Appendix 4D - Interim Financial Report

Under ASX Listing Rule 4.2A.3

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

Current period	1 July 2018 to 31 December 2018
Prior corresponding period	1 July 2017 to 31 December 2017

Results for announcement to the market	**Half-year to 31 Dec 2018 $'000**	**Half-year to 31 Dec 2017 $'000**	**Change %**
Revenue from continuing operations	125,030	121,229	3.1%
Net profit before tax from continuing operations	12,844	16,253	(21.0%)
Net profit after tax from continuing operations	6,933	15,719	(55.6%)

Revenue for the half-year ended 31 December 2018 was improved from the corresponding period due to increased cement, concrete and aggregates volumes, combined with the increased activity to full utilisation of the Groups contract haulage fleet.

Net profit before tax for the half-year ended 31 December 2018 has decreased from the corresponding period mainly due to the Groups revenue composition shifting, which now includes a greater proportion of lower margin revenue streams such as the Groups contract haulage services and delays in higher margin project services based work.

Net profit after tax for the half-year ended 31 December 2018 has decreased from the corresponding period mainly due to an adjustment to tax expense as a result of the group now being taxed under its own tax consolidated group.

A review of the operations of the group and the results of these operations for the half-year is set out in the media statement released to the market on 26 February 2018. Please also refer to the associated presentation that was released to the market on 26 February for further commentary.

Dividend information	**Half-year to 31 Dec 2018 cents**	**Half-year to 31 Dec 2017 cents**	**Change %**
Interim dividend per ordinary share – 100% franked (2017 – 0%)	2.2	1.5	46.7%

There were no dividend reinvestment plans in operation during the period

2019 Interim dividend dates

Ex-dividend date	1/3/2019
Record date	4/3/2019
Payment date	16/4/2019

Net tangible assets per security	**Half-year to 31 Dec 2018 $**	**Half-year to 31 Dec 2017 $**	**Change %**
Net tangible assets per ordinary shares	0.36	0.32	12.5%

Additional Appendix 4D disclosure requirements and commentary affecting the results for the period are contained in the Interim Financial Report for the half-year ended 31 December 2018, in the media release and management presentation for the half-year ended 31 December 2018.

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

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Wagners Holding Company Limited

ABN 49 622 632 848

Interim financial report

Wagners Holding Company Limited

Interim financial report

for the half-year ended 31 December 2018

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Wagners Holding Company Limited

Directors' report

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

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	2nd November 2017
John Wagner	Non-executive director	2nd November 2017
Peter Crowley	Non-executive director	9th November 2017
Lynda O'Grady	Non-executive director	8th November 2017
Ross Walker	Non-executive director	2nd November 2017

Operating and financial review

Financial information found below is based upon the reviewed financial statements. Further commentary surrounding the review of operations of the Group for the half year, including proforma financial information (non-IFRS measures), are contained in the Media Release & Investor Presentation announcements released to the Australian Securities Exchange on 26 February 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.

Net profit before tax (NPBT) for the half year ended 31 December 2018 of $12.8 million was $3.4 million lower than the prior comparative period (pcp). The movement was due to the following key factors:

- While the Group achieved a growth in revenue for the current half year of $125.0 million up from $121.2 million in the pcp, this increased revenue was driven largely from higher activity in lower margin areas such as the Groups contract haulage services which is now at full fleet utilisation.
- The Group has seen an increase in expenditure for the current period from its investment in the growth of its New Generation Building Materials to the international markets and the Groups fixed concrete plant network expansion.

Operating and financial review (continued)

Net profit after tax (NPAT) for the half year ended 31 December 2018 of $7.0 million was $8.7 million lower than the prior comparative period (pcp).

- Net profit after tax for the half-year ended 31 December 2018 has decreased from the corresponding period mainly due to an adjustment to tax expense as a result of the group now being taxed under its own tax consolidated group. (refer to Note 4)

Dividends

After the balance date, the Group declared an interim dividend for the half year ended 31 December 2018 of 2.2 cents per share, fully franked. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2018 and will be recognised in subsequent financial reports.

