position as a preferred supplier of construction materials in this market.

CFT

Increased production capacity through the commissioning of a new pultrusion line in late financial year 2019 together with the installation of an automated cross-arm production line in Australia will enable CFT to continue to meet the growing domestic demand for both electrical cross-arms and pedestrian infrastructure, short span road bridge and marine infrastructure construction supply.

The international expansion of CFT into USA, UK and New Zealand is expected to further increase the demand for CFT products, with the first installation into the USA for over a decade performed in late 2018, together with further installations in the USA, the first installations in Canada, UK and United Arab Emirates, and further installations in New Zealand. A contract for supply of cross-arms in New Zealand was entered into in 2018 and is being joined by further contracts. Cross-arm trials currently underway in the UK are expected to lead to supply into this market. The increased production capacity as a result of the automation will allow the Group to tender for international supply into Asia and USA as well.

EFC

The supply of Earth Friendly Concrete (EFC) into a major infrastructure project in New Zealand during 2020, following two years of testing, will provide another example of the application and benefits of EFC in highly corrosive conditions.

Third party verification of the carbon reductions as a result of using EFC compared to a traditional Ordinary Portland Cement based concrete will allow the Group to have EFC entered into third party models that are used to determine a projects carbon savings. These models are used by large multi-national construction companies as they try to reduce the carbon emissions from projects both ongoing and embodied.

The expected receipt of Deutsches Institut für Bautechnik (DIBt) approval for Earth Friendly Concrete (EFC) in Germany in first quarter of 2020 financial year will give EFC approval across Europe and a lot of Middle Eastern countries as well. This approval along with advanced discussion with several major parties for joint ventures or licencing agreements in Germany will provide a launch platform for a staged and measured commercialisation throughout Europe.

Continued work on the opportunities in India with cement, power and steel manufacturers as well as the development of the opportunities in Singapore and New Zealand for the use of EFC will see increased international acceptance and increased international commercialisation of this technology.

Information on Directors and Company Secretary

Name	Denis Wagner.
Title	Non-executive Chairman.
Qualifications	FAICD
Experience and expertise	Denis is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. Denis brings over 30 years' experience in the construction materials industry and is a Fellow of the Australian Institute of Company Directors.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	Chair of Nomination Committee and Member of Remuneration Committee.
Interests in shares	22,157,670 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.
Name	John Wagner.
Title	Non-executive Director.
Experience and expertise	John is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South East Queensland. John brings over 30 years' experience in the construction materials industry and was the inaugural Chair of both Darling Downs Tourism and Toowoomba and Surat Basin Enterprises boards.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	Member of Audit and Risk Committee.
Interests in shares	22,157,670 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.
Name	Peter Crowley.
Title	Independent, Non-executive Director.
Qualifications	BEcon, BA, FAICD.
Experience and expertise	Peter has over 35 years' experience in the construction materials and building products industries and 20 years' experience as a public company director, including Managing Director of GWA Group for 13 years. He also currently serves on the Advisory Board of BGW Group.
Other current directorships	Riverside Marine & the Wesley Medical Research Limited
Former directorships (last 3 years)	GWA Group Limited (GWA)
Special responsibilities	Chair of Remuneration Committee and Member of Audit and Risk Committee.
Interests in shares	44,280 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

Information on Directors and Company Secretary (continued)

Name	Ross Walker.
Title	Independent, Non-executive Director.
Qualifications	BCom, FCA.
Experience and expertise	Ross is a Chartered Accountant, with more the 30 years' corporate and accounting experience, and a former managing partner of accounting and consulting firm, Pitcher Partners Brisbane.
Other current directorships	RPM Global Limited (ASX: RUL)
Former directorships (last 3 years)	None.
Special responsibilities	Chair of Audit and Risk Committee and Member of Nomination Committee.
Interests in shares	101,476 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.
Name	Lynda O'Grady.
Title	Independent, Non-executive Director.
Qualifications	BCom(Hons), FAICD.
Experience and expertise	Lynda has held Executive/Managing Director roles at Telstra, including Chief of Product. Prior to this Lynda was Commercial Director of Australian Consolidated Press (PBL) and General Manager of Alcatel Australia. She was Chairman of the Aged Care Financing Authority until her retirement effective 30 April 2018 and is a member of the Advisory Board of Jamieson Coote Bonds and Council of Southern Cross University.
Other current directorships	Domino's Pizza Enterprises Limited (ASX: DMP)
Former directorships (last 3 years)	National Electronic Health Transition Authority – NEHTA
Special responsibilities	Member of Nomination Committee and Remuneration Committee.
Interests in shares	18,450 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.
Name	Karen Brown.
Title	Company Secretary.
Qualifications	LLB, BCom.
Experience and expertise	Karen is a solicitor of the Supreme Court of Queensland and was appointed as General Counsel and Company Secretary to Wagners in December 2017. Karen has over 17 years' experience in the legal sector, and is a former partner of Carter Newell Lawyers.
Other current directorships	None.
Former directorships (last 3 years)	None.
Special responsibilities	None.
Interests in shares	13,627 Ordinary shares.
Interests in options	None.
Interests in rights	None.
Contractual rights to shares	None.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the financial report.

Directors' meetings

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full board meetings		Audit & risk committee meetings		Remuneration committee meetings	
	Held	Attended	Held	Attended	Held	Attended
Denis Wagner	11	11	-	-	2	2
John Wagner*	11	10	2	2	-	-
Peter Crowley	11	11	2	2	2	2
Ross Walker	11	10	2	2	-	-
Lynda O'Grady	11	11	-	-	2	2
Joseph Wagner*	1	1	-	-	-	-

* John Wagner appointed Joseph Wagner as his alternate Director for an interim period where he could not attend to his full duties as a Director of the Company.

No nomination committee meetings were held during the financial year ended 30 June 2019.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The Directors of Wagners Holding Company Limited are pleased to present the Remuneration Report (the 'Report') for the Company and its subsidiaries (together, the 'Group') for the financial year ended 30 June 2019.

The information provided in the Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Report consists of the following sections:

1. Remuneration report overview
2. Remuneration governance
3. Executive remuneration policy and practices
4. Non-executive Director remuneration policy and practices
5. Overview of Group performance
6. Employment contracts of key management personnel
7. Details of remuneration
8. Equity instruments held by key management personnel
9. Other transactions with key management personnel

1 Remuneration report overview

For the purposes of this Report, the Group's key management personnel ('KMP') are its Non-executive Directors and executives who have been identified as having authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of Wagners and their movement during the financial year end 30 June 2019:

Name	Role	Terms as KMP
Non-executive Directors		
Denis Wagner	Non-executive Chairman	From 2 November 2017
John Wagner	Non-executive Director	From 2 November 2017
Peter Crowley	Non-executive Director	From 9 November 2017
Lynda O'Grady	Non-executive Director	From 8 November 2017
Ross Walker	Non-executive Director	From 2 November 2017
Senior executives		
Cameron Coleman	Chief Executive Officer ('CEO')	Full financial year
Fergus Hume	Chief Financial Officer ('CFO')	Full financial year

2 Remuneration governance

Ultimately, the Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee (the 'Committee') is to assist the Board to ensure that appropriate and effective remuneration packages and policies are implemented within the Company and Group in relation to the KMP and those reporting directly to the CEO.

Remuneration report (audited)

2 Remuneration governance (continued)

Wagners has several policies to support a strong governance framework. These policies include a Diversity Policy, Continuous Disclosure Policy and Securities Trading Policy, and they have been implemented to promote responsible management and conduct. Further information is available on the Group's website

<https://investors.wagner.com.au/corporate-governance/>

The Remuneration Committee's functions include:

- Review and evaluation of market practices and trends on remuneration matters;
- Recommendations to the Board about the Group's remuneration policies and procedures;
- Recommendations to the Board about remuneration of senior management; and
- Reviewing the Group's reporting and disclosure practices in relation to the remuneration of senior executives.

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels, which it intends to utilise periodically in support of its remuneration decision making process. The Group engaged external consultants during the financial year to provide recommendations in respect of KMP remuneration and structure.

3 Executive remuneration policy and practices

The Group's remuneration framework is designed to attract, retain, motivate and reward employees for performance that is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic goals and the creation of value for shareholders.

The key criteria supporting the Group's remuneration framework are:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of executive compensation; and
- Transparency.

Wagner's Executive KMP remuneration consists of fixed remuneration, short-term incentives and long-term incentives plans. Executive KMP remuneration includes both fixed and variable components, with variable rewards consisting of short and long term incentives that are based on Group performance outcomes.

(a) Fixed remuneration

Fixed remuneration for employees reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is regularly undertaken, and fixed remuneration levels are set with regards to comparable market remuneration.

Fixed remuneration is comprised of base salary, salary sacrificed items and employer superannuation contributions, in line with statutory obligations.

