Appendix 4D
Half Yearly Report

Name of Entity:	**PWR Holdings Limited**
ABN:	**85 105 326 850**

1. Reporting Period

Reporting Period:	**Half year ended 31 December 2019 ("current period")**
Previous Reporting Period	**Half year ended 31 December 2018 ("previous corresponding period")**

2. Results for Announcement to the Market

A$'000

Revenues from ordinary activities	Up	20.3%	to	$29,778
Profit / (loss) from ordinary activities after tax attributed to members	Up	10.1%	to	$3,456
Net profit / (loss) for the period attributed to members	Up	10.1%	to	$3,456

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Current period Interim dividend	1.90 cents	100%
Previous corresponding period Interim dividend	1.60 cents	100%
Record date for determining entitlements to the dividend	18 March 2020	

Brief explanation of revenue, net profit and dividends (results commentary)

Revenue of the Group for the six months ended 31 December 2019 was $29.78 million (31 December 2018: $24.76 million), an increase of 20.3%. The Group achieved organic revenue growth of 17.0% compared to the previous corresponding period, primarily arising from diversification into OEM and emerging market sectors. This was further impacted by favourable movement in exchange rates, resulting in total AUD revenue growth of 20.3%.

Statutory EBITDA[1] for 1H FY20 was $7.63 million compared to $5.04 million for 1H FY19, an increase of $2.59 million or 52.0%. Excluding AASB 16, EBITDA would have been $6.75 million which is an increase of 33.9% from H1 FY19.

The statutory net profit after tax of the Group for the six months ended 31 December 2019 was $3.46 million (31 December 2018: $3.14 million), an increase of 10.1%. Movements in exchange rates combined with the Group's hedging policy resulted in a loss of $0.30m for the period (H1 FY19 profit of $0.48m) The introduction of AASB 16 did not have a material impact on NPAT.

Operating cashflows (normalised for AASB 16) of $4.6 million were 24% higher than the prior comparative period.

Further information on results and operations is included in the Directors' Report.

Subsequent to the end of the reporting period, the directors declared a fully franked interim dividend for the half year ending 31 December 2019 of 1.9 cents per ordinary share to be paid on 27 March 2020, a total estimated distribution of $1.9 million based on the number of ordinary shares on issue as at 27 February 2020 and representing 55% of NPAT.

3. Net Tangible assets per security

	Current period	**Previous corresponding period**
Net tangible assets per security	$0.33	$0.29

[1] Earnings before interest, tax, depreciation and amortisation ("EBITDA") and underlying EBITDA are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group's interim financial report.

4. Details of entities over which control has been gained or lost during the period

Control gained over entities

Name of entities	Nil
Date(s) from which control was gained	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired.	N/A
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A

Loss of control of entities

Name of entities	Nil
Date(s) from which control was lost	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost.	N/A
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A

5. Details of Individual and Total Dividends

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend	Current period	27 March 2020	1.90 cents	100%	-
	Previous corresponding period	5 April 2019	1.60 cents	100%	-

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation

N/A

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

7. Details of Associates and Joint Ventures:

	Percentage holding	
Name of associate or joint venture entity	**Current period**	**Previous corresponding period**
Nil	Nil	Nil

Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

N/A

8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

N/A

9. Description of dispute or qualification if the accounts have been audited or subject to review

N/A

This report is based on: Accounts that have been subject to review.

Kees Weel
Managing Director
27 February 2020

PWR Holdings Limited
and its controlled entities

ACN:105 326 850

Interim Financial Report

For the six months ended 31 December 2019

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Directors Report
For six months ended 31 December 2019

The directors present their report together with the financial report of PWR Holdings Limited (the "Company") and its controlled entities (the "Group") for the six months ended 31 December 2019 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are:

Director	**Commencement Date**
Teresa Gayle Handicott *Independent, Non-Executive Director and Chairman*	1 October 2015
Kees Cornelius Weel *Managing Director*	30 June 2003
Jeffrey Ian Forbes *Independent, Non-Executive Director*	7 August 2015
Roland Dane *Independent, Non-Executive Director*	1 March 2017

The Company's registered office and principal place of business is 103 Lahrs Road, Ormeau, Queensland 4208.

