

# Inghams Group Limited

Inghams Group Limited (ACN: 162 709 506) and its controlled entities

## Appendix 4D for the half year; 26 weeks ended 26 December 2020 (1H FY2021)

### Results for announcement to the market

	1HFY21 \$'000	1HFY20 \$'000	Variance \$'000	Variance %
Revenue from ordinary activities	1,363,000	1,303,500	59,500	4.6%
Profit for the period after tax from ordinary activities attributable to members	35,300	26,200	9,100	34.7%

### Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 7.5 cents per share totalling \$27.9m will be paid on 8 April 2021. The dividend was not declared at 26 December 2020 and as such no provision has been recognised. The record date for this interim dividend will be 18 March 2021.

A fully franked final dividend in respect of FY20 of 6.7 cents per share was declared and paid in the period. Inghams Group Limited does not have a dividend reinvestment plan in operation.

### Net tangible assets backing

At 26 December 2020, the net tangible asset backing per ordinary share was \$0.39 per share, (28 December 2019: \$0.41 per share).

### Entities where control has been gained or lost

There were no entities acquired or disposed of during the current period. Harvey Farms (NZ) Pty Limited was deregistered in the previous corresponding period.

### Associates

The Group has a 50% (1HFY20: 50%) investment in AFB International Pty Limited. The Group's share of the results of this entity is not material to the Group's results for the period or for the previous corresponding period.

This Appendix 4D should be read in conjunction with the Inghams Group Limited Interim Financial Report for the half year ended 26 December 2020.



# Inghams Group Limited

ACN 162 709 506

Interim Financial Report  
For the half year ended 26 December 2020

# Contents

<u>Directors' report</u>	<u>4</u>
<u>Lead Auditors' Independence Declaration</u>	<u>6</u>
<u>Financial Statements</u>	<u>7</u>
Consolidated income statement	7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
<u>Notes to the interim financial report</u>	<u>12</u>
1 General	12
2 Segment information	13
3 Right-of-use assets	14
4 Assets classified as held for sale	14
5 Equity	14
6 Dividends	14
7 Contingent liabilities	15
8 Earnings per share	15
9 Trade and other payables	15
10 Borrowings	16
11 Events after the reporting period	16
<u>Directors' declaration</u>	<u>17</u>
<u>Independent Auditor's report to the members</u>	<u>18</u>

## Directors' report

The directors of ASX-listed Inghams Group Limited (Ingham's or Company) and its controlled entities (the Group), present their report together with the consolidated interim financial report for the half year ended 26 December 2020 (1HFY21).

### Principal activities

The principal activities of the Group during the year consisted of the production and sale of chicken and turkey products across its vertically integrated primary, free range, value enhanced, further processed and byproduct categories. Additionally, stockfeed is produced primarily for internal use but also for the poultry, pig and dairy industries.

### Directors

The following persons were Directors of Inghams Group Limited during the period and until the date of this report:

Name	Role	Date of appointment	Date of resignation
Peter Bush	Chairman	7 October 2016	
Rob Gordon	Non-Executive Director	11 April 2019	
Mike Ihlein	Non-Executive Director	16 April 2020	
Jim Leighton	CEO & Managing Director	7 January 2019	
Jackie McArthur	Non-Executive Director	18 September 2017	
Helen Nash	Non-Executive Director	16 May 2017	
Linda Bardo Nicholls AO	Non-Executive Director	7 October 2016	
Andrew Reeves	Non-Executive Director	14 January 2019	

### Operating and financial review

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

1H FY21 net profit after tax (NPAT) of \$35.3M was \$9.1M higher than 1H FY20. The increase in NPAT was due to an improvement in underlying NPAT pre-AASB 16 (trading performance) of \$4.5M, a reduction in the AASB 16 impact of \$3.8M predominantly from a lower interest charge and a reduction in restructuring, impairment and loss on sale of assets on NPAT of \$0.8M.

The trading performance in the half was supported by growth in core poultry of 4.0% v 1H FY20 and 5.6% v 2H FY20 reflecting the strengthening demand across most channels throughout the period following COVID-19 impacts. The business continued to cycle high grain prices as reflected in total poultry revenue which was up 6.1% from a 4.8% growth in total poultry volume, while external feed revenue was down 10.3% from a 13.3% decline in volume as external feed customers navigated COVID-19 challenges.

COVID-19 related panic buying and resilient market conditions enabled good progress to be made reducing the excess frozen poultry inventory by \$42.3M, and as a result \$3.7M was released from the obsolete stock provision. Operational efficiencies from continuous improvement initiatives further supported the 1H financial performance.

### COVID-19 and Avian Influenza

Inghams operated as an 'essential' service provider during the COVID-19 lockdown periods, maintaining supply to our customer base and meeting the surges in demand that followed lockdown announcements. In the half, the Thomastown Further Processing facility in Victoria was affected by a COVID-19 shutdown, that closed the facility for 12 days from 22 July 2020 to 3 August 2020, which did not have a material impact to the 1H financial performance.

The Australian export market was partially closed in the 1H FY21 due to a series of outbreaks of Avian Influenza in Victoria. These were not at Inghams operated farms and the impact to the financials in the half was not material as export products have been diverted to other channels domestically.

### Significant changes in the state of affairs

There were no significant changes in the nature of the Group's activities during the period.

### Dividends

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 7.5 cents per share totalling \$27.9m will be paid on 8 April 2021. The dividend was not declared at 26 December 2020 and as such no provision has been recognised. The record date for this interim dividend will be 18 March 2021.

A fully franked final dividend in respect of FY20 of 6.7 cents per share was declared and paid in the period.

## Directors' report (continued)

### Significant events after the balance date

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt within 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 26 December 2020.

### Lead auditor's independence declaration

The lead auditor's independence declaration required under section 307C of the *Corporation Act 2001* is included on page 6.

### Rounding of amounts

The amounts contained in this report and in the financial statements have been rounded to the nearest hundred thousand dollars unless otherwise indicated under the option available to the Group under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.



Peter Bush  
Chairman



Michael Ihlein  
Non-Executive Director

Sydney  
19 February 2021



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

To the Directors of Inghams Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Inghams Group Limited for the half-year ended 26 December 2020 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.

A stylized, handwritten-style logo of the letters 'KPMG' in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'Julie Cleary'.

Julie Cleary

*Partner*

Sydney

19 February 2021

# Financial Statements

## Consolidated income statement

For the half year ended 26 December 2020

	Notes	26 December 2020 \$'000	28 December 2019 \$'000
<b>Revenue</b>	2	1,363,000	1,303,500
<b>Other income/(loss)</b>		100	(600)
<b>Expenses</b>			
Cost of sales		(1,123,500)	(1,084,100)
Distribution		(83,300)	(78,300)
Administration and selling		(73,300)	(66,400)
<b>Operating profit</b>		<b>83,000</b>	<b>74,100</b>
<b>Finance income and costs</b>			
Finance income		200	400
Finance costs		(33,500)	(37,900)
<b>Net finance costs</b>		<b>(33,300)</b>	<b>(37,500)</b>
Share of net profit of associate		200	200
<b>Profit before income tax</b>		<b>49,900</b>	<b>36,800</b>
Income tax expense		(14,600)	(10,600)
<b>Profit for the period attributable to: Owners of Inghams Group Limited</b>		<b>35,300</b>	<b>26,200</b>
Basic EPS (cents per share)	8	9.50	7.05
Diluted EPS (cents per share)	8	9.49	7.03

The above consolidated income statement should be read in conjunction with the accompanying notes.

## Financial Statements

## Consolidated statement of comprehensive income

For the half year ended 26 December 2020

	26 December 2020 \$000	28 December 2019 \$000
<b>Profit for the period</b>	<b>35,300</b>	<b>26,200</b>
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	200	(700)
Changes in the fair value of cash flow hedges	400	(900)
Tax on changes in fair value of cash flow hedges	(100)	300
<b>Total items that may subsequently be reclassified to profit or loss</b>	<b>500</b>	<b>(1,300)</b>
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of land and buildings	(1,600)	(900)
<b>Total items that will not be reclassified to profit or loss</b>	<b>(1,600)</b>	<b>(900)</b>
<b>Total comprehensive income is attributable to:</b>		
<b>Owners of Inghams Group Limited</b>	<b>34,200</b>	<b>24,000</b>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



## Financial Statements

## Consolidated statement of financial position

As at 26 December 2020

	Notes	26 December 2020 \$'000	27 June 2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		90,500	134,200
Trade and other receivables		266,000	202,600
Biological assets		117,500	120,700
Inventories		191,000	217,000
Assets classified as held for sale	4	11,300	12,300
Current tax receivable		–	3,700
<b>Total current assets</b>		<b>676,300</b>	<b>690,500</b>
<b>Non-current assets</b>			
Property, plant and equipment		454,300	450,300
Investments accounted for using the equity method		1,900	1,900
Receivables		–	300
Right-of-use assets	3	1,368,800	1,429,200
<b>Total non-current assets</b>		<b>1,825,000</b>	<b>1,881,700</b>
<b>Total assets</b>		<b>2,501,300</b>	<b>2,572,200</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	400,900	402,900
Current tax liability		2,300	–
Provisions		80,100	79,600
Derivative financial instruments		3,500	4,000
Lease liabilities		168,900	185,200
<b>Total current liabilities</b>		<b>655,700</b>	<b>671,700</b>
<b>Non-current liabilities</b>			
Trade and other payables	9	3,800	3,500
Borrowings	10	418,000	448,900
Provisions		26,400	23,900
Derivative financial instruments		4,300	3,600
Deferred tax liabilities		2,900	4,400
Lease liabilities		1,250,400	1,287,100
<b>Total non-current liabilities</b>		<b>1,705,800</b>	<b>1,771,400</b>
<b>Total liabilities</b>		<b>2,361,500</b>	<b>2,443,100</b>
<b>Net assets</b>		<b>139,800</b>	<b>129,100</b>
<b>Equity</b>			
Contributed equity	5	109,200	109,200
Reserves		26,000	25,700
Retained earnings/(accumulated losses)		4,600	(5,800)
<b>Total equity</b>		<b>139,800</b>	<b>129,100</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Financial Statements

## Consolidated statement of changes in equity

For the half year ended 26 December 2020

	Attributable to owners of Inghams Group Limited				
	Contributed Equity \$000	Retained Earnings /(Accumulated losses) \$000	Asset revaluation reserve \$000	Other reserves \$000	Total Equity \$000
<b>Balance at 28 June 2020</b>	<b>109,200</b>	<b>(5,800)</b>	<b>10,500</b>	<b>15,200</b>	<b>129,100</b>
Profit for the period	–	35,300	–	–	35,300
Other comprehensive income	–	–	–	500	500
Transfer to retained earnings	–	–	(1,600)	–	(1,600)
<b>Total comprehensive income</b>	<b>–</b>	<b>35,300</b>	<b>(1,600)</b>	<b>500</b>	<b>34,200</b>
<b>Transactions with owners of the Company</b>					
Dividends provided for or paid	–	(24,900)	–	–	(24,900)
Share based payment expense	–	–	–	1,900	1,900
Settlement of share plan	–	–	–	(500)	(500)
	–	(24,900)	–	1,400	(23,500)
<b>Balance at 26 December 2020</b>	<b>109,200</b>	<b>4,600</b>	<b>8,900</b>	<b>17,100</b>	<b>139,800</b>
<b>Balance at 30 June 2019</b>	<b>109,100</b>	<b>20,300</b>	<b>11,400</b>	<b>23,700</b>	<b>164,500</b>
Profit for the period	–	26,200	–	–	26,200
Other comprehensive income	–	–	–	(1,300)	(1,300)
Transfer to retained earnings	–	–	(900)	–	(900)
<b>Total comprehensive income</b>	<b>–</b>	<b>26,200</b>	<b>(900)</b>	<b>(1,300)</b>	<b>24,000</b>
<b>Transactions with owners of the Company</b>					
Dividends provided for or paid	–	(39,100)	–	–	(39,100)
Share based payment expense	–	–	–	(1,100)	(1,100)
Amounts paid for shares	–	–	–	(3,400)	(3,400)
	–	(39,100)	–	(4,500)	(43,600)
<b>Balance at 28 December 2019</b>	<b>109,100</b>	<b>7,400</b>	<b>10,500</b>	<b>17,900</b>	<b>144,900</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Financial Statements