Fixed remuneration is reviewed annually, taking into consideration the performance of the individual, business unit, and the Group as a whole.

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(b) Short-term incentive plan

The Company has adopted a short-term incentive (STI) plan for key employees, and is designed to motivate and align employees with the Group's financial and strategic objectives.

Non-executive Directors are not entitled to participate in the STI. Key employees identified by the Board are entitled to receive STI payments, calculated as a percentage of base salary, subject to achieving performance targets against key performance indicators agreed with the Board.

The Group's proforma Earnings Before Interest and Taxes (EBIT) has been assessed as the most suitable measure of financial performance for the STI.

The following table outlines the key features of the STI Plan for the financial year ended 30 June 2019:

Participants	All KMP executives and senior management	
Performance period	Financial year ending 30 June 2019	
Opportunity	Disclosed executives	On target
	CEO	25% of base salary
	CFO	25% of base salary
Performance target	Performance was measured against a proforma reported EBIT as described above and ratified by the Board.	
Performance results	The Group did not achieve the proforma reported EBIT result for the financial period, not satisfying the Group STI performance target.	
Payment method	100% of STI earned will be payable by way of cash in two equal tranches, over one years. Other than in certain circumstances, if the employee ceases employment with the Group, any tranches earned that have not yet been paid will be forfeited.	

Remuneration report (audited)

3 Executive remuneration policy and practices (continued)

(c) Long-term incentive plan

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Key employees identified by the Board will be offered participation under the LTI in the form of Shares, options or rights. The vesting of the Shares, options or rights may be subject to the satisfaction of service-based conditions and performance hurdles which, when satisfied, will allow participating employees to receive Shares or vested options or rights which are exercisable over Shares.

The Company may require, on exercise or vesting of the Shares, options or rights under the LTI Plan, the Shares to be held on behalf of all or certain of the participating employees by an employee share trust.

The Company is yet to implement the adopted LTI Plan and the Remuneration Committee will implement the LTI Plan during the 2020 financial year for KMP and senior management.

4 Non-executive Director remuneration policy and practices

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee, and reflects the market salary for a position and individual of comparable responsibility and experience whilst considering the Group's stage of development.

Non-executive Directors' fees were fixed, and they did not receive any performance based remuneration. Under the Company's Constitution the amount paid or provided for payments to Directors as a whole must not exceed the maximum aggregate amount of \$750,000. The current Independent Non-executive Directors fees are \$100,000 per annum (inclusive of superannuation where applicable) and Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties. Non-executive Chairman fees are \$200,000 per annum.

5 Overview of group performance

Since the Company was not a disclosing entity prior to the financial year ended 30 June 2018, the relationship between remuneration policy and Group performance is only assessed for the prior and current financial year.

	2019 Statutory actual	2019 Pro forma actual	2018 Statutory actual	2018 Pro forma actual
Revenue (\$'000)	236,888	236,888	231,530	231,530
EBITDA (\$'000)	37,893	38,680	48,824	50,305
EBIT (\$'000)	24,850	25,637	38,005	39,486
NPAT (\$'000)	12,779	13,566	24,807	23,226
Dividends paid (cents per share)	5.7	5.7	1.5	1.5
Basic Earnings per share (cents)	7.9	8.5	17.1	16.0
Share price movement (cents per share)	(254)	(254)	164	164

Remuneration report (audited)

6 Employment contracts of key management personnel

The Company has entered into standard employment agreements (fixed remuneration and equity-based incentives) with all senior management. None of the Non-executive directors have employment contracts with the Company.

Key terms of the employment agreements for the executive KMP members are as follows:

Executive KMP	Role	Contract duration	Notice period	Termination payments applicable	Annual base salary \$
Cameron Coleman	CEO	Unlimited	12 months (Wagner's notice) / 6 months (employee's notice)	Applicable notice period	500,000
Fergus Hume	CFO	Unlimited	6 months	Notice period	300,000

7 Details of remuneration

(a) Performance against STI plan

For the executive KMP members, the applicable STI award payable against the performance of Pro forma EBIT for the financial year ended 30 June 2019 was:

Executive KMP	Maximum 'at-risk'	% of maximum STI awarded / payable	% of STI forfeited	Estimate of maximum total value
Cameron Coleman	25% of base salary	0%	0%	-
Fergus Hume	25% of base salary	0%	0%	-

(b) Director & executive KMP remuneration

Details of the remuneration of Directors and other key management personnel of the Company in respect to their terms as a KMP outlined above, for the financial years ended 30 June 2019 & 30 June 2018 are set out in the tables on the following pages:

Remuneration report (audited)

(b) Director & executive KMP remuneration (continued)

Financial year ended 30 June 2019	Short-term				Post-employment	Long term	Share based payments \$	Total remuneration \$	Performance related %
	Salary and fees ¹ \$	IPO bonus ² \$	STI awarded ³ \$	Non-cash benefits \$	Super-annuation \$	Long service leave ⁴ \$			
Non-executive Directors									
Denis Wagner ⁵	200,000	-	-	-	-	-	-	200,000	-
John Wagner	100,000	-	-	-	-	-	-	100,000	-
Peter Crowley	100,000	-	-	-	-	-	-	100,000	-
Lynda O'Grady	100,000	-	-	-	-	-	-	100,000	-
Ross Walker	100,000	-	-	-	-	-	-	100,000	-
Executive KMP's									
Cameron Coleman	475,349	-	-	13,434	20,190	41,726	-	550,699	0%
Fergus Hume	311,587	-	-	25,301	25,878	1,093	-	363,859	0%
Total Directors' and Executive remuneration	1,386,936	-	-	38,735	46,068	42,819	-	1,514,558	0%

Notes:

- 1 Amount includes the value of annual leave accrued during the year.
- 2 One-off bonuses granted in connection to Wagners IPO.
- 3 STI bonus is for performance during the respective financial year using the criteria set out on page 18. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.
- 4 Amount includes the value of long service leave accrued during the year.
- 5 Increased rate of Directors fees for the role of Chairman.

Remuneration report (audited)

(b) Director & executive KMP remuneration (continued)

Financial year ended 30 June 2018	Short-term				Post-employment	Long term	Share based payments \$	Total remuneration \$	Performance related %
	Salary and fees ¹ \$	IPO bonus ² \$	STI awarded ³ \$	Non-cash benefits \$	Super-annuation \$	Long service leave ⁴ \$			
Non-executive Directors									
Denis Wagner ⁵	-	-	-	-	-	-	-	-	-
John Wagner ⁵	-	-	-	-	-	-	-	-	-
Peter Crowley	58,333	-	-	-	-	-	-	58,333	-
Lynda O'Grady	58,333	-	-	-	-	-	-	58,333	-
Ross Walker	58,333	-	-	-	-	-	-	58,333	-
Executive KMP's									
Cameron Coleman ⁶	481,439	100,000	107,500	22,845	31,094	14,341	-	757,219	14.2%
Fergus Hume ⁶	217,519	45,662	52,511	16,878	23,201	500	-	356,271	14.7%
Total Directors' and Executive remuneration	873,957	145,662	160,011	39,723	54,295	14,841	-	1,288,489	12.4%

Notes:

- Amount includes the value of annual leave accrued during the year.
- One-off bonuses granted in connection to Wagners IPO.
- STI bonus is for performance during the respective financial year using the criteria set out on page 18. STI's awarded is paid in three equal tranches over a two-year period, with outstanding amounts forfeited should the employee terminate their contract.
- Amount includes the value of long service leave accrued during the year.
- Denis Wagner & John Wagner were not paid any Director fees for the current financial year as agreed. Director salaries prior to IPO incurred in company outside of the Group, as such these payments do not form part of the remuneration report.
- Wagners Holding Company Limited was incorporated on 2 November 2017, however amounts reflect full financial year of remuneration.

Remuneration report (audited)**8 Equity instruments held by key management personnel****(a) Ordinary shares**

The movement in number of ordinary shares in Wagners Holding Company Limited held directly, indirectly, or beneficially, by each key management person during the 2019 financial year, is as follows:

Key management person	Opening balance	Purchases on market	Issued on exercise of STI shares	Share disposals	Closing balance
Denis Wagner ¹	22,157,670	-	-	-	22,157,670
John Wagner ¹	22,157,670	-	-	-	22,157,670
Peter Crowley	44,280	-	-	-	44,280
Lynda O'Grady	18,450	-	-	-	18,450
Ross Walker	101,476	-	-	-	101,476
Cameron Coleman	67,343	4,400	-	-	71,743
Fergus Hume	1,476	-	-	-	1,476

Notes:

1 Ordinary shares issued upon demerger transactions as part of IPO. These shares are subject to a voluntary escrow period until the earlier of release of the Group's 2019 financial year results, or two years from 8 December 2017.

(b) STI/LTI shares granted and issued during the year

There were no STI/LTI shares granted or issued during the financial year ended 30 June 2019 (2018: none).

9 Other transactions with key management personnel and their related parties**(a) Loans to key management personnel and their related parties**

There were no loans issued to any key management personnel, or their related parties during the financial year ended 30 June 2019.

Remuneration report (audited)

9 Other transactions with key management personnel and their related parties (continued)

(b) Other transactions with key management personnel and their related parties (continued)

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms length business transactions. Such transactions with Director and their related parties are detailed as follows:

Description	2019 Revenue/(Cost) \$	2018 Revenue/(Cost) \$
Sale of materials and services ¹	10,328,126	7,215,313
Indemnity of losses on onerous contract	231,941	737,851
On charge of costs processed by the Group	150,804	3,273,447
Shared service agreement ²	185,043	308,965
Gain on sale of property, plant & equipment ³	1,664,873	-
Payments for property rent, material royalties and other costs	(8,001,788)	(3,785,660)

1 The sale of materials and services includes amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties. As at 30 June there was a Contract Asset (shown as owing above) recognised on the Groups balance sheet of \$7,707,336.

2 The Group, as per the prospectus, had a shared service agreement with a related entity for shared resources & employees for a 12 month transition period from the IPO date. These shared services were charged to the related entity monthly using a number of internal business drivers and conducted on the basis of normal commercial trading terms and conditions as agreed between the parties.

3 The Group entered into a sale and leaseback contract to upgrade existing concrete batch plant assets owned by the Group and install these assets on a site owned by a related party, which the Group has subsequently leased back. The contract price for the total works of this sale (including associated site improvements and installation) was externally valued at \$6,250,000. The lease is at applicable market rates.

This ends the Audited Remuneration Report.

The Directors' Report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "Mr Denis Wagner".

Mr Denis Wagner

Chairman

Dated at Pinkenba, Queensland on 19 August 2019.

Wagners Holding Company Limited

Auditor's independence declaration



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Wagners Holding Company Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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 grey circular watermark.

C K Henry

Director

BDO Audit Pty Ltd

Brisbane, 19 August 2019

Wagners Holding Company Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Note	Consolidated Group	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000
Revenue from contracts with customers	3(a)	236,888	231,530
Other income	3(b)	2,898	1,789
Direct material and cartage costs		(89,184)	(86,889)
Employee benefits expense		(49,976)	(45,354)
Depreciation and amortisation expense		(13,043)	(10,819)
Net finance cost	4	(5,992)	(7,670)
Fuel		(3,291)	(2,082)
Contract work and purchased services		(9,850)	(11,868)
Freight and postal		(5,857)	(915)
Legal and professional		(2,220)	(1,485)
Rent and hire		(7,640)	(8,141)
Repairs and maintenance		(18,560)	(13,116)
Travel and accommodation		(4,157)	(2,285)
Utilities		(4,206)	(4,642)
Fair value adjustment on derivative instruments		(787)	1,227
Listing costs	4	-	(4,212)
Impairment of trade receivables – gain/(loss)	7	119	(97)
Other expenses		(6,284)	(4,636)
Profit before income tax		18,858	30,335
Income tax expense	5	(6,079)	(5,528)
Profit attributable to equity holders of the parent		12,779	24,807
Other comprehensive income (net of tax)			
<i>Items that may be reclassified to profit or loss</i>			
Adjustment from translation of foreign controlled entities, net of tax	17	(26)	(111)
		(26)	(111)
Total comprehensive income attributable to equity holders of the parent		12,753	24,696
Earnings per share		Cents	Cents
Basic earnings per share	19	7.9	17.1
Diluted earnings per share	19	7.9	17.1

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated Statement of Financial Position
as at 30 June 2019

	Note	Consolidated Group	
		30 Jun 2019 \$'000	30 Jun 2018 \$'000
Current Assets			
Cash and cash equivalents	6	6,101	1,500
Trade and other receivables	7	42,661	43,303
Inventories	8	19,515	16,319
Derivative instruments	14	368	473
Other assets		479	496
Total Current Assets		69,124	62,091
Non-current Assets			
Other financial assets		7	6
Property, plant and equipment	9	123,520	111,807
Intangible assets	10	2,638	-
Deferred tax assets	11	5,542	4,568
Other assets		-	231
Total Non-current Assets		131,707	116,612
Total Assets		200,831	178,703
Current Liabilities			
Trade and other payables	12	28,242	27,844
Borrowings	13	14,673	13,614
Derivative instruments	14	1,474	1,354
Current tax liabilities		3,714	3,315
Provisions	15	5,148	3,558
Total Current Liabilities		53,251	49,685
Non-current Liabilities			
Borrowings	13	81,749	67,027
Derivative instruments	14	2,856	2,294
Provisions	15	370	395
Total Non-current Liabilities		84,975	69,716
Total Liabilities		138,226	119,401
Net Assets		62,605	59,302
Equity			
Issued capital	16	371,334	371,334
Pre IPO distributions to related entities	16	(354,613)	(354,613)
Reserves	17	(397)	(371)
Retained earnings		46,281	42,952
Total Equity		62,605	59,302

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated Statement of Changes in Equity
for the year ended 30 June 2019

		Consolidated Group				
		Share capital	Pre IPO distributions to related entities	Reserves	Retained earnings	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		274,040	(317,088)	(11,076)	31,382	(22,742)
Profit for the financial year		-	-	-	24,807	24,807
Exchange differences from translation of foreign controlled entities, net of tax		-	-	(111)	-	(111)
Total comprehensive income for the financial year		-	-	(111)	24,807	24,696
Transfers between equity components		-	-	10,816	(10,816)	-
<i>Transactions with owners in their capacity as owners:</i>						
Pre-IPO distributions to related entities		-	(37,525)	-	-	(37,525)
Dividends paid	18	-	-	-	(2,421)	(2,421)
New shares issued (net of share issue costs)	16	97,294	-	-	-	97,294
Balance at 30 June 2018		371,334	(354,613)	(371)	42,952	59,302
Profit for the financial year		-	-	-	12,779	12,779
Exchange differences from translation of foreign controlled entities, net of tax		-	-	(26)	-	(26)
Total comprehensive income for the financial year		-	-	(26)	12,779	12,753
Other equity transactions		-	-	-	(252)	(252)
<i>Transactions with owners in their capacity as owners:</i>						
Dividends paid	18	-	-	-	(9,198)	(9,198)
Balance at 30 June 2019		371,334	(354,613)	(397)	46,281	62,605

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Consolidated Statement of Cash Flows
for the year ended 30 June 2019

		Consolidated Group	
	Note	30 Jun 2019	30 Jun 2018
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		261,932	237,872
Payments to suppliers and employees (inclusive of GST)		(226,421)	(209,661)
Interest received		29	188
Dividends received		570	674
Finance costs		(5,565)	(7,858)
Income tax paid		(6,564)	2
Net cash provided by operating activities	20	23,981	21,217
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		6,216	1,262
Payments for property, plant and equipment		(28,074)	(5,818)
Payments for acquired businesses		(4,059)	-
Net cash used in investing activities		(25,917)	(4,556)
Cash flows from financing activities			
Proceeds from borrowings		26,838	6,000
Proceeds from initial public offerings		-	99,998
Share issue costs		-	(8,074)
Pre IPO distributions to related entities (net)		-	(27,848)
Dividends paid		(9,198)	(2,421)
Repayment of borrowings		(11,057)	(90,681)
Net cash provided by/(used in) financing activities		6,583	(23,026)
Net increase/(decrease) in cash and cash equivalents		4,647	(6,365)
Cash at beginning of half-year		1,500	7,865
Effect of currency translation on cash and cash equivalents		(46)	-
Cash at end of half-year		6,101	1,500

The accompanying notes form part of these financial statements

Wagners Holding Company Limited
Notes to the Consolidated Financial Statements
for the year ended 30 June 2019

1 Statement of Significant Accounting Policies

The consolidated financial statements of Wagners Holding Company Limited and its subsidiaries (together, the 'Group') for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 19 August 2019.

Wagners Holding Company Limited (the 'Company') is a for-profit company limited by shares incorporated on 2 November 2017 and domiciled in Australia.

The principal activities of the Group during the year consisted of the production and sale of construction materials and its new generation building materials, including the provision of ancillary services.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) and the *Corporations Act 2001*, including interpretations issued by the Australian Accounting Standards Board (AASB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

(i) Basis of measurement and reporting convention

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Continuation accounting

The Company was incorporated on 2 November 2017 and at or around the same time, acquired all the subsidiary entities of Wagners Holding Company Operations Pty Ltd, in exchange for the issue of ordinary shares in the Company. At the same time the Company acquired all the ordinary shares in Wagners Composite Fibre Technology Pty Ltd, Wagners CFT Manufacturing Pty Ltd and Wagners EFC Pty Ltd. These transactions were all between Common Controlled Entities.

In accordance with Australian Accounting Standards, the acquisitions of the Common Controlled Entities does not meet the definition of a business combination within the provisions of AASB 3 Business Combinations as the Company was established for the sole purpose of acquiring the Common Controlled Entities by the way of equity. Therefore, the Company has applied the continuation method of accounting in preparing the consolidated financial statements.

1 Statement of Significant Accounting Policies (continued)**(a) Basis of preparation (continued)***(ii) Continuation accounting (continued)*

Under continuation accounting the Company is effectively adopting book value accounting, whereby the assets and liabilities of the acquiree are recognised at their previous carrying amounts. No adjustments are made to reflect fair values and no new assets (including goodwill) and liabilities of the acquiree are recognised at the date of the business combination. However, it is necessary to harmonize accounting policies. Any differences between the acquired net assets and the consideration has been recognised through '*Pre IPO distributions to related entities*' in equity. This approach has been adopted based on the view that a particular business has simply been transferred from one part of the group to another, and so any transaction differences considered are a contribution or withdrawal from equity.

(iii) Critical accounting estimates and judgements

The preparation of the consolidated financial statements 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. Areas where assumptions and estimates are significant to the financial statements, or involving a higher degree of judgement due to complexity are as follows:

- The determination of long service leave provision (Note 14 and Note 1(m));
- The determination of depreciation rates on property, plant and equipment (Note 9 and Note 1(h)); and
- The estimated exercise of option terms in relation to the concrete batch plant (Note 1(x))

(iv) New and revised accounting standards adoption

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- I. AASB 9 *Financial Instruments*; and
- II. AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments. Additionally, new accounting standards and interpretations that are not mandatory have not been early adopted. The effect of these new standards has been disclosed in Note 1(x).

I. AASB 15 *Revenue from Contracts with Customers***Impact of adoption**

The group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. In accordance with the transition provisions in AASB 15, the group has adopted the new rules retrospectively however there was no material impact on the amounts disclosed previously and as a result there has been no restatement required as a result of reclassification or remeasurement.

1 Statement of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

(iv) New and revised accounting standards adoption (continued)

I. AASB 15 Revenue from Contracts with Customers (continued)

Accounting policies applied

Sale of materials and goods

The Group derives revenue from the sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel.

Sale of construction and new generation building materials contains only one performance obligation, with revenue recognised at the point in time when the material or good is transferred to the customer.

Provision of services

The Group derives revenue from the provision of services including project specific mobile and on-site concrete batching, contract crushing and haulage services.

Infrastructure & mining project services

Revenue from infrastructure and mining project services is recognised when the performance obligation to the customer has been satisfied, which is generally when the service is performed on site.

Construction contracts

For fixed-price construction contracts, mainly concerning the Groups' New Generation Building Materials division and the construction of concrete batch plants, revenue is recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is measured by reference to actual labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

1 Statement of Significant Accounting Policies (continued)**(a) Basis of preparation (continued)**

(iv) *New and revised accounting standards adoption (continued)*

II. AASB 9 Financial Instruments**Impact of adoption**

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies. The new accounting policies are set out in note below. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated.

Classification and Measurement

On 1 July 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. There were no changes to the classification and measurement of financial assets.

Impairment of financial assets

The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables. The group was required to revise its impairment methodology under AASB to a forward looking model. There was no material impact of the change in impairment methodology on the group's retained earnings and equity.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

Accounting policies applied*Classification*

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

1 Statement of Significant Accounting Policies (continued)**(a) Basis of preparation (continued)**

(iv) *New and revised accounting standards adoption (continued)*

II. AASB 9 Financial Instruments (continued)**Accounting policies (continued)***Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. The group measures its investments in equity instruments at FVPL.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Impairment

From 1 July 2018, under the adoption of AASB 9 the Group's accounting for impairment losses relating to financial assets is now on a forward looking basis using the expected credit losses (ECL) approach. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit losses against the receivables ageing profile.

1 Statement of Significant Accounting Policies (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group and all of its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(c) Revenue recognition

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction where the Company's subsidiaries operate and generate taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and prior period adjustments (where applicable).

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, at the tax rates expected to apply when the asset is realised or the liability is settled, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss; or
- When the taxable temporary differences relate to interests in subsidiaries, associates or joint ventures, and the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; or

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

1 Statement of Significant Accounting Policies (continued)

(d) Income tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation group

Wagners Holding Company Limited, the ultimate Australian controlling entity, and its Australian subsidiaries, have implemented the tax consolidation legislation.

Wagners Holding Company Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Wagners Holding Company Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement, the members of the tax consolidated Group compensate Wagners Holding Company Limited for any current tax payable assumed, and are compensated by Wagners Holding Company Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wagners Holding Company Limited.

(e) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1 Statement of Significant Accounting Policies (continued)**(f) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct costs & direct labour, costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

(g) Intangibles

Licenses and accreditations acquired as part of a business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which is estimated at 23 years.

(h) Property, plant and equipment

All property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including land improvements & buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Land improvements & buildings	5 – 30 years
Plant and equipment	2 – 30 years
Motor vehicles	4 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1 Statement of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(i) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to the Group, are classified as finance leases. Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(j) Impairment of assets

Assets are tested at the end of each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment test is carried out on an asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(k) Business combinations and goodwill

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The consideration transferred for the acquisition of a business comprises of the:

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the business.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

1 Statement of Significant Accounting Policies (continued)

(k) Business combinations and goodwill (continued)

The excess of the consideration transferred and the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, which is Wagners Holding Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy), whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities in the statement of financial position are translated at the closing exchange rate at the balance date of the reporting period; and
- Income and expenses in the statement of profit or loss and other comprehensive income are translated at average exchange rates for the reporting period.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

1 Statement of Significant Accounting Policies (continued)

(m) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefits

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The Group's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

(iii) Retirement benefit obligations

All Australian-resident employees of the Group are entitled to receive a superannuation guarantee contribution, currently 9.5% of the employee's average ordinary salary, to the employee's superannuation fund of choice. All superannuation guarantee contributions are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions at the end of the reporting period are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Other amounts charged to the financial statements in this respect represents the contribution made by the consolidated entity to employee retirement benefit funds in other jurisdictions.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

1 Statement of Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(v) Short-term incentive scheme

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the entity after certain adjustments, subject to Board approval.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(p) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities and are normally paid within 45 days of recognition, unless payment is not due within 12 months after the reporting period where they are recognised as non-current liabilities.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

1 Statement of Significant Accounting Policies (continued)

(r) Borrowings (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs not previously mentioned are expensed as incurred.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(v) Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars where noted (\$'000), or in certain cases the nearest dollar, under the option available to the Company under *ASIC Legislative (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

1 Statement of Significant Accounting Policies (continued)

(w) Parent entity financial information

The financial information for the parent entity, Wagner Holding Company Limited, has been prepared on the same basis as the consolidated financial statements.

(x) New accounting standards for application in future periods

New accounting standards and interpretations have been issued by the AASB that are not yet mandatory for the 30 June 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Title of standard	AASB 16 <i>Leases</i> (effective 1 January 2019)
Nature of change	AASB 16 was issued in January 2016 and is effective for the Group from 1 July 2019. AASB 16 requires lessees to recognise most leases on the balance sheet in the form of a right-of-use asset (ROUA) and a corresponding lease liability. AASB 16 also requires lessees to recognise depreciation expense on ROUAs, on a straight-line basis over the lease term, and interest expense on lease liabilities. The standard allows exemptions for short-term leases (less than 12 months) and for leases on low value assets. The new standard will impact most leases which are currently classified as operating leases and reported in the Groups commitments (Note 25).
Transition & Impact	The Group has elected to transition to the new standard using the modified retrospective approach. The modified retrospective approach provides the Group with two options for measurement of the ROUA. i. The first option is to measure the ROUA as an amount equal to the lease liability adjusted for any prepaid or accrued lease payments; and ii. The second option is to measure the ROUA as if AASB 16 had always been applied from the initial recognition of the lease. The Group has elected to apply the first option of the modified measurement approach to all of its current leases. Under this approach, there is no adjustment to opening retained earnings as at 1 July 2019 and no restatement of comparative information. The Group has substantially completed its assessment on the impact of the new standard, however certain aspects of the revised accounting policy remain open, including the determination of lease terms for leases with options, which could have a notable impact on the final outcomes under the new standard. At this stage the Group has assessed the financial impacts for the 30 June 2020 financial year from of the new standard as follows: - ROUAs of \$79.75 million and lease liability of \$79.75 million; - Increase in both EBITDA and EBIT by \$4.74 million and \$0.12million respectively; and - Decrease in NPBT by \$2.32 million.

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

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 materials. Key products are composite fibre technology (CFT) materials and earth friendly concrete (EFC).

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
Financial year ended 30 June 2019				
Segment revenue	210,691	29,269	2,390	242,350
Inter-segment elimination				(2,564)
Total revenue for the financial year				239,786
Profit before interest & income tax	30,104	1,760	(7,014)	24,850
Finance costs				(6,021)
Interest income				29
Income tax expense				(6,079)
Profit for the financial year				12,779

2 Segment reporting (continued)

Reconciliations of reportable segment revenues & profit or loss (continued)

	CMS \$'000	NGBM \$'000	Corporate \$'000	Total \$'000
Financial year ended 30 June 2018				
Segment revenue	204,800	29,101	2,098	235,999
Inter-segment elimination				(2,680)
Total revenue for the financial year				233,319
Profit before interest & income tax	44,834	1,953	(8,782)	38,005
Finance costs				(7,858)
Interest income				188
Income tax expense				(5,528)
Profit for the financial year				24,807

Major customers

The Group has a number of customers to whom it provides both materials and services. The Group supplies two external customers (2018: one) in the CMS segment who account for 25% of external revenue (2018: 17%).

Geographical information

Refer to note 3(c) for disclosure of geographical information on revenue.

3 Income

(a) Revenue from contracts with customers

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Sales of goods and services	236,888	231,530
Total revenue from contracts with customers	236,888	231,530

There were no partly satisfied performance obligations at the end of the previous reporting period for which revenue was recognised in the current period.

3 Income (continued)

(b) Other income

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Note		
Profit on sale of property, plant and equipment	2,103	521
Dividends received	570	674
Rent and hire received	100	222
Other income	125	372
Total other income	2,898	1,789

(c) Disaggregation of revenue

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

	30 Jun 2019			30 Jun 2018		
	CMS \$'000	NGBM \$'000	Corporate \$'000	CMS \$'000	NGBM \$'000	Corporate \$'000
Australia	208,411	27,746	1,339	199,598	29,101	2,098
United States of America	-	1,523	-	-	-	-
Papua New Guinea & Malaysia	767	-	-	2,522	-	-
	209,178	29,269	1,339	202,120	29,101	2,098

(i) Australia NGBM has also earned export revenue from several geographical locations in 2019, including New Zealand (\$811,000), United Arab Emirates (\$1,271,000) & United Kingdom (\$323,000).

4 Profit or loss items

Profit for the following year included the following specific items:

(a) Expenses

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Note		
Listing costs (i)	-	4,212
Net employee benefits expense (ii)	46,650	42,113
Defined contributions plans (iii)	3,326	3,241
Business combination costs	29 211	-

(i) The Company incurred one-off costs to list on the Australian Stock Exchange (ASX) in the prior financial year. These costs include professional fees in preparing the prospectus, brokerage costs in marketing shares and additional expenditure in connection with floating the Company on the ASX. The amounts recognised in the profit or loss for the full year to 30 June 2018 represents costs that are attributable only to the sell down of existing held shares, with the balance of listing costs offsetting share capital.

4 Profit or loss items

(a) Expenses (continued)

(ii) Net employee benefits have increased from the prior corresponding period due to the expanded operations of the Group and increased investment for growth in the Groups New Generation Building Materials Global footprint. This excludes the Groups superannuation contribution paid for its employees, as in point (iii).

(iii) Defined contributions plans are the Groups superannuation contributions paid.

(b) Net finance costs

Interest income
Interest costs and facility fees
Other finance costs

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
(29)	(188)
6,021	7,836
-	22
5,992	7,670

5 Income tax

(a) Income tax expense

The components of income tax expense comprise:

Current tax on profits for the year
Adjustments for current tax of prior periods
Deferred tax expense/(benefit)

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
5,755	3,315
1,298	(198)
(974)	2,411
6,079	5,528

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing activities before income tax expense

Prima facie tax payable using Australian tax rate of 30% (2018: 30%)

Adjusted for:

Net taxable impact of tax consolidation transition
Difference between Australian and overseas tax rates
Other net non-deductible/(non-assessable) items
Under/(over) provision from prior years

Income tax expense

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
18,858	30,335
5,657	9,101
412	(3,220)
29	5
(41)	(361)
22	3
6,079	5,528

5 Income tax (continued)

(c) Tax amounts recognised directly in equity

The following deferred tax amounts were (charged)/credited directly to equity during the year in respect of:

Net exchange difference taken to equity

Listing costs attributed to share capital

Recognised in comprehensive income

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
-	-
-	1,158
-	1,158

6 Cash and cash equivalents

Cash on hand

Cash at bank

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
6	6
6,095	1,494
6,101	1,500

7 Trade and other receivables

Current

Trade receivables

Provision for impairment of receivables

Contract assets (i)

Other receivables

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
35,531	43,173
(299)	(578)
35,232	42,595
6,823	-
606	708
42,661	43,303

(i) Contract assets has increased due to the Group recognising revenue over time under AASB 15 *Revenue from contracts with customers*. This increase is materially from the Groups contracts it has entered into during the financial year for the fabrication, construction and installation of concrete batch plants.

7 Trade and other receivables (continued)

(a) Provision for impairment of receivables

Movement in the allowance for provision for impairment of trade receivables is as follows:

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Balance at beginning of period	578	481
Impairment expense/(credit) recognised during the year	(119)	97
Receivables (written off)/recouped during the year as uncollectable	(160)	-
Balance at end of period	299	578

(b) Ageing of trade receivables

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables. An allowance for doubtful debt is recognised for the specific irrecoverable trade receivable amounts. The ageing of trade receivable is outlined below:

	Expected loss rate	Consolidated Group	
		Gross receivable \$'000	Loss Allowance \$'000
Current	0.5%	32,645	163
1 to 30	1.0%	1,316	13
31 to 60	5.0%	1,201	60
61 to 90	20.0%	15	3
90+	50.0%	55	27
Contract assets	0.5%	6,823	33
Balance at end of period		42,055	299

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group's right to consideration for performance complete to date before payment is due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over the last 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, country specific unemployment rates and the outlook for customer industries as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

7 Trade and other receivables (continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Impairment before 1 July 2018

At the end of each reporting period, the Group assesses whether there is objective evidence that a receivable has been impaired. Impairment losses are recognised in profit or loss.

Impact on receivables upon transition to AASB 9

The Group adopted AASB 9 from 1 July 2018. The key impact upon adoption of AASB 9 was the change in impairment model applicable to trade receivables balances. For trade receivables and contract assets that do not contain a significant financing component in accordance with AASB 15 (so generally trade receivables and contract assets with a maturity of 12 months or less), lifetime expected credit losses are required to be recognised.

The Group has applied the lifetime expected credit loss model to its receivable balances at 1 July 2018. The calculated opening provision for expected credit losses was \$849,000. Given the calculated expected credit losses at 1 July 2018 is immaterial, no transitional adjustments have been made for both trade receivables and contract assets in these financial statements.

8 Inventories

Raw materials and stores
Work in progress
Finished goods

Consolidated Group	
30 Jun 2019	30 Jun 2018
\$'000	\$'000
14,904	11,903
1,973	2,362
2,638	2,054
19,515	16,319

The Group recognised \$63,860,000 of inventory through profit or loss for the financial year ending 30 June 2019 (2018: \$60,209,000).

9 Property, plant & equipment

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Land & buildings		
Land improvements & buildings – at cost	19,119	18,749
Less accumulated depreciation	(4,343)	(3,727)
	14,776	15,022
Plant & equipment		
Plant & equipment – at cost	137,695	132,545
Less accumulated depreciation	(61,152)	(54,879)
	76,543	77,666
Motor vehicles		
Motor vehicles – at cost	43,137	30,671
Less accumulated depreciation	(16,848)	(12,788)
	26,289	17,883
Assets under construction – at cost	5,912	1,236
Total property, plant & equipment	123,520	111,807

(a) Movements in carrying amounts

Financial year ended 30 June 2019 \$'000	Land & buildings	Plant & equipment	Motor vehicles	Assets under construction	Total
Opening net book value	15,022	77,666	17,883	1,236	111,807
Additions	370	7,598	14,220	5,886	28,074
Transfers from asset under construction	-	1,210	-	(1,210)	-
Business combination assets	-	572	209	-	781
Depreciation	(616)	(7,455)	(4,871)	-	(12,942)
Disposals	-	(3,048)	(1,152)	-	(4,200)
Closing net book value	14,776	76,543	26,289	5,912	123,520

9 Property, plant & equipment (continued)

(a) Movements in carrying amounts (continued)

Financial year ended 30 June 2018 \$'000	Land & buildings	Plant & equipment	Motor vehicles	Assets under construction	Total
Opening net book value	14,116	84,291	18,795	2,352	119,554
Additions	1,584	3,937	6,727	2,649	14,897
Transfers from asset under construction	-	1,005	-	(1,005)	-
Pre IPO transfers to related entities	-	(3,953)	(4,367)	(2,759)	(11,079)
Depreciation	(603)	(7,218)	(3,004)	-	(10,825)
Disposals	(75)	(396)	(268)	(1)	(740)
Closing net book value	15,022	77,666	17,883	1,236	111,807

As at 30 June 2019 the value of the Group's assets pledged as security was \$29,370,000 (2018: \$18,036,000).

10 Intangible assets

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Licenses		
Licenses – at cost (acquired through business combination – refer to Note 29)	2,740	-
Less accumulated amortisation	(102)	-
	2,638	-
Total intangible assets	2,638	-

(a) Movements in carrying amounts

Financial year ended 30 June 2019 \$'000	Licenses	Total
Opening net book value	-	-
Additions	2,740	2,740
Amortisation	(102)	(102)
Disposals	-	-
Closing net book value	2,638	2,638

11 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net assets/(liabilities)	
\$'000	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Inventories	68	-	(408)	(340)	(340)	(340)
Property, plant & equipment	1,593	45	-	-	1,593	45
Doubtful debts	89	173	-	-	89	173
Revenue received in advance	-	-	-	-	-	-
Employee benefits	1,747	1,545	-	-	1,747	1,545
Derivative financial instruments	1,300	1,095	(653)	(142)	647	953
Provisions	121	71	-	-	121	71
Other items	1,881	2,302	(196)	(181)	1,685	2,121
Deferred tax assets/(liabilities)	6,799	5,231	(1,257)	(663)	5,542	4,568
Set off deferred taxes	(1,257)	(663)	1,257	663	-	-
Net deferred tax assets	5,542	4,568	-	-	5,542	4,568

(b) Movement in temporary difference during the year

The movement in deferred tax balances for the Group are shown in the tables below:

Year ended 30 June 2019	Opening balance	Charged to income	Charged to equity	Exchange differences	Closing balance
\$'000					
Inventories	(340)	-	-	-	(340)
Property, plant & equipment	45	1,548	-	-	1,593
Doubtful debts	173	(84)	-	-	89
Revenue received in advance	-	-	-	-	-
Employee benefits	1,545	202	-	-	1,747
Derivative financial instruments	953	(306)	-	-	647
Provisions	71	50	-	-	121
Other items	2,121	(436)	-	-	1,685
Net deferred tax assets	4,568	974	-	-	5,542

11 Deferred tax assets and liabilities (continued)

(b) Movement in temporary difference during the year (continued)

Year ended 30 June 2018 \$'000	Opening balance	Charged to income	Charged to equity	Exchange differences	Closing balance
Inventories	(309)	(31)	-	-	(340)
Property, plant & equipment	1,802	(1,757)	-	-	45
Doubtful debts	144	29	-	-	173
Revenue received in advance	330	(330)	-	-	-
Employee benefits	1,714	(169)	-	-	1,545
Derivative financial instruments	1,320	(367)	-	-	953
Provisions	758	(687)	-	-	71
Other items	62	901	1,158	-	2,121
Net deferred tax assets	5,821	(2,411)	1,158	-	4,568

12 Trade and other payables

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Trade payables	14,336	13,682
Sundry payables and accrued expenses	13,906	14,162
	28,242	27,844

The carrying amounts of trade and other payable are presumed to be at their fair values due to their short-term nature.

15 Provisions

(a) Provision balances

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Current		
Employee benefits (i)	4,600	3,321
Other	548	237
	5,148	3,558
Non-current		
Employee benefits (i)	370	395
Total Provision	5,518	3,953

(i) Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data and the expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and conditions which match, as closely as possible, the estimated future cash outflows. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(m).

(b) Movements in provisions

Year ended 30 June 2019 \$'000	Employee benefits	Onerous contracts	Other	Total
Opening balance	3,716	-	237	3,953
Charged to profit and loss	3,650	-	311	3,961
Amounts used during the period	(2,396)	-	-	(2,396)
Closing balance	4,970	-	548	5,518
Year ended 30 June 2018 \$'000	Employee benefits	Onerous contracts	Other	Total
Opening balance	4,696	2,289	237	7,222
Charged to profit and loss	2,032	-	-	2,032
Amounts used during the period	(3,012)	(2,289)	-	(5,301)
Closing balance	3,716	-	237	3,953

16 Issued capital

(a) Share capital

	30 Jun 2019 Shares	30 Jun 2018 Shares	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Ordinary shares	161,375,590	161,375,590	371,334	371,334

(b) Movement in share capital

Date	Details	No. of shares	\$'000
1 July 2017	Opening balance (i)	124,475,221	274,040
8 December 2017	Shares issued – IPO (ii)	36,900,369	99,998
8 December 2017	Shares issue costs – net of tax	-	(2,704)
30 June 2018	Closing balance	161,375,590	371,334
	No transactions in the 2019 financial year	-	-
30 June 2019	Closing balance	161,375,590	371,334

(i) The application of continuation accounting for the acquisition and consolidation of the Common Controlled Entities results in the opening balances reflecting share capital as if the current group existed in its current state as at 1 July 2017. There was also no movement in share capital in the comparative period.

(ii) The Company issued 36.9 million new ordinary shares to the market at a price of \$2.71.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Pre IPO distributions of equity

Prior to listing on the ASX, transactions with other entities within the previous consolidated Group were recognised as a distribution of equity to related parties.

(d) Capital risk management

The Board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

17 Reserves

Fair value reserve
Foreign exchange reserve

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
-	-
(397)	(371)
(397)	(371)

(a) Movement in each class of reserve

Fair value reserve

Opening balance
Transfer to retained earnings

Closing balance

Foreign exchange reserve

Opening balance
Exchange differences on translation of foreign operations, net of tax

Closing balance

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
-	(10,816)
-	10,816
-	-
(371)	(260)
(26)	(111)
(397)	(371)

(b) Details of reserves

(i) Fair value reserve

The fair value reserve records the movements on revaluation of certain financial assets. At 30 June 2018 the Group transferred the balance of the fair value reserve to retained earnings.

(ii) Foreign exchange reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries, as described in note 1(l).

18 Dividends

(a) Dividends paid

Final fully franked dividend of 3.5 cents per share paid during period (2018: Nil)
Interim dividend of 2.2 cents per share paid during period (2018: 1.5) (i)

Consolidated Group	
30 Jun 2019 \$'000	30 Jun 2018 \$'000
5,648	-
3,550	2,421
9,198	2,421

(i) 2019 interim dividend – fully franked and 2018 interim dividend – unfranked

18 Dividends (continued)

(b) Dividends proposed

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

(c) Franking credits

The franking account balance available to the shareholders of the Company at year-end is \$6,061,000 (2018: \$894,000). This balance includes adjustments made for franking credits arising from the payment of estimated provision for 2019 income tax.

19 Earnings per share

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Profit attributable to ordinary shareholders of the Company	12,779	24,807
	Number of shares	
Weighted average number of ordinary shares (i)	161,375,590	145,200,085
Basic & diluted earnings per share (cents per share) (ii) (iii)	7.9	17.1

(i) The application of continuation accounting includes the total effect of the Common Controlled Entity transactions for the purpose of the comparative earnings per share calculation.

(ii) There were no convertible securities issued during the period.

(iii) Based on the Company's current issued capital of 161,375,590 ordinary shares (same number upon ASX listing), a 'normalised' basic earnings per share of 15.4 cents would have been realised based on the results of the prior financial year ended 30 June 2018.

20 Cash flow information

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

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Profit after income tax	12,779	24,807
Non-cash flows in profit		
Depreciation of property, plant & equipment	12,942	10,818
Amortisation of intangible assets	102	-
Fair value adjustment on derivative instruments	787	(1,227)
Net (gain)/loss on disposal of non-current assets	(2,016)	(521)
Asset utilization fee charged to related parties	-	(222)
Net (sales)/purchases to other related parties	-	(132)
Non-operating cash flow in profit		
Listing costs expensed	-	4,212
Effect of taxation on items directly recognised in equity	-	1,158
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	641	(15,040)
(Increase)/decrease in other assets	18	262
(Increase)/decrease in inventories	(2,654)	(3,933)
Increase/(decrease) in trade and other payables	395	(67)
Increase/(decrease) in income taxes payable	399	3,307
Increase/(decrease) in deferred taxes payables	(884)	1,065
Increase/(decrease) in provisions	1,472	(3,270)
Net cash provided by operating activities	23,981	21,217

(b) Reconciliation of financial liabilities to cash flows from financing activities

Year ended 30 June 2019 \$'000	Hire purchase & chattel mortgages	Finance facility	Derivatives held to hedge borrowings	Total
Opening balance	12,641	68,000	3,648	84,289
Cash inflows	14,838	12,000	-	26,838
Cash outflows	(11,057)	-	-	(11,057)
Non-cash flows in financial liabilities				
Insurance premium funding	-	-	-	-
Pre-IPO transfers to related entities	-	-	-	-
Fair value change in derivatives	-	-	682	682
Non-financing cash flows in financial liabilities				
Property, plant & equipment payments	-	-	-	-
Interest payments	-	-	-	-
Closing balance	16,422	80,000	4,330	100,752

20 Cash flow information (continued)

(b) Reconciliation of financial liabilities to cash flows from financing activities (continued)

Year ended 30 June 2018 \$'000	Hire purchase & chattel mortgages	Finance facility	Derivatives held to hedge borrowings	Total
Opening balance	12,859	145,321	4,472	162,652
Cash inflows	-	6,000	-	6,000
Cash outflows	(7,360)	(83,321)	-	(90,681)
Non-cash flows in financial liabilities				
Insurance premium funding	324	-	-	324
Pre-IPO transfers to related entities	(1,539)	-	-	(1,539)
Fair value change in derivatives	-	-	(824)	(824)
Non-financing cash flows in financial liabilities				
Property, plant & equipment payments	9,072	-	-	9,072
Interest payments	(715)	-	-	(715)
Closing balance	12,641	68,000	3,648	84,289

21 Fair value measurements

The Group measures and recognises certain financial assets and liabilities at fair value on a recurring basis after initial recognition, currently being only derivative financial instruments. The Group subsequently does not measure any other assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels as follows:

- **Level 1:** measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** measurements based on inputs, other than quoted prices in active markets (Level 1), which are observable for the asset or liability, either directly or indirectly. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2.
- **Level 3:** measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21 Fair value measurements (continued)

(b) Estimation of fair values

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- **Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Fair value techniques and inputs are summarised as follows:

Description	Fair value hierarchy	Note	Valuation technique
Derivative instruments	Level 2	14	Income approach using discounted cash flow methodology.

(c) Recurring fair value measurements

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2019					
Interest rate swap contracts	14	-	(4,263)	-	(4,263)
Foreign exchange forward contracts	14	-	301	-	301
		-	(3,962)	-	(3,962)
As at 30 June 2018					
Interest rate swap contracts	14	-	(3,648)	-	(3,648)
Foreign exchange forward contracts	14	-	473	-	473
		-	(3,175)	-	(3,175)

There were no transfers between fair value hierarchies during the current and previous financial years.

22 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central finance department. Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Finance provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group's facilities agreement and company policies.

22 Financial risk management (continued)

The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. These derivatives are not designated hedges and the Group has therefore not applied hedge accounting. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties; ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, these customers may be required to pay upfront, or the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of trade receivables and cash and cash equivalents. The Group does not consider there to be any significant concentration of credit risk with any single/or group of customers. The Group derives revenue from two key customers (2018: one), which accounted for 25% of revenue for the financial year ended 30 June 2019 (2018: 17%). Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality, aggregates of such amounts are detailed in note 7.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

22 Financial risk management (continued)

(b) Liquidity risk (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk of termination of such facilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

	Within 1 year \$'000	1 to 5 years \$'000	Total \$'000
As at 30 June 2019			
Trade and other payables	28,242	-	28,242
Derivative financial liabilities	1,474	2,856	4,330
Hire purchase and chattel mortgages	8,673	7,749	16,422
Finance facility	6,000	74,000	80,000
	44,389	84,605	128,994
As at 30 June 2018			
Trade and other payables	27,844	-	27,844
Derivative financial liabilities	1,354	2,294	3,648
Hire purchase and chattel mortgages	8,061	5,184	13,245
Finance facility	6,000	62,000	68,000
	43,259	69,478	112,737

At the end of each reporting period the Group had access to the following undrawn borrowing facilities:

	As at 30 June 2019		As at 30 June 2018	
	Drawn \$'000	Available \$'000	Drawn \$'000	Available \$'000
Expiring within one year	-	-	-	-
Expiring beyond one year	80,000	60,000	68,000	72,000
	80,000	60,000	68,000	72,000

(c) Market risk

(i) Interest rate risk

The Group's main exposure to interest rate risk is long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value.

Interest rate risk is managed using a mix of fixed and floating rate debt and the Group enters into interest rate swaps to convert the majority of debt to fixed rate. At 30 June 2019 62.5% (2018: 100%) of Group debt is at a fixed rate. It is the policy of the Group going forward to keep between 50% and 100% of debt on fixed interest rates.

22 Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate swaps

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The notional principal amounts of the swap contracts approximate the Group's borrowing facilities, as described above. The net interest payment, or receipt settlements of the swap contracts occur every 30 to 90 days and correspond with interest payment dates on the borrowings.

At the end of the reporting period, the Group had the following outstanding interest rate swap contracts:

	Notional principle amount		Interest rates
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	
Interest rate swaps	50,000	125,000	3.5% to 4.15%

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. Profit or loss is sensitive to the change in interest rates from higher/lower interest income from cash and cash equivalents, and also the increase/decrease in fair value of derivative instruments as they are designated fair value through profit or loss, per note 1(j).

	Impact on post tax profit	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
+100bp variability in interest rate	573	835
-100bp variability in interest rate	(573)	(835)

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales & purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies is primarily the Australian dollar (AUD), with currently minor subsidiaries operating in United States dollars (USD) & Malaysian ringgit (RM).

22 Financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign exchange risk (continued)

Foreign exchange forward contracts

At any point in time, the Group hedges 60% to 100% of its estimated foreign currency exposure in respect of forecast purchases in US Dollars (USD), being the main exposure, over the following 12 months. The Group uses forward exchange contracts to hedge its currency risk. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates, most have a maturity of less than 1 year from the reporting date. The Groups current foreign subsidiaries operations is collectively immaterial, and so the Group does not hedge against these foreign currency exposures.

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts.

	Notional amount		Average exchange rates	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000	30 Jun 2019 \$	30 Jun 2018 \$
Buy USD / sell AUD				
Settlement within six months	4,104	5,892	0.7307	0.7637
Settlement between six and twelve months	1,500	5,126	0.7210	0.7809
	5,604	11,018	0.7281	0.7715

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in foreign exchange rates. Profit or loss is sensitive to the change in foreign exchange rates from purchases, and also the change in fair value of derivative instruments as they are designated fair value through profit or loss, per note 1(j).

	Impact on post tax profit	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
+10% AUD/USD exchange rate	516	375
-10% AUD/USD exchange rate	(516)	(375)

22 Financial risk management (continued)

(c) Market risk (continued)

(iii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group's exposure to commodity price risk arises from commercial transactions required for the operations of the business. To manage its commodity price risk the Group enters into fixed price contracts with its main suppliers for raw materials in its cement business. There are no derivative asset or liabilities in relation to commodity prices at year end, and so any commodity price movement would not impact reported profit for the year ended 30 June 2019.

23 Related party transactions

(a) Parent entity

Wagners Holding Company Limited is the Group's ultimate parent entity.

(b) Controlled entities

Interests in controlled entities are set out in Note 24.

(c) Key management personnel

Compensation of key management personnel during the years was as follows:

	Consolidated Group	
	30 Jun 2019	30 Jun 2018
	\$	\$
Short-term employee benefits	1,425,671	1,273,648
Other long-term employee benefits	42,819	14,841
Share based payments	-	-
Termination benefits	-	-
	1,514,555	1,288,489

Further disclosures relating to key management personnel compensation are set out in the Remuneration report, that can be found on pages 16 to 24 of the Directors' Report.

No loans have been provided to key management personnel by the Group throughout the financial year.

23 Related party transactions (continued)

(d) Transactions with other related parties

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms length business transactions. Such transactions and amounts owed or owing with Director and their related parties are detailed as follows:

Description	2019 Revenue/ (Costs) \$	2019 Owed/ (Owing) \$	2018 Revenue/ (Costs) \$	2018 Owed/ (Owing) \$
Sale of materials and services ¹	10,328,126	8,269,078	7,215,313	1,524,163
Indemnity of losses on onerous contract	231,941	-	737,851	-
On charge of costs processed by the Group	150,804	1,098	3,273,447	-
Shared service agreement ²	185,043	-	308,965	-
Gain on sale of property, plant & equipment ³	1,664,873	-	-	-
Payments for property rent, material royalties & other	(8,001,788)	(365,664)	(3,785,660)	(47,384)
Totals	4,558,999	7,904,572	7,749,916	1,476,779

1 The sale of materials and services includes amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties. As at 30 June there was a Contract Asset (shown as owing above) recognised on the Groups balance sheet of \$7,707,336.

2 The Group, as per the prospectus, had a shared service agreement with a related entity for shared resources & employees for a 12 month transition period from the IPO date. These shared services were charged to the related entity monthly using a number of internal business drivers and conducted on the basis of normal commercial trading terms and conditions as agreed between the parties.

3 The Group entered into a sale and leaseback contract to upgrade existing concrete batch plant assets owned by the Group and install these assets on a site owned by a related party, which the Group has subsequently leased back. The contract price for the total works of this sale (including associated site improvements and installation) was externally valued at \$6,250,000. The lease is at applicable market rates.

