

Wingara AG Limited

Appendix 4D

Half-year Report

Half-year 31 December 2016

Name of entity:
Wingara AG Limited

ACN or equivalent company reference:
ACN 009 087 469

Half-year
31 December 2016

Previous corresponding period:
31 December 2015

1 Results for announcement to the market

| | | | | |
|---|------|--------|----|-----------|
| | | | | \$ |
| Revenue for ordinary activities | Up | 11.0% | to | 5,707,518 |
| Net profit/(loss) after tