Appendix 4D - Interim Financial Report

Under ASX Listing Rule 4.2A.3

Wagners Holding Company Limited (ABN 13 116 370 024) & Controlled Entities

Current period	1 July 2017 to 31 December 2017
Prior corresponding period	1 July 2016 to 31 December 2016

Results for announcement to the market	Half-year to 31 Dec 2017 $'000	Half-year to 31 Dec 2016 $'000	Change %
Revenue from continuing operations	121,229	98,815	22.68%
Net profit after tax from continuing operations	15,719	13,681	14.90%

Revenue for the half-year ended 31 December 2017 was improved from the corresponding period due to increased cement, precast concrete elements, CFT crossarms & aggregates volumes, combined with increased activity in the contract crushing and haulage services. Net profit after tax for the half-year ended 31 December 2017 was improved from the corresponding period due to increased sales product volumes & services performed, while fixed costs remained relatively steady.

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 21 February 2017. Please also refer to the associated presentation that was released to the market on 21 February for further commentary.

Dividend information	Half-year to 31 Dec 2017 cents	Half-year to 31 Dec 2016 cents	Change %
Interim dividend per ordinary share - 0% franked	1.5	-	n/a

There were no dividend reinvestment plans in operation during the period

2018 Interim dividend dates

Ex-dividend date	27/02/2018
Record date	28/02/2018
Payment date	17/04/2018

Net tangible assets per security	Half-year to 31 Dec 2017 $	Half-year to 31 Dec 2016 $
Net tangible assets per ordinary shares	0.32	(0.18)

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 2017, in the media release and management presentation for the half-year ended 31 December 2017.

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

Wagners Holding Company Limited

ABN 13 116 370 024

Interim financial report

Wagners Holding Company Limited

Interim financial report

for the half-year ended 31 December 2017

Contents

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 2017.

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 in the Operating and Financial Review is based on the reviewed consolidated interim financial statements.

On 20 November 2017 Wagners lodged a prospectus seeking to raise $100 million for the issue of ordinary shares and listing on the ASX. The prospectus also provided for the sell down of shares held by existing shareholders.

On 8 December 2017, Wagners Holding Company Ltd listed on the Australian Stock Exchange (ASX) under the ticker code WGN.

As part of the initial public offering (IPO), Wagners received a net capital injection of $91.9 million ($100 million less $8.1 million listing and restructure costs).

H1FY18 net profit after tax (NPAT) of $15.7 million was $2 million favourable to prior comparative period (pcp). The movement was due to the following key factors:

H1FY18 revenue of $121.2 million was $22.4 million favourable to pcp driven by increased cement volumes, precast concrete elements, aggregates volumes and reinforcing steel volumes and crossarms, as well as higher activity in the contract crushing and haulage services.

H1FY18 gross margin of $75.1 million was $20.2 million favourable to pcp and grown at a higher percentage than revenue mainly as a result of the increase in the contract crushing and transport services.

For H1FY18 proforma results please see the 1HFY2018 Results Presentation released to the ASX on 21 February 2018.

Dividends

After the balance date, the Group declared an interim dividend for the half year ended 31 December 2017 of 1.5 cents per share, unfranked. This is in line with the dividend policy disclosed in the prospectus which indicated that a portion (30%) of the FY18 dividend (based on 60% of Wagners NPAT post IPO from 1 December 2017 to 30 June 2018) would be paid in April 2018 and the balance in October 2018. The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2017 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 an unfranked interim dividend of 1.5 cents per share on 21 February 2018 in respect of the period following completion of the IPO.

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 2017.

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 2017.

Rounding

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

Signed in accordance with a resolution of the directors

Mr Denis Wagner

Chairman

Pinkenba, Brisbane

21 February 2018

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

As lead auditor for the review of Wagners Holding Company Limited for the half-year ended 31 December 2017, 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, 21 February 2018

Wagners Holding Company Limited

Consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2017

	Note	Consolidated Group	
		31 Dec 2017 $'000	31 Dec 2016 $'000
Revenue and other income	3	121,229	98,815
Direct material and cartage costs		(46,118)	(43,950)
Employee benefits expense		(19,765)	(14,020)
Depreciation and amortisation expense		(5,185)	(7,189)
Net finance cost		(4,783)	(4,649)
Fuel		(1,602)	(1,241)
Contract work and purchased services		(6,124)	(2,390)
Freight and postal		(339)	(325)
Legal and professional		(521)	(423)
Rent and hire	4	(3,621)	(3,218)
Repairs and maintenance		(6,838)	(4,153)
Travel and accommodation		(914)	(1,094)
Utilities		(2,368)	(2,053)
Fair value adjustment on derivative instruments		(496)	2,998
Listing costs	4	(4,208)	-
Other expenses		(2,094)	(1,469)
Profit before income tax		**16,253**	**15,639**
Income tax expense	5	(534)	(1,958)
Profit attributable to equity holders of the parent		**15,719**	**13,681**
Other comprehensive income (net of tax)			
Adjustment from translation of foreign controlled entities		(15)	176
		(15)	176
Total comprehensive income attributable to equity holders of the parent		**15,704**	**13,857**

Earnings per share		**Cents**	**Cents**
Basic earnings per share	16	12.2	11.0
Diluted earnings per share	16	12.2	11.0

The accompanying notes form part of these financial statements.

Wagners Holding Company Limited

Consolidated statement of financial position

as at 31 December 2017

	Note	Consolidated Group 31 Dec 2017 $'000	30 June 2017 $'000
Current Assets			
Cash and cash equivalents		3,993	7,865
Trade and other receivables	6	29,924	28,264
Inventories	7	13,807	12,386
Other current assets	8	724	865
Total Current Assets		**48,448**	**49,380**
Non-current Assets			
Other financial assets		6	6
Property, plant and equipment	9	109,586	119,554
Deferred tax assets	10	6,984	6,350
Intangible assets		-	22
Total Non-current Assets		**116,576**	**125,932**
Total Assets		**165,024**	**175,312**
Current Liabilities			
Trade and other payables	11	31,041	32,331
Borrowings	12	11,307	151,370
Current tax liabilities	10	367	8
Provisions	13	4,657	6,780
Total Current Liabilities		**47,372**	**190,489**
Non-current Liabilities			
Trade and other payables	11	2,554	-
Borrowings	12	62,069	6,810
Deferred tax liabilities	10	1,108	529
Provisions	13	431	442
Total Non-current Liabilities		**66,162**	**7,781**
Total Liabilities		**113,534**	**198,270**
Net Assets/(Liabilities)		**51,490**	**(22,958)**
Equity			
Issued capital	14	371,342	274,040
Pre IPO distributions to related entities		(355,406)	(316,848)
Reserves	15	(275)	(11,076)
Retained earnings		35,829	30,926
Total Equity		**51,490**	**(22,958)**

The accompanying notes form part of these financial statements.

Wagners Holding Company Limited

Consolidated statement of changes in equity

for the half-year ended 31 December 2017

	Consolidated Group				
	Share capital	Pre IPO distributions to related entities	Reserves	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	274,040	(291,547)	(10,923)	11,903	(16,527)
Profit for the half-year				13,681	13,681
Exchange differences from translation of foreign controlled entities			176		176
Total comprehensive income for the year	**-**	**-**	**176**	**13,681**	**13,857**
Transfers between equity components					
Transactions with owners in their capacity as owners:					
Pre IPO distributions to related entities		(18,155)			(18,155)
Balance at 31 December 2016	**274,040**	**(309,702)**	**(10,747)**	**25,584**	**(20,825)**
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			(15)		(15)
Total comprehensive income for the 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 (note 18)		(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**

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 2017

	Note	Consolidated Group 31 Dec 2017 $'000	Consolidated Group 31 Dec 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		130,836	103,563
Payments to suppliers and employees (inclusive of GST)		(108,549)	(86,396)
Interest received		126	59
Finance costs		(4,887)	(4,513)
Income tax paid		926	(409)
Net cash provided by (used in) operating activities	20	**18,452**	**12,304**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		319	1,099
Proceeds from sale of investment property		-	3,250
Payments for property, plant and equipment		(2,100)	(808)
Payments for investment properties		-	(65)
Net cash provided by (used in) investing activities		**(1,781)**	**3,476**
Cash flows from financing activities			
Proceeds from borrowings		9,500	-
Proceeds from initial public offering		99,998	-
Share issue costs		(3,851)	-
Pre IPO distributions to related entities [net]		(27,096)	(18,200)
Loan repaid (to) by associated company		-	(68)
Repayment of borrowings		(99,094)	(4,244)
Net cash provided by (used in) financing activities		**(20,543)**	**(22,512)**
Cash at beginning of half-year		7,865	7,423
Net increase (decrease) in cash held		(3,872)	(6,732)
Cash at end of half-year		**3,993**	**691**

The accompanying notes form part of these financial statements.

Wagners Holding Company Limited

Notes to the consolidated interim financial report
for the half-year ended 31 December 2017

Note 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 2017 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 21 February 2018.

(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 2017; 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 same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, with any new policies disclosed in the subsequent sections.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half-year period. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the group for the current or prior periods.

New accounting standards and interpretations that are not mandatory for the interim reporting period have not been early adopted. The effect of these new standards has yet to be determined.

(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.

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 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) Earnings per share

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.

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.

(e) 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 2017 annual report.

Note 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	Other $'000	Total $'000
Half-year ended 31 December 2017				
Segment revenue	113,362	14,490	312	**128,164**
Inter-segment elimination				(6,935)
Total revenue for the period				**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 period				**15,719**
Half-year ended 31 December 2016				
Segment revenue	89,676	11,669	2,516	**103,861**
Inter-segment elimination				(5,046)
Total revenue for the period				**98,815**
Profit/(loss) before interest & income tax	15,070	595	4,623	**20,288**
Finance costs and interest income				(4,649)
Income tax expense				(1,958)
Profit/(loss) for the period				**13,681**

Note 3: Revenue & other income

	Consolidated Group 31 Dec 2017 $'000	Consolidated Group 31 Dec 2016 $'000
Sales - external parties	115,907	94,862
Sales - related parties	3,032	718
	118,939	95,580
Other revenue		
Profit on sale of property, plant and equipment	108	551
Dividends received	488	-
Fuel rebates	1,259	498
Gain on disposal of investment property	-	1,085
Rent & hire received - related parties	223	892
Other income	212	209
	2,290	3,235
	121,229	**98,815**

Note 4: Profit or loss items

	Consolidated Group 31 Dec 2017 $'000	Consolidated Group 31 Dec 2016 $'000
Profit for the half-year included the following items:		
a. Expenses		
Rentals		
- plant and equipment	1,672	1,315
- property	1,949	1,903
Listing costs (i)	4,208	-
b. Net gains and (losses)		
Fair value adjustment on derivative instruments	(496)	2,998
Net gain (loss) on disposal of property, plant and equipment	108	551
Net gain (loss) on disposal of investment property	-	1,085
Foreign exchange rate differences	49	(27)

(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.

Note 5: Income tax expense

	Consolidated Group	
	31 Dec 2017	31 Dec 2016
	$'000	$'000
Reconciliation of income tax expense to prima facie tax on operating profit at the current income tax rate of 30% (31 Dec 2016 30%)		
Prima facie tax on operating profit	4,876	4,692
Unused tax losses and R&D offsets previously unrecognised	(3,814)	(2,659)
(Under)/over provisions	(739)	(10)
Other items	211	(65)
	534	**1,958**

Note 6: Trade and other receivables

	Consolidated Group	
	31 Dec 2017	30 June 2017
	$'000	$'000
Current		
Trade receivables - external	28,475	27,650
Provision for impairment of receivables	(481)	(481)
	27,994	**27,169**
Other receivables	1,930	1,095
	29,924	**28,264**

Note 7: Inventories

	Consolidated Group	
	31 Dec 2017	30 June 2017
	$'000	$'000
Current		
Raw materials and stores	10,286	9,194
Work in progress	2,322	2,252
Finished goods	1,199	940
	13,807	**12,386**

Note 8: Other assets

	Consolidated Group 31 Dec 2017 $'000	Consolidated Group 30 June 2017 $'000
Current		
Prepayments	724	759
Derivative assets	-	106
	724	**865**

Note 9: Property, plant & equipment

	Consolidated Group 31 Dec 2017 $'000	Consolidated Group 30 June 2017 $'000
Land improvements & buildings		
Land improvements & buildings - at cost	17,252	17,252
Less accumulated depreciation	(3,437)	(3,136)
	13,815	**14,116**
Plant & equipment		
Plant & equipment - at cost	133,504	144,558
Less accumulated depreciation	(58,204)	(60,267)
	75,300	**84,291**
Motor vehicles		
Motor vehicles - at cost	29,917	33,959
Less accumulated depreciation	(12,380)	(15,164)
	17,537	**18,795**
Assets under construction - at cost	**2,934**	**2,352**
Total Property, plant & equipment	**109,586**	**119,554**

Movements in carrying amounts	Land improvements & buildings $	Plant & equipment $	Motor vehicles $	Assets under construction $	Total $
Balance as at 1 July 2017	14,116	84,291	18,795	2,352	119,554
Additions	-	969	4,794	1,134	6,897
Pre IPO transfers to related entities	-	(6,205)	(4,707)	(550)	(11,462)
Depreciation	(301)	(3,682)	(1,209)	-	(5,192)
Disposals	-	(73)	(136)	(2)	(211)
Balance as at 31 December 2017	**13,815**	**75,300**	**17,537**	**2,934**	**109,586**

Note 10: Tax assets and liabilities

	Consolidated Group	
	31 Dec 2017 $'000	**30 June 2017 $'000**
a. Assets		
Non-current		
Deferred tax assets	**6,984**	**6,350**
b. Liabilities		
Current		
Income tax liability	**367**	**8**
Non-current		
Deferred tax liabilities	**1,108**	**529**

Note 11: Trade and other payables

	Consolidated Group	
	31 Dec 2017 $'000	**30 June 2017 $'000**
Current		
Trade payables	16,686	19,817
Income received in advance	583	1,100
Derivative liability	2,345	4,508
Listing expenses accrued	1,819	-
Sundry payables and accrued expenses	9,608	6,906
	31,041	**32,331**
Non-current		
Derivative liability	2,554	-
	2,554	**-**

Note 12: Borrowings

	Consolidated Group	
	31 Dec 2017 $'000	30 June 2017 $'000
Current		
Finance facility - secured	4,160	145,321
Hire purchase and chattel mortgages - secured	7,147	6,049
	11,307	**151,370**
Non-current		
Finance facility - secured	56,000	-
Hire purchase and chattel mortgages - secured	6,069	6,810
	62,069	**6,810**
Total current and non-current secured liabilities:		
Finance facility (i)	60,160	145,321
Hire purchase and chattel mortagages (ii)	13,216	12,859
	73,376	**158,180**

(i) ***Finance facility –*** The Group previously re-negotiated a $150,000,000 finance facility on 28 July 2017. Upon listing on the ASX, the Company re-negotiated its finance facility on 12 December 2017 for term debt facility of $125,000,000 for 3 years. The Company utilised funds received from the issue of new shares in the Company to paydown the prior facility to a balance of $60,160,000.

(ii) ***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 2017 the Company had the following minimum lease payments outstanding:

	$'000
- not later than 12 months	7,671
- between 12 months and 5 years	6,277
Minimum lease payments	**13,948**
Less: future finance charges	(732)
Present value of minimum lease payments	**13,216**

Note 13: Provisions

	Consolidated Group	
	31 Dec 2017 $'000	30 June 2017 $'000
Current		
Employee benefits	4,420	4,254
Onerous contracts (i)	-	2,289
Other	237	237
	4,657	**6,780**
Non-current		
Employee benefits	**431**	**442**

(i) Onerous contracts provision was fully utilized during the period. The Company has been indemnified of any future losses on the onerous contract by Wagner Group Holdings Pty Ltd, a related entity of Denis Wagner and John Wagner.

Note 14: Issued capital

(i) Share Capital	31 Dec 2017 Shares	30 June 2017 Shares	31 Dec 2017 $'000	30 June 2017 $'000
Ordinary shares	**161,375,590**	**124,475,221**	**371,342**	**274,040**

(ii) Movement in share capital

Date	Details	No. of shares	$'000
1 July 2017	Opening balance (i)	124,475,221	274,040
8 December 2017	Issue of shares - listing on the ASX (ii)	36,900,369	97,302
31 December 2017	Closing balance	**161,375,590**	**371,342**

(a) 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.

(b) The Company issued 36.9 million ordinary shares to the market at a price of $2.71. The amount recognised in equity is net of the costs incurred ($2,696 [net of tax]).

Note 15: Reserves

	Consolidated Group	
	31 Dec 2017 $'000	30 June 2017 $'000
Fair value reserve (i)	-	(10,816)
Foreign exchange reserve (ii)	(275)	(260)
	(275)	**(11,076)**

(i) ***Fair Value Reserve*** – at 31 December 2017 the Company 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.

Note 16: Earnings per share

	Consolidated Group	
	31 Dec 2017 $'000	31 Dec 2016 $'000
(a) Basic & diluted earnings per share		
Profit attributable to ordinary shareholders	15,719	13,681
	No.	**No.**
Weighted average number of ordinary shares (i)	129,288,313	124,475,221
	Cents	**Cents**
Basic & diluted earnings per share (cents per share) (ii) (iii)	12.16	10.99

(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 basic earnings per share of 9.74 cents would have been realised based on the results of the current half-year period to 31 December 2017.

Note 17: 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)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 December 2017				
Interest rate swaps used for hedging	-	(4,571)	-	(4,571)
Forward exchange contracts used for hedging	-	(328)	-	(328)
	-	(4,899)	-	(4,899)
As at 30 June 2017				
Interest rate swaps used for hedging	-	(4,472)	-	(4,472)
Forward exchange contracts used for hedging	-	70	-	70
	-	(4,402)	-	(4,402)

Note 18: Related party transactions

Consolidated group
Entities within the consolidated group frequently enter into transactions between themselves. These transactions, which are all on commercial terms, includes principally the sales of good & services and leasing of plant & equipment. Transactions between entities of the consolidated group are eliminated on consolidation.

Pre IPO related party transactions
Prior to listing on the ASX, transactions between consolidated group companies and related entities were not all made on the basis of normal trading terms. The previous consolidated group, to which the Company was a party to, received and made payments from a single bank account with management directing funds where required via intercompany loan accounts. These intercompany loan accounts were not recognised as a receivable, rather as a distribution of equity to related parties.

Transactions with related entities of the Wagner family members for the half-year ended 31 December 2017 prior to listing on the ASX, consisted of the following significant items, reflected in the accounts through 'Pre IPO distributions to related entities':

- Sales of goods and services, conducted on normal trading terms, totaling $3,032,000 for the specified period;
- Payments for property rentals and quarry royalties, conducted on normal trading terms, totaling $1,792,000 for the specified period;
- Payments made on behalf of related entity for materials, services & payroll required for the construction of the Pinkenba cement site wharf (owned by a related entity), totaling $10,027,000 for the specified period;
- Loans and advances repaid on behalf of related entities, totaling $7,326,000 for the specified period;
- Payments made on behalf of related entities for share of corporate overheads and guarantees, totaling $6,405,000 for the specified period; and
- Distributions of assets to related entities as part of the group restructure in preparation for listing on the ASX, totaling $9,993,000 for the specified period.

Post IPO & subsequent periods related party transactions
Upon listing on the ASX the Company implemented policy and process changes for all dealings with related parties. All transactions between the consolidated group and 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 include principally the sales of materials & services to related entities (totaling $432,000 from the IPO date) and the payment for property rent and royalties from related companies (totaling $308,000 from the IPO date).

The Company, as per the prospectus, also has a shared service agreement with a related entity for shared resources & employees for a 12 month transition period from the IPO date, or ceasing earlier if agreed upon by both companies. The shared services are 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.

Note 19: Capital and leasing commitments

	Consolidated Group
	31 Dec 2017 $'000
Operating lease commitments	
Non-cancellable operating leases contracted for but not capitalised in the interim financial report	
- not later than 12 months	4,077
- between 12 months and 5 years	15,868
- greater than 5 years	112,475
	132,420

The Pinkenba Cement Plant site comprises the majority of operating lease commitments ($119,227,407). It is a non-cancellable lease with a 38 year term and is subject to CPI adjustment annually with a market review every 3 years.

Note 20: Cash flow information

	Consolidated Group	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit / (loss) after income tax	15,719	13,681
Non-cash flows in profit		
- Depreciation and amortisation of:		
Property, plant & equipment	5,185	7,189
Borrowing costs	22	195
- Fair value adjustment on derivative instruments	497	(2,998)
- Net (gain) / loss on disposal of non-current assets	(108)	(1,636)
Changes in assets and liabilities		
- (Increase) decrease in trade and term debtors	(2,179)	(4,116)
- (Increase) decrease in other assets	35	(1,285)
- (Increase) decrease in inventories	(1,421)	(414)
- Increase (decrease) in payables	1,375	464
- Increase (decrease) in income taxes payable	359	(967)
- Increase (decrease) in deferred taxes payable	1,101	2,516
- Increase (decrease) in provisions	(2,133)	(325)
Cash flows from operations	**18,452**	**12,304**

Note 21: Subsequent events

The Directors declared an unfranked dividend of 1.5 cents per share on 21 February 2018.

To the Directors' best knowledge, there has not arisen in the interval between 31 December 2017 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

Wagners Holding Company Limited

Directors' declaration

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

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

  i. complying with Accounting Standards, 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 2017 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 21 February 2018.

Signed in accordance with a resolution of the Directors.

Mr Denis Wagner

Chairman

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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 2017, 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 2017 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 2017 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.

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, 21 February 2018