Significant events occurring after the balance date

Subsequent to half year end, as noted above, the directors have declared a fully franked interim dividend of 2.2 cents per share on 26 February 2019.

The directors of the company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the half year ended 31 December 2018.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Director's Report for half year ended 31 December 2018.

Rounding

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

Signed in accordance with a resolution of the directors

Denis Wagner

Mr Denis Wagner

Chairman

Pinkenba, Brisbane

25 February 2019

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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 for the review of Wagners Holding Company Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 25 February 2019

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

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Wagners Holding Company Limited

Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2018

	Note	31 Dec 2018 $'000	31 Dec 2017 $'000
		Consolidated Group	
Revenue and other income	3	125,030	121,229
Direct material and cartage costs		(49,762)	(46,118)
Employee benefits expense		(24,724)	(19,765)
Depreciation and amortisation expense		(6,264)	(5,185)
Net finance cost		(3,294)	(4,783)
Fuel		(2,684)	(1,602)
Contract work and purchased services		(3,690)	(6,124)
Freight and postal		(506)	(339)
Legal and professional		(1,107)	(521)
Rent and hire		(4,052)	(3,621)
Repairs and maintenance		(8,876)	(6,838)
Travel and accommodation		(2,045)	(914)
Utilities		(2,361)	(2,368)
Fair value adjustment on derivative instruments		549	(496)
Listing costs	3	-	(4,208)
Other expenses		(3,370)	(2,094)
Profit before income tax		**12,844**	**16,253**
Income tax expense	4	(5,911)	(534)
Profit attributable to equity holders of the parent		**6,933**	**15,719**
Other comprehensive income (net of tax)			
Items that may be reclassified to profit or loss			
Adjustment from translation of foreign controlled entities		(22)	(15)
		(22)	(15)
Total comprehensive income attributable to equity holders of the parent		**6,911**	**15,704**

	Note	Cents	Cents
Earnings per share			
Basic earnings per share	8	4.3	12.2
Diluted earnings per share	8	4.3	12.2

The accompanying notes form part of these financial statements

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Wagners Holding Company Limited

Consolidated statement of financial position

as at 31 December 2018

	Note	Consolidated Group 31 Dec 2018 $'000	Consolidated Group 30 Jun 2018 $'000
Current Assets			
Cash and cash equivalents		11,606	1,500
Trade and other receivables	5	29,969	43,303
Inventories		15,873	16,319
Derivative instruments	9	608	473
Other assets		906	496
Total Current Assets		**58,962**	**62,091**
Non-current Assets			
Other financial assets		7	6
Property, plant and equipment	6	124,664	111,807
Intangible assets	11	2,700	-
Deferred tax assets		3,017	4,568
Other assets		250	231
Total Non-current Assets		**130,638**	**116,612**
Total Assets		**189,600**	**178,703**
Current Liabilities			
Trade and other payables		26,735	27,844
Borrowings	7	18,457	13,614
Derivative instruments	9	1,283	1,354
Current tax liabilities		3,407	3,315
Provisions		4,116	3,558
Total Current Liabilities		**53,998**	**49,685**
Non-current Liabilities			
Borrowings	7	72,617	67,027
Derivative instruments	9	1,951	2,294
Provisions		469	395
Total Non-current Liabilities		**75,037**	**69,716**
Total Liabilities		**129,035**	**119,401**
Net Assets		**60,565**	**59,302**
Equity			
Issued capital		371,334	371,334
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves		(393)	(371)
Retained earnings		44,237	42,952
Total Equity		**60,565**	**59,302**

The accompanying notes form part of these financial statements

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Wagners Holding Company Limited

Consolidated statement of changes in equity

for the half-year ended 31 December 2018

	Note	Share capital $'000	Pre IPO distributions to related entities $'000	Reserves $'000	Retained earnings $'000	Total $'000
		Consolidated Group				
Balance at 1 July 2017		**274,040**	**(316,848)**	**(11,076)**	**30,926**	**(22,958)**
Profit for the half-year		-	-	-	15,719	15,719
Exchange differences from translation of foreign controlled entities, net of tax		-	-	(15)	-	(15)
Total comprehensive income for the half-year		**-**	**-**	**(15)**	**15,719**	**15,704**
Transfers between equity components		-	-	10,816	(10,816)	-
Transactions with owners in their capacity as owners:						
Pre-IPO distributions to related entities		-	(38,558)	-	-	(38,558)
New shares issued (net of share issue costs)		97,302	-	-	-	97,302
Balance at 31 December 2017		**371,342**	**(355,406)**	**(275)**	**35,829**	**51,490**
Balance at 1 July 2018		**371,334**	**(354,613)**	**(371)**	**42,952**	**59,302**
Profit for the half-year		-	-	-	6,933	6,933
Exchange differences from translation of foreign controlled entities, net of tax		-	-	(22)	-	(22)
Total comprehensive income for the half-year		**-**	**-**	**(22)**	**6,933**	**6,911**
Transactions with owners in their capacity as owners:						
Dividends paid	10	-	-	-	(5,648)	(5,648)
Balance at 31 December 2018		**371,334**	**(354,613)**	**(393)**	**44,237**	**60,565**

The accompanying notes form part of these financial statements

Wagners Holding Company Limited

Consolidated statement of cash flows

for the half-year ended 31 December 2018

	Note	Consolidated Group 31 Dec 2018 $'000	Consolidated Group 31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		151,969	130,836
Payments to suppliers and employees (inclusive of GST)		(121,143)	(108,549)
Interest received		50	126
Finance costs		(3,344)	(4,887)
Income tax paid		(62)	926
Net cash provided by operating activities		**27,470**	**18,452**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		686	319
Payments for property, plant and equipment		(18,776)	(6,890)
Payments for acquired businesses	11	(4,059)	-
Net cash used in investing activities		**(22,149)**	**(6,571)**
Cash flows from financing activities			
Proceeds from borrowings		16,221	14,290
Proceeds from initial public offerings		-	99,998
Share issue costs		-	(3,851)
Pre IPO distributions to related entities (net)		-	(27,096)
Dividends paid		(5,648)	-
Repayment of borrowings		(5,788)	(99,094)
Net cash provided by/(used in) financing activities		**4,785**	**(15,753)**
Cash at beginning of half-year		1,500	7,865
Net increase (decrease) in cash held		10,106	(3,872)
Cash at end of half-year		**11,606**	**3,933**

The accompanying notes form part of these financial statements

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1 Statement of Significant Accounting Policies

Wagners Holding Company Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the 'Group'). The consolidated interim financial report was authorised for issue by the directors on 25 February 2019.

(a) Statement of compliance

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

This consolidated interim financial report does not include all the information normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ending 30 June 2018; and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

(b) Basis of preparation

The accounting policies and methods of computation applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2018 except for the adoption of new and amended standards as set out below.

New and revised standards

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:

- AASB 9 *Financial Instruments*; and
- 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 for the interim reporting period have not been early adopted and any effect of these new standards has yet to be determined.

1 Statement of Significant Accounting Policies (continued)

(b) Basis of preparation (continued)

(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.

Accounting policies applied from 1 July 2018

Sale of materials

Sale of construction and new generation building materials usually contains only one performance obligation, with revenue recognised at the point in time when the material is transferred to the customer. Adoption of AASB 15 did not have any impact on the timing of revenue recognition for the sale of materials.

Provision of 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, 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.

(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(7.2.15) and (7.2.26), comparative figures have not been restated.

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1 Statement of Significant Accounting Policies (continued)

(b) Basis of preparation (continued)

(ii) AASB 9 *Financial Instruments (continued)*

Impact of adoption (continued)

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, 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 from 1 July 2018

Classification and Measurement

Adoption of AASB 9 has had no impact on the existing classification and measurement of the Groups financial assets and liabilities.

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, 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.

(c) 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 interim financial report.

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1 Statement of Significant Accounting Policies (continued)

(c) 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 harmonise accounting policies. Any differences between the acquired net assets and the consideration has been recognised through 'Pre IPO distributions to related parties' 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/withdrawal from equity.

Additionally, continuation accounting dictates that comparative financial information includes that of the Group as if it existed in its current structure at the beginning of the comparative period.

(d) Critical accounting estimates and judgments

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2018 annual report, except in regards to the provisioning of trade receivables where management have estimated the expected credit loss for trade receivables based on the Group’s new accounting policies as disclosed in note 1(b).

(e) Business combinations

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 business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

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.

The Group's operating segments are determined based on the nature of the business activities undertaken by the Group. The Group operates in 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 results that are reported to the chief operating decision makers include items directly attributed to the segment as well as those that can be allocated on a reasonable basis.

Reconciliations of reportable segment revenues & profit or loss.

	CMS $'000	NGBM $'000	Corporate $'000	Total $'000
Half-year ended 31 December 2018				
Segment revenue	120,771	14,533	554	**135,858**
Inter-segment elimination				(10,828)
Total revenue for the half-year				**125,030**
Profit/(loss) before interest & income tax	19,212	608	(3,682)	**16,138**
Finance costs and interest income				(3,294)
Income tax expense				(5,911)
Profit/(loss) for the half-year				**6,933**
Half-year ended 31 December 2017				
Segment revenue	113,362	14,490	312	**128,164**
Inter-segment elimination				(6,935)
Total revenue for the half-year				**121,229**
Profit/(loss) before interest & income tax	25,190	612	(4,766)	**21,036**
Finance costs and interest income				(4,783)
Income tax expense				(534)
Profit/(loss) for the half-year				**15,719**

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3 Revenue & expenses

	Consolidated Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Sales revenue		
Sales of goods and services (a)	123,761	118,939
Other revenue		
Profit on sale of property, plant and equipment	210	108
Dividends received	-	488
Fuel rebates	885	1,259
Rent and hire received	-	223
Other income	174	212
	1,269	2,290
	125,030	**121,229**
Profit for the half-year included the following significant expenses:		
Listing costs (i)	-	4,208
Employee benefits expense (ii)	24,638	19,765
Business combination costs (note 11)	211	-

(i) The Company incurred one-off costs to list on the Australian Stock Exchange (ASX) over the past 6 months. 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 & loss for the half-year to 31 December 2017 represents costs that are attributable only to the sell down of existing held shares, with the balance of listing costs offsetting share capital.

(ii) Employee benefits has 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.

(a) Disaggregation of revenue

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

	31 Dec 2018 $'000
Australia	123,328
United States of America	1,378
Papua New Guinea	324
	125,030

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4 Income tax expense

	Consolidated Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit from continuing activities before income tax expense	**12,844**	**16,253**
Prima facie tax payable using Australian tax rate of 30% (2017: 30%)	3,853	4,876
Adjusted for:		
Derecognition of prior period deferred tax asset upon formation of tax consolidated group	1,321	-
Net taxable items assessed/(deducted) on tax consolidation transition	675	(3,814)
Other net non-deductible/(non-assessable) items	40	211
Under/(over) provision from prior years	22	(739)
Income tax expense	**5,911**	**534**

5 Trade and other receivables

	Consolidated Group	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Trade receivables	29,860	43,173
Provision for impairment of receivables	(578)	(578)
	29,282	**42,595**
Other receivables	687	708
	29,969	**43,303**

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6 Property, plant & equipment

	Consolidated Group 31 Dec 2018 $'000	Consolidated Group 30 Jun 2018 $'000
Land & buildings		
Land improvements & buildings – at cost	18,825	18,749
Less accumulated depreciation	(4,027)	(3,727)
	14,798	**15,022**
Plant & equipment		
Plant & equipment – at cost	136,476	132,545
Less accumulated depreciation	(60,105)	(54,879)
	76,371	**77,666**
Motor vehicles		
Motor vehicles – at cost	41,552	30,671
Less accumulated depreciation	(12,611)	(12,788)
	28,941	**17,883**
Assets under construction – at cost	**4,554**	**1,236**
Total property, plant & equipment	**124,664**	**111,807**

(a) Movements in carrying amounts

Half-year ended 31 December 2018 $'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	76	1,957	13,424	3,318	18,775
Transfers from under construction	-	-	-	-	-
Business combination assets	-	572	209	-	781
Exchange differences	-	-	-	-	-
Depreciation	(300)	(3,712)	(2,212)	-	(6,224)
Disposals	-	(112)	(363)	-	(475)
Closing net book value	**14,798**	**76,371**	**28,941**	**4,554**	**124,664**

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7 Borrowings

	Consolidated Group	
	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Secured liabilities		
Finance facility	7,387	6,000
Hire purchase and chattel mortgages	11,070	7,614
	18,457	**13,614**
Non-current		
Secured liabilities		
Finance facility	62,000	62,000
Hire purchase and chattel mortgages	10,617	5,027
	72,617	**67,027**
Total current and non-current secured liabilities:		
Finance facility	69,387	68,000
Hire purchase and chattel mortgages (i)	21,687	12,641
	91,074	**80,641**

(i) ***Hire purchase and chattel mortgages –*** the Company enters into agreements to fund certain plant and equipment purchases, these are assessed on a case by case basis. As at 31 December 2018 the Company had the following minimum lease payments outstanding:

	$'000
Minimum payments	
Within twelve months	11,802
Between twelve months and five years	11,009
Total minimum payments	**22,811**
Less: future finance charges	(1,124)
Present value of minimum payments	**21,687**

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8 Earnings per share

	Consolidated Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit attributable to ordinary shareholders of the Company	6,933	15,719
	Number of shares	
Weighted average number of ordinary shares (i)	161,375,590	129,288,313
Basic & diluted earnings per share (cents per share) (ii) (iii)	**4.3**	**12.2**

(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 9.74 cents would have been realised based on the results of the prior half-year period to 31 December 2017.

9 Derivative instruments

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

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

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

As at 31 December 2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Interest rate swap contracts	-	(3,234)	-	(3,234)
Foreign exchange forward contracts	-	608	-	608
	-	**(2,626)**	**-**	**(2,626)**
As at 30 June 2018				
Interest rate swap contracts	-	(3,648)	-	(3,648)
Foreign exchange forward contracts	-	473	-	473
	-	**(3,175)**	**-**	**(3,175)**

10 Dividends

	Consolidated Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000
Final fully franked dividend of 3.5 cents per share paid during period (2017: Nil)	5,648	-

11 Business combinations

Castlereagh Quarry acquisition
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.

(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 31 December 2018, Castlereagh Quarry contributed revenues of $3,074,000 and earnings before interest and tax of $567,000. If the acquisition had occurred on 1 July 2018, revenue and earnings before interest and tax for the period ended would have been $4,691,000 and $860,000 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 31 December 2018, the identified intangible asset contributed $40,000 in amortisation expenses with a closing written down value of $2,700,000 as at 31 December 2018.

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12 Subsequent events

The Directors declared a fully franked dividend of 2.2 cents per share on 25 February 2019.

To the Directors' best knowledge, there has not arisen in the interval between 31 December 2018 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.

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Wagners Holding Company Limited

Directors' declaration

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

(a) the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

  i. complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Pinkenba, Queensland on 25 February 2019.

Signed in accordance with a resolution of the Directors.

Denis Wagner

Mr Denis Wagner

Chairman

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

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Wagners Holding Company Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

C K Henry
Director

Brisbane, 25 February 2019

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