## Consolidated statement of cash flows

For the half year ended 26 December 2020

	26 December 2020 \$000	28 December 2019 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,310,000	1,234,900
Payments to suppliers and employees (inclusive of GST)	(1,128,100)	(1,064,500)
	<b>181,900</b>	<b>170,400</b>
Interest received	200	400
Income taxes paid	(10,000)	(29,500)
<b>Net cash provided by operating activities</b>	<b>172,100</b>	<b>141,300</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(31,500)	(40,500)
Proceeds from sale of assets held for sale/deposits received	1,100	7,400
Dividends received from investments	200	200
<b>Net cash used in investing activities</b>	<b>(30,200)</b>	<b>(32,900)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(30,000)	–
Dividends paid	(24,900)	(39,000)
Lease payments - principal	(97,100)	(87,200)
Lease payments - interest	(25,900)	(30,600)
Interest and finance charges paid	(7,200)	(7,500)
Proceeds from issue of shares	–	100
Amounts paid for shares	(500)	(3,400)
<b>Net cash used in financing activities</b>	<b>(185,600)</b>	<b>(167,600)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(43,700)</b>	<b>(59,200)</b>
Cash and cash equivalents at the beginning of the financial year	134,200	134,500
Effects of exchange rate changes on cash and cash equivalents	–	(100)
<b>Cash and cash equivalents at end of period</b>	<b>90,500</b>	<b>75,200</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the interim financial report

## 1 General

### (a) Basis of preparation and statement of compliance

This is the interim financial report for Inghams Group Limited (Ingham's or Company) and its controlled entities (the Group) and the Group's interest in equity accounted investments, for the 26 week period ended 26 December 2020 (the half year).

This interim financial report is:

- to be read in conjunction with the annual report of the Group for the year ended 27 June 2020 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*, and the Australian Securities Exchange listing rules;
- a general purpose financial report;
- prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*;
- prepared under the historical cost convention except for the following:
  - Financial assets and liabilities (including derivative instruments) and certain classes of property, plant and equipment measured at fair value; and
  - Assets held for sale - measured at the lower of cost and fair value less cost of disposal;
- presented in Australian dollars, which is the functional currency of Ingham's, with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191* dated 1 April 2016.

The accounting policies adopted are consistent with those of the previous financial year.

## Notes to the interim financial report (continued)

### 2 Segment information

#### Description of segments

The Group's operations are all conducted in the poultry industry in Australia and New Zealand.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the senior leadership team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The Group's operations in Australia and New Zealand are each treated as individual operating segments. The Chief Executive Officer and the senior leadership team monitor the operating results of its business units separately, for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation ("EBITDA") and significant items. Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from a royalty charge for the services provided by the Australian operation.

Allocation of assets and liabilities are not separately identified in internal reporting so are not disclosed in the note.

	Australia 26 Dec 2020 \$000	New Zealand 26 Dec 2020 \$000	Consolidated 26 Dec 2020 \$000
Poultry	1,090,200	166,000	1,256,200
Feed	69,800	37,000	106,800
<b>Total revenue from contracts with customers</b>	<b>1,160,000</b>	<b>203,000</b>	<b>1,363,000</b>
Other income/(loss)	100	–	100
Inter segment revenue/expense	8,000	(8,000)	–
	<b>1,168,100</b>	<b>195,000</b>	<b>1,363,100</b>
Adjusted operating expenses*	(985,500)	(162,200)	(1,147,700)
Share of net profit of associate	200	–	200
<b>EBITDA</b>	<b>182,800</b>	<b>32,800</b>	<b>215,600</b>
Depreciation and amortisation			(132,400)
<b>EBIT</b>			<b>83,200</b>
Net finance costs			(33,300)
<b>Profit before tax</b>			<b>49,900</b>

\* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

	Australia 28 Dec 2019 \$000	New Zealand 28 Dec 2019 \$000	Consolidated 28 Dec 2019 \$000
Poultry	1,023,500	161,000	1,184,500
Feed	79,500	39,500	119,000
<b>Total revenue from contracts with customers</b>	<b>1,103,000</b>	<b>200,500</b>	<b>1,303,500</b>
Other income/(loss)	(600)	–	(600)
Inter segment revenue/expense	8,900	(8,900)	–
	<b>1,111,300</b>	<b>191,600</b>	<b>1,302,900</b>
Adjusted operating expenses*	(937,100)	(160,700)	(1,097,800)
Share of net profit of associate	200	–	200
<b>EBITDA</b>	<b>174,400</b>	<b>30,900</b>	<b>205,300</b>
Depreciation and amortisation			(131,000)
<b>EBIT</b>			<b>74,300</b>
Net finance costs			(37,500)
<b>Profit before tax</b>			<b>36,800</b>

\* Adjusted operating expenses include cost of sales, distribution, selling and administration, excluding depreciation and amortisation.

## Notes to the interim financial report (continued)

### 3 Right-of-use assets

	Land and Building \$000	Contract Growers \$000	Equipment and Motor Vehicle \$000	Total \$000
<b>Balance at 27 June 2020</b>	<b>814,600</b>	<b>601,600</b>	<b>13,000</b>	<b>1,429,200</b>
Additions	–	9,000	–	9,000
Re-measurements*	12,200	11,800	100	24,100
Depreciation	(34,700)	(66,100)	(3,900)	(104,700)
Modification**	10,900	–	–	10,900
Net foreign currency movement	100	200	–	300
<b>Balance at 26 December 2020</b>	<b>803,100</b>	<b>556,500</b>	<b>9,200</b>	<b>1,368,800</b>

\* CPI increases to underlying lease payments during 1HFY21.

\*\* A change in the scope of the lease that was not part of the original terms and conditions of the agreement.

### 4 Assets classified as held for sale

	26 Dec 2020 \$000	27 Jun 2020 \$000
Assets classified as held for sale	11,300	12,300

The carrying amount represents a property currently marketed for sale by the Group. The Group has entered into a contract to sell this property in the second half of FY2021. The resulting Income Statement impact is yet to be finalised and is not expected to be material to the Group.

### 5 Equity

#### (a) Share capital

	26 Dec 2020 Shares	27 Jun 2020 Shares	26 Dec 2020 \$000	27 Jun 2020 \$000
Ordinary shares issued	371,679,601	371,679,601	109,200	109,200

#### (b) Movements in ordinary shares

	Shares	\$000
<b>Balance at 29 June 2019</b>	<b>371,679,601</b>	<b>109,200</b>
<b>Balance at 28 December 2019</b>	<b>371,679,601</b>	<b>109,200</b>
<b>Balance at 27 June 2020</b>	<b>371,679,601</b>	<b>109,200</b>
<b>Balance at 26 December 2020</b>	<b>371,679,601</b>	<b>109,200</b>

### 6 Dividends

#### (a) Ordinary shares

The directors have determined that subsequent to the half year end, a fully franked interim dividend of 7.5 cents per share totalling \$27.9m will be paid on 8 April 2021. The dividend was not declared at 26 December 2020 and as such no provision has been recognised. The record date for this interim dividend will be 18 March 2021.

A fully franked final dividend in respect of FY20 of 6.7 cents per share was declared and paid in the period.

#### (b) Franking credits

	26 Dec 2020 \$000	28 Dec 2019 \$000
Amount of Australian franking credits available for subsequent periods to the shareholders of Inghams Group Limited	31,200	35,500

The ability to utilise the franking credits is dependent upon the ability to declare dividends in the future included in the above line. Franking credits of \$16.0m (December 2019: \$16.0m) are only available to be used under very limited and specific circumstances.

## Notes to the interim financial report (continued)

### 7 Contingent liabilities

#### Employee benefits

Certain recent court decisions, not involving Inghams, regarding the correct application of various employee entitlements may have a financial impact on the Group. The Group does not consider the majority of the principles relating to these Court decisions directly apply to the Group's employment arrangements. No provision has therefore been recognised in relation to these matters at 26 December 2020.