24 Subsidiaries and controlled entities

The consolidated financial statements include the financial statements of Wagners Holding Company Limited and the following subsidiaries:

Name of entity	Country of incorporation	Equity holding	
		30 June 2019 %	30 June 2018 %
Wagners Queensland Pty Ltd	Australia	100%	100%
Wagner Investments Pty Ltd	Australia	100%	100%
Wagners Flyash Pty Ltd	Australia	100%	100%
Wagners Australian Operations Pty Ltd	Australia	100%	100%
Wagners Concrete Pty Ltd	Australia	100%	100%
Wagners Quarries Pty Ltd	Australia	100%	100%
Wagners Transport Pty Ltd	Australia	100%	100%
Wagners Industrial Services Pty Ltd	Australia	100%	100%
Wagners Cement Pty Ltd	Australia	100%	100%
Wagners Charter Pty Ltd	Australia	100%	100%
Wagners International Operations Pty Ltd	Australia	100%	100%
Wagners Global Projects Sdn Bhd	Malaysia	100%	100%
Wagners Global Services (Malaysia) Sdn Bhd	Malaysia	100%	100%
Wagners Services Mozambique Limiteda	Mozambique	98.75%	98.75%
Wagners Global Ventures Sdn Bhd	Malaysia	100%	100%
Wagners Global Services Mongolia LLC	Mongolia	100%	100%
Wagners Concrete Mongolia LLC	Mongolia	100%	100%
Wagners Composite Fibre Technologies Pty Ltd	Australia	100%	100%
Wagners CFT Manufacturing Pty Ltd	Australia	100%	100%
Wagners EFC Pty Ltd	Australia	100%	100%
Wagner USA Holding Company	United States	100%	100%
Wagners CFT LLC	United States	100%	100%

25 Capital and leasing commitments

(a) Hire purchase & chattel mortgage commitments

Commitments for minimum hire purchase and chattel mortgage payments payable are as follows:

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Minimum payments		
Within twelve months	9,216	8,061
Between twelve months and five years	7,979	5,184
Total minimum payments	17,195	13,245
Less: future finance charges	(773)	(604)
Present value of minimum payments	16,422	12,641
Current liability	8,673	7,614
Non-current liability	7,749	5,027
	16,422	12,641

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Within twelve months	4,725	4,138
Between twelve months and five years	17,138	15,077
Greater than five years	111,312	111,188
	133,175	130,403

The Pinkenba Cement Plant site comprises the majority of operating lease commitments totaling \$116,452,000 (2018: \$118,318,000). It is a non-cancellable lease with 35 years still remaining and is subject to CPI adjustment annually with a market review every 3 years.

(c) Capital expenditure commitments

Capital expenditure commitments contracted for but not recognised as liabilities at the end of the financial year is as follows:

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Within twelve months	776	10,562

26 Contingent assets and liabilities

The Group enters into arrangements in the normal course of business, whereby it is required to supply a performance guarantee to its customers. These guarantees are provided in the form of performance bonds issued by the Groups financial institution or insurance company.

The probability of having to make a payment in respect to these performance bonds is considered to be highly unlikely. As such, no provision has been made in the consolidated financial statements in respect of these contingencies.

27 Auditor's remuneration

During the financial year the following fees were paid or are payable to the Groups auditor:

	Consolidated Group	
	30 Jun 2019 \$	30 Jun 2018 \$
BDO Audit Pty Ltd & related companies		
Audit services		
Audit and review of financial statements – <i>BDO Audit Pty Ltd</i>	217,448	212,715
Total audit services	217,448	212,715
Non-audit services		
Due diligence services – <i>BDO Audit Pty Ltd</i>	-	71,131
Taxation services – <i>BDO (QLD) Pty Ltd</i>	-	8,229
Total non-audit services	-	79,360
Total amount paid or payable to auditor	217,448	292,075

28 Parent entity financial information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Statement of financial position		
Assets		
Current assets	1,056	313
Non-current assets	73,804	62,103
Total assets	74,860	62,416
Liabilities		
Current liabilities	7,497	9,614
Non-current liabilities	4,758	3,359
Total liabilities	12,255	12,973
Equity		
Issued capital	371,334	371,334
Distribution to related entities	(355,010)	(366,447)
Retained earnings	46,281	44,556
Total equity	62,605	49,443
Statement of profit or loss and other comprehensive income		
Total profit for the financial year	1,907	(5,086)
Total comprehensive income for the financial year	1,907	(5,086)

(a) Hire purchase & chattel mortgage commitments

Commitments for minimum hire purchase and chattel mortgage payments payable for the parent are as follows:

	Consolidated Group	
	30 Jun 2019 \$'000	30 Jun 2018 \$'000
Minimum payments		
Within twelve months	6,011	6,654
Between twelve months and five years	4,847	3,460
Total minimum payments	10,858	10,114
Less: future finance charges	(501)	(459)
Present value of minimum payments	10,357	9,655

(b) Contingent assets and liabilities

The parent entity does not have any contingent assets or liabilities as at 30 June 2019.

(c) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no contractual commitments for the acquisition of property, plant or equipment (2018: \$nil).

29 Business combinations

Castlereagh Quarry acquisition

On 31 August 2018, the Group acquired 100% of the interests of the Castlereagh Quarry from Rivet Mining Services. The quarry is located in Cloncurry and enables the Group to expand its presence in the North West Queensland minerals province.

(i) Details of the purchase consideration are as follows:

	\$'000
Purchase consideration	
Cash paid	4,059
Total purchase consideration	4,059

(ii) The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Inventories	542
Property, plant & equipment	781
Intangible assets: licenses (v)	2,740
Deferred tax asset	90
Provisions	(94)
Net assets acquired	4,059

(iii) During the period from acquisition to 30 June 2019, Castlereagh Quarry contributed revenues of \$8,142,000 and earnings before interest and tax of \$2,015,000. If the acquisition had occurred on 1 July 2018, revenue and earnings before interest and tax for the period ended would have been \$9,771,000 and \$2,418,000 respectively. These amounts have been calculated using information provided by the vendors and adjusted for:

- any differences in accounting policies; and
- any additional depreciation or amortisation that would have been charged assuming the fair value of each asset had applied from 1 July 2018.

(iv) Acquisition related costs of \$211,000 in respect of this acquisition is included in other expenses in the profit or loss.

(v) During the period from acquisition to 30 June 2019, the identified intangible asset contributed \$102,000 in amortisation expenses with a closing written down value of \$2,638,000 as at 30 June 2019.

30 Events occurring after the reporting period

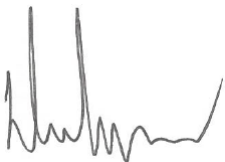
To the Directors' best knowledge, there has not arisen in the interval between 30 June 2019 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

Wagners Holding Company Limited

Directors' declaration

In accordance with a resolution of the directors of Wagners Holding Company Limited, the directors of the Company declare that:

- (a) the consolidated financial statements and notes, as set out on pages 28 to 79, are in accordance with the *Corporations Act 2001*, including:
 - i. complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - ii. giving a true and fair view of the consolidated Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2019.



Mr Denis Wagner

Chairman

Dated at Pinkenba, Queensland on 19 August 2019.

INDEPENDENT AUDITOR'S REPORT

To the members of Wagners Holding Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and measurement

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
- The Group's disclosures about revenue recognition are included in Note 1(a), which details the accounting policies applied following the implementation of AASB 15 <i>Revenue from Contracts with Customers</i>. - The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2019 and the Group was required to change its accounting policies to align with the new standard. - The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: - Assessing the revenue recognition policy for compliance with AASB 15 <i>Revenue from Contracts with Customers</i> - Documenting the processes and assessing the internal controls relating to revenue processing and recognition - Tracing a sample of revenue transactions to supporting documentation - Performing substantive analytical procedures on the monthly sales for each material component - Assessing the adequacy of the Group's disclosures within the financial statements

Related Party Transactions

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
- The Group's disclosures about related party relationships and transactions are included in Note 23 to the financial statements. - Due to the nature of the group, the level of related party transactions was significant and complex and required significant interaction with management to audit and therefore represents a key audit matter.	Our procedures included, amongst others: - Enquiring with management as to their processes for identifying related parties and recording transactions with related parties - Assessing management's assertion that the related party transactions were on an arm's length basis by comparing the terms and conditions to transactions with non-related parties - Obtaining written confirmation from all key management personnel as to their declaration of interest in any related party relationship and assessed their responses to the information provided by management - Reviewing the note disclosure made in the financial statements to ensure that the related party transactions are appropriately disclosed - Assessing individually material related party transactions for reasonableness

Other information

The directors are responsible for the other information. The other information comprises the information contained in Annual Financial Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Wagners Holding Company Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



C K Henry
Director

Brisbane, 19 August 2019