Operating and financial review

Net profit after tax of the Group for the six months ended 31 December 2019 was $3.46 million (31 December 2018: $3.14 million). Earnings per ordinary share of 3.46c was an increase of 10.1% on the previous corresponding period earnings per ordinary share of 3.14c.

This is the first set of the Group's financial statements in which AASB16 *Leases* has been applied which did not have a material impact on net profit after tax. As the impact of applying this standard was not material to the Group results, the modified retrospective transition method was chosen. Comparative information has not been restated and these results are thus not directly comparable to prior years. The new policy and the impact of applying this new standard is described in Note D and a reconciliation as outlined below.

During the half year, the group has continued to invest in additional capital equipment providing increased capacity and improved quality control capability. This investment has included finalising the purchase of a bespoke 3D CT scanner, the purchase of several 3D metal printers and a vacuum braze furnace. An additional adjacent property was occupied during the period specifically for the manufacture of micro matrix products. In addition, the transformation of C&R into a second manufacturing base continues with higher throughput volumes and capacity utilisation being achieved from the increase in OEM products manufactured.

The potential impact of the coronavirus on the Group's supply chain, customers and operations are being closely monitored.

Revenue

The Group achieved overall revenue growth of 20.3% compared to the previous corresponding period revenue growth of 21.6%.

Organic revenue growth was driven primarily from emerging technologies and OEM sales. Despite currency fluctuations during the reporting period, movements in the exchange rates had a positive impact on revenue growth. C&R revenue saw a 41.6% revenue increase driven by exchange rate movements and manufacturing of OEM products which are currently largely USD denominated. Emerging technology products were largely through the PWR business segment and were mostly GBP denominated.

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[1] Earnings before interest, tax, depreciation and amortisation ("EBITDA") and underlying EBITDA are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group's interim financial report.

Operating and financial review (continued)

EBITDA

The higher EBITDA in 1H FY20 compared to the previous corresponding period was mainly due to:

- Economies of scale from higher volumes;
- Increased revenue at constant gross profit margins;
- Overhead costs increasing at a lower rate than revenue increases; and
- The application of AASB 16 (Leases) which had the following impact on Group results before depreciation, net finance costs and income tax compared to the previous corresponding period:
  - $0.91 million charge to amortisation expense for the amortisation of the deemed value of right of use assets; and
  - $0.88 million of lease payments reducing the deemed right of use liability and not expensed as in the prior period; and
  - $0.12 million of deemed interest on the right of use liability.

A reconciliation of underlying EBITDA[1] to the reported profit before depreciation, net finance costs and income tax in the consolidated statement of profit or loss and other comprehensive income is tabled below :

	1H FY20 A$'000	1H FY19 A$'000
Profit before depreciation, net finance costs and income tax	7,628	5,038
Less : Operating lease payments	881	-
Underlying EBITDA[1]	6,747	5,038

The other impacts of AASB 16, namely the increased amortisation and deemed interest, have been separately disclosed in the consolidated statement of profit or loss and other comprehensive income.

Operating cash flow

The Group continued its strong conversion of earnings to cash and efficient working capital utilisation with an operating cash flow of $5.5 million for the period before income tax payments and interest. This is an increase of 48% from the previous comparative period. Normalising for the introduction of AASB 16 has resulted in underlying operating cash flows of $4.6 million which is an increase of 24% from the previous comparative period.

This continued strong operating cash flow has enabled the Group to fund revenue growth and capital expenditure from cash resources with no change in borrowings. The Group maintains its net cash position.

	1H FY20 A$'000	1H FY19 A$000	Change from prior period
Statutory operating cashflow	5,464	3,693	48%
Underlying operating cashflow	4,583	3,693	24%

[1] Earnings before interest, tax, depreciation and amortisation ("EBITDA") and underlying EBITDA are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group's interim financial report.

Operating and financial review (continued)

Foreign currency

Foreign currency movements during the period combined with the Group's hedging strategy resulted in foreign exchange losses of $0.3m (1H FY18 $0.5m profit): The Group is exposed to movements in foreign exchange rates, with consolidated revenue generated in various currencies as outlined below:

	1H FY20	1H FY19
British pounds (GBP)	59%	61%
US dollars (USD)	25%	24%
Australian dollars (AUD)	16%	15%

Review of principal business

During the six months ended 31 December 2019, the Group focussed on managing growth opportunities presented in a sustainable and profitable manner for the long term benefit of shareholders and other stakeholders including staff, customers and suppliers.

Balance sheet management

The balance sheet remains strong with cash of $7.9 million (30: June 2019: $20.2 million) after payment of the ordinary and special dividends totalling $9.9m in September 2019.

Working capital utilisation during the reporting period remains sound with increases mainly in inventory to support expected increases in revenue for calendar 2020 as well as receivables due to the increase in revenue.

Capital expenditure for the reporting period was $4.4 million (1H FY19: $4.7 million). This investment provides both additional capacity and increased quality control capability as part of the program to manage expected growth.

The application of AASB 16 (*Leases*) at 1 July 2019 resulted in total assets and total liabilities each increasing by $10.7 million with no impact on net assets.

Events subsequent to reporting date

The Board declared an interim dividend of 1.9 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2019.

Other than the interim dividend, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future periods.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2019.

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Directors Report
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Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Directors’ Report. Amounts in the Directors’ Report have been rounded off in accordance with that Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors:

Teresa Handicott
Chairman

Kees Weel
Managing Director

Brisbane
27 February 2020

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of PWR Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of PWR Holdings Limited for the half-year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review

KPMG

KPMG

E. Neville-Stanley

Erin Neville-Stanley
Partner

Brisbane
27 February 2020

PWR Holdings Limited
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2019

	Note	**31 Dec 2019 $'000**	**31 Dec 2018 $'000**
Revenue		29,778	24,762
Other income		457	300
Raw materials and consumables used		(5,979)	(5,441)
Employee expenses		(14,514)	(11,960)
Occupancy expenses		(280)	(1,047)
Other expenses		(1,834)	(1,576)
Profit before depreciation, net finance costs and income tax		**7,628**	**5,038**
Depreciation and amortisation		(1,412)	(1,128)
Right of use asset amortisation		(912)	-
Total depreciation and amortisation expense		**(2,324)**	**(1,128)**
Finance income	*B2*	23	514
Finance costs		(360)	(20)
Right of use asset deemed interest		(124)	-
Net finance income/(costs)		**(461)**	**494**
Profit before income tax		**4,843**	**4,404**
Income tax expense	*B3*	(1,387)	(1,265)
Profit for the period		**3,456**	**3,139**
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(99)	234
Total comprehensive income for the period		**3,357**	**3,373**
Basic and diluted earnings per share		3.45 cents	3.14 cents

The accompanying notes are an integral part of these interim financial statements.

PWR Holdings Limited
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Consolidated Statement of Financial Position

As at 31 December 2019

	Note	**31 Dec 2019**	**30 June 2019**
Assets		**$’000**	**$’000**
Current assets			
Cash and cash equivalents		7,873	20,223
Trade and other receivables		5,331	4,689
Inventories		7,499	7,194
Other assets		1,929	1,563
Total current assets		22,632	33,669
Non-current assets			
Property, plant and equipment	*B4*	18,328	15,350
Right of use lease assets	*D*	9,819	-
Intangible assets		14,243	14,237
Deferred tax assets		2,278	1,721
Total non-current assets		44,668	31,308
Total assets		67,300	64,977
Liabilities			
Current liabilities			
Trade and other payables		3,970	4,812
Loans and borrowings		283	119
Right of use lease liabilities	*D*	1,469	-
Employee benefits		2,037	1,907
Current tax liabilities		326	1,293
Provisions		140	139
Total current liabilities		8,225	8,270
Non-current liabilities			
Loans and borrowings	*B5*	3,747	3,523
Right of use lease liabilities	*D*	8,503	-
Employee benefits		221	187
Total non-current liabilities		12,471	3,710
Total liabilities		20,696	11,980
Net assets		46,604	52,997
Equity			
Share capital	*C1*	26,071	25,921
Reserves		482	581
Retained earnings		20,051	26,495
Total equity		46,604	52,997

The accompanying notes are an integral part of these interim financial statements.

PWR Holdings Limited
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Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019

	Note	Share capital $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2019		25,921	237	344	26,495	52,997
Total comprehensive income for the period						
Profit for the period		-	-	-	3,456	3,456
Other comprehensive income		-	(99)	-	-	(99)
Total comprehensive income		-	(99)	-	3,456	3,357
Transactions with owners, recorded directly in equity						
Dividends paid	*C3*	-	-	-	(9,900)	(9,900)
Employee share based payments		150	-	-	-	150
Total transactions with owners		150	-	-	(9,900)	(9,750)
Balance at 31 December 2019		26,071	138	344	20,051	46,604
Balance at 1 July 2018		25,921	340	125	20,089	46,475
Total comprehensive income for the period						
Profit for the period		-	-	-	3,139	3,139
Other comprehensive income		-	234	-	-	234
Total comprehensive income		-	234	-	3,139	3,373
Transactions with owners, recorded directly in equity						
Dividends paid	*C3*	-	-	-	(6,200)	(6,200)
Employee share based payments		-	-	99	-	99
Total transactions with owners		-	-	99	(6,200)	(6,101)
Balance at 31 December 2018		25,921	574	224	17,028	43,747

The accompanying notes are an integral part of these interim financial statements.

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Consolidated Statement of Cash Flows

For the six months ended 31 December 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash flows from operating activities			
Cash receipts from customers		28,647	24,717
Cash paid to suppliers and employees		(23,183)	(21,024)
Cash generated from operations		5,464	3,693
Interest paid		(58)	(20)
Income tax received/(paid)		(2,554)	(1,613)
Net cash from/(used in) operating activities		2,852	2,060
Cash flows from investing activities			
Interest received		23	28
Proceeds from sale of property, plant and equipment		1	11
Payments for property, plant and equipment	*B4*	(4,378)	(4,713)
Net cash used in investing activities		(4,354)	(4,674)
Cash flows from financing activities			
Dividends paid	*C3*	(9,900)	(6,200)
Proceeds from borrowings	*B5*	-	3,503
Payment of finance lease liabilities		(63)	(97)
Payment of right of use lease liabilities		(881)	-
Net cash used in financing activities		(10,844)	(2,794)
Net increase/(decrease) in cash and cash equivalents		(12,346)	(5,408)
Cash and cash equivalents at 1 July		20,223	12,110
Effect of exchange rate fluctuations on cash held		(4)	79
Cash and cash equivalents at 31 December		7,873	6,781

The accompanying notes are an integral part of these interim financial statements.

The Group has classified the deemed interest portion of lease payments as an operating activity with the remainder being the principal portion (lease payments) being classified as a financing activity for the period ending 31 December 2019.

Notes to the consolidated interim financial statements

For the six months ended 31 December 2019

Section A About this report

A1 Reporting entity

PWR Holdings Limited (the "company") is a company domiciled in Australia.

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities").

The Group is involved in the design, engineering, production, testing, validation and sales of customised cooling products and solutions to the motorsports, automotive original equipment manufacturing, automotive aftermarket, emerging technologies and industrial industries for domestic and international markets.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2019 are available from the Company's website (www.pwr.com.au) or upon request from the Company's registered office at 103 Lahrs Road, Ormeau, Queensland 4208.

A2 Basis of preparation

(a) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2019.

Apart from the first-time adoption of AASB16 as described below, the accounting policies applied in these interim financial statements are the same applied in the Group's consolidated financial statements as at and for the year ended 30 June 2019.

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

These interim financial statements were approved by the Board of Directors on 27 February 2020.

(b) Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019 other than the initial application of AASB 16 which is described below.

(c) New accounting standards

Changes in accounting policies

Effective from 1 July 2019, the Group has applied AASB 16 *Leases (AASB 16),* the new lease accounting standard. AASB 16 establishes a comprehensive framework for determining whether, how much and when operating lease expenses are recognised and replaces AASB 117 *Leases*. The Group has used the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related interpretations. The most significant impacts of this new accounting standard are the recognition of operating lease liabilities on the balance sheet and the reclassification of the lease charge from EBITDA to amortisation and interest.

The application of AASB 16 has not had a material impact on the consolidated profit or loss and other comprehensive income statement. Total assets and total liabilities each increased by $10.7m at 1 July 2019 but the total impact on net assets and shareholders equity was $NIL. There has been no impact on the net cash flows for the Group although the presentation of lease payments in the statement of cash flows changed with an increase in cash generated from operations, and thus operating cash flow, with a corresponding increase in net cash outflow from financing activities.

In order to ensure transparency of the impact of this new Accounting Standard, the right of use assets and liabilities have been separately classified and disclosed on the balance sheet and associated current year expenses similarly disclosed in the consolidated profit or loss and other comprehensive income statement.

Changes to significant accounting policies are described in Section E.

Section B Business performance

B1 Operating segments

The Group determines its operating segments based on information presented to the Managing Director being the chief operating decision maker. Intersegment pricing is determined based on cost plus a margin.

	PWR Performance Products		**C&R**		**Total**	
	31 Dec 2019	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from sale of manufactured products	22,203	19,245	7,257	5,126	29,460	24,371
Revenue from services	238	193	80	198	318	391
External revenues	22,441	19,438	7,337	5,324	29,778	24,762
Inter-segment revenues	458	932	980	1,135	1,438	2,067
Segment revenue	22,899	20,370	8,317	6,459	31,216	26,829
Operating EBITDA[1]	7,285	5,278	202	(318)	7,487	4,960
Depreciation	(1,524)	(608)	(800)	(520)	(2,324)	(1,128)
Segment profit/(loss) before interest and tax	5,761	4,670	(598)	(838)	5,163	3,832

1 Operating EBITDA is the segment's profit from operations before interest, taxation, depreciation and amortisation.

Section B - Business performance *(continued)*

B1 Operating segments *(continued)*

Reconciliation of reportable segment profit or loss	**31 Dec 2019 $'000**	**31 Dec 2018 $'000**
Profit before interest and tax for reportable segments	5,163	3,832
Net finance income/(costs)	(461)	494
Elimination of inter-segment loss	141	78
Consolidated profit before tax	4,843	4,404

Geographic information

The Group operates manufacturing facilities and/or sales offices in Australia, the UK and the USA and sells its products to customers in various countries around the world. An analysis of the Group's revenue on the basis of the location of the Group's customers is outlined below.

	31 Dec 2019 $'000	**31 Dec 2018 $'000**
Australia	3,516	3,173
USA	7,324	4,637
UK	8,819	7,200
Italy	2,979	4,464
Other	7,140	5,288
	29,778	24,762

B2 Finance income and finance costs

	$'000	**$'000**
Interest income	23	32
Net foreign exchange gain	-	482
Finance income/(loss)	23	514
Net foreign exchange loss	(302)	-
Interest expense	(58)	(20)
Right of use asset deemed interest	(124)	-
Finance costs	(484)	(20)
Net finance income/(costs)	(461)	494

B3 Income tax expense

The Group's consolidated effective tax rate for the six months ended 31 December 2019 was 28.6% (2018 : 28.7%).

B4 Property, plant and equipment

Capital expenditure of $4.4 million (2018 : $4.7 million) during the reporting period has been funded from the Group's cash reserves.

B5 Loans and borrowings

At 31 December 2019, £2 million had been drawn down from available facilities which was used to fund capital investments. Interest on this loan is linked to GBP Libor plus a margin.

B6 Seasonality of operations

The Group's operations are subject to seasonal fluctuations as a result of motorsports seasons operating on a calendar year basis, with the majority of motorsports team spend occurring in the second half of the financial year. As a result, the Group typically has lower revenues and profits in the first half of the financial year.

Section C Capital structure

C1 Capital and reserves

	31 Dec 2019		31 Dec 2018	
Share capital	**No. of shares**	**$'000**	**No. of shares**	**$'000**
Ordinary shares				
Balance at 1 July	100,000,000	25,921	100,000,000	25,921
Issue of shares on vesting of FY17 performance rights	87,694	150	-	-
Balance at 31 December	100,087,694	26,071	100,000,000	25,921

C2 Performance Rights

Performance Rights that vested and lapsed during the Reporting Period and total Performance Rights issued at 31 December 2019 are as follows:

	Number of Performance Rights				
	Balance at 30 June 2019	**Issued in period**	**Lapsed during period**	**Vested & exercised during period**	**Balance at 31 December 2019**
KMP					
Kees Weel	64,958	-	(3,573)	(61,385)	-
Matthew Bryson	96,586	23,243	(1,531)	(26,309)	91,989
Stuart Smith	56,303	23,243	-	-	79,546
Jim Ryder	41,010	10,217	-	-	51,227
	258,857	56,703	(5,104)	(87,694)	222,762
Non - KMP	114,185	61,051	-	-	175,236
Total	373,042	117,754	(5,104)	(87,694)	397,998

C3 Dividends

Dividends recognised in the current and prior period by the Company are:

Current period

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
2019 Final Dividend	6.90	6,900	Franked	19 September 2019
2019 Special Dividend	3.00	3,000	Franked	19 September 2019
Total amount		9,900		

Prior period

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
2018 Final Dividend	6.20	6,200	Franked	14 September 2018
Total amount		6,200		

Subsequent to half year end, the Company declared the following dividends:

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
2020 Interim Dividend	1.90	1,900	Franked	27 March 2020
Total amount		1,900		

Section D Change in significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2019, except as described below. A number of other new standards are effective form 1 July 2019 but they do not have a material effect on the Group's financial statements.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2020.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

a. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed.