Inghams is committed to ensuring its people are paid in accordance with their employment arrangements and the law and continues to monitor its practices, systems and processes.

#### Workers Compensation

State WorkCover authorities also require guarantees against workers' compensation self-insurance liabilities. The guarantee is based on independent actuarial advice of the outstanding liability. Workers' compensation guarantees held at each reporting date do not equal the liability at these dates due to the timing of issuing the guarantees.

The probability of having to make a payment under these guarantees is considered remote.

No provision has been made in the consolidated financial statements in respect of these contingencies, however provisions for self-insured risks, which includes liabilities relating to workers' compensation claims, have been recognised in the Consolidated Statement of Financial Position at the reporting date.

### 8 Earnings per share

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	26 Dec 2020 \$000	28 Dec 2019 \$000
<b>Earnings</b>		
Profit attributable to ordinary equity holders for calculating basic and diluted EPS calculations	35,300	26,200
<b>Number of ordinary shares</b>	<b>Number of shares '000</b>	<b>'000</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	371,500	371,500
Dilutive effect of share options	400	1,400
Weighted average number of ordinary shares for diluted EPS	<b>371,900</b>	<b>372,900</b>
Basic EPS (cents per share)	9.50	7.05
Diluted EPS (cents per share)	9.49	7.03

### 9 Trade and other payables

	Current \$000	26 Dec 2020 Non-Current \$000	Total \$000	Current \$000	27 Jun 2020 Non-Current \$000	Total \$000
Trade payables	247,200	3,800	251,000	257,600	3,500	261,100
Inventory procurement trade payable	123,900	–	123,900	121,700	–	121,700
Other payables	29,800	–	29,800	23,600	–	23,600
<b>Trade and other payables</b>	<b>400,900</b>	<b>3,800</b>	<b>404,700</b>	<b>402,900</b>	<b>3,500</b>	<b>406,400</b>

The Group has an inventory procurement trade payable with a third party financial institution, which is interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 26 December 2020 was \$123.9m (27 June 2020: \$121.7m).

## Notes to the interim financial report (continued)

### 10 Borrowings

#### Interest bearing loans

	Carrying amount		Principal amount drawn		Interest rate	Maturity
	26 Dec 2020	27 Jun 2020	26 Dec 2020	27 Jun 2020		
	\$000	\$000	\$000	\$000		
<b>Unsecured liabilities</b>						
Tranche A	–	199,500	–	200,000	Floating*	November 2021
Tranche B	–	199,400	–	200,000	Floating*	November 2022
Tranche C	–	50,000	–	50,000	Floating*	November 2021
Tranche A	199,100	–	200,000	–	Floating*	November 2023
Tranche B	198,900	–	200,000	–	Floating*	November 2024
Tranche C	20,000	–	20,000	–	Floating*	November 2023
<b>Borrowings</b>	<b>418,000</b>	<b>448,900</b>	<b>420,000</b>	<b>450,000</b>		

\* Floating rates are at Bank Bill Swap Rate plus a predetermined margin.

An extension of the debt facility was completed during the period, which has resulted in the term of the facility being increased by 2 years.

#### Fair value

For external borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on the borrowings is either close to current market rates or the borrowings are of a short-term nature. The Group has entered into interest rate swaps in relation to the interest payable.

### 11 Events after the reporting period

The directors of the Group are not aware of any other matter or circumstance not otherwise dealt within 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 26 December 2020.



## Directors' declaration

1. In the opinion of the directors of Inghams Group Limited (the Company):

- (a) The consolidated financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 26 December 2020 and of its performance for the financial half-year ended on that date, and
  - (ii) complying with Australian Accounting Standard *AASB134 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.

This declaration is made in accordance with a resolution of the directors.



Peter Bush  
Chairman



Michael Ihlein  
Non-Executive Director

Sydney  
19 February 2021



# Independent Auditor's Review Report

To the Shareholders of Inghams Group Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Inghams Group 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 Inghams Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 26 December 2020 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 26 December 2020;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

The **Interim Period** is the 6 months ended on 26 December 2020.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



## 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*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 26 December 2020 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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.

KPMG

Julie Cleary

*Partner*

Sydney

19 February 2021