For leases of properties in which it is a lessee, the Group has elected to separate non-lease components and will instead account for the lease and non-lease components as separate components.

b. As a Lessee

The Group leases assets, including properties and machinery. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right of use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right of use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c. Significant accounting policies

The Group recognises a right of use asset and a right of use lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Where applicable, the Group has applied some judgement to determine the lease term for some lease contracts which include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.

d. Transition

Previously, the Group classified property leases as operating leases under AASB 17. These include warehouse and factory facilities. The leases typically run for a period of 5-10 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right of use assets are measured at their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of items of production equipment. These leases were classified as finance leases under AASB 117. Where applicable, the carrying amount of the right of use asset and the lease liability at 1 July 2019 for these finance leases were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

e. Impacts on financial statements

i. Impact on transition

On transition to AASB 16, the Group recognised additional right of use assets and right of use lease liabilities.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is GBP libor plus a margin.

	$000's
Operating lease commitments at 30 June 2019 as disclosed in The Group's consolidated financial statements	11,771
Discounted using the incremental borrowing rate at 30 June 2019	10,746
Recognition exemption for:	
- Short term leases	(35)
Lease liabilities recognised at 1 July 2019	10,711

A reconciliation of lease liabilities from transition is as follows:

	$000's
On transition at 1 July 2019	10,711
Rental payments made	(881)
Deemed interest	124
Exchange rate fluctuations	18
Carrying value at 31 December 2019	9,972

A reconciliation of right of use lease assets from transition is as follows:

	$000's
On transition at 1 July 2019	10,711
Amortisation	(912)
Exchange rate fluctuations	20
Carrying value at 31 December 2019	9,819

ii. Impacts for the period

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the Group recognised $10,7 million of right-of-use assets and $10,7 million of right of use lease liabilities as at 1 July 2019.

In addition, in relation to those leases under AASB 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Group recognised $0.91 million of depreciation charges and $0.12 million of interest costs from these leases.

Section E Other information

E1 Subsequent events

The Board declared an interim dividend of 1.9 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2019.

Other than the interim dividend, there has not arisen in the interval since the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

E2 IFRS Interpretation Committee

In December 2019, the IFRS interpretation committee issued a tentative agenda decision on Multiple Tax Consequences of Recovering an Asset (IAS 12) which considers how an entity determines the tax base of an asset with two distinct tax consequences over its life (taxable economic benefits from use and capital gains on disposal or expiry). The tentative decision proposes that in these circumstances an entity identifies independent temporary differences (and deferred taxes) that reflect these distinct tax consequences. This tentative agenda decision does not align with the accounting policy currently applied by PWR.

Should this tentative agenda decision be finalised by the IFRS interpretation committee in its current form, PWR will have to change its accounting policy, retrospectively adjusting the deferred tax accounting for impacted Trademarks. As at 31 December 2019, the estimated impact of this change in accounting policy would be to increase deferred tax liabilities and goodwill subject to impairment testing with any residual in opening retained earnings of the earliest comparative period.

Directors' declaration

In the opinion of the directors of PWR Holdings Limited (the "Company"):

(a) the consolidated financial statements and notes, set out on pages 7 to 18 are 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 2019 and of its performance for the six-month period ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;

(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.

Signed in accordance with a resolution of the directors:

Teresa Handicott
Chairman
Brisbane
27 February 2020

Kees Weel
Managing Director
Brisbane
27 February 2020

Independent Auditor's Review Report

To the shareholders of PWR Holdings Limited

Report on the interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of PWR Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of PWR Holdings Limited 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 2019 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2019;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes A1 to E2 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises PWR Holdings Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim 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 Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of PWR Holdings Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

E. Neville-Stanley

KPMG

Erin Neville-Stanley
Partner

Brisbane
27 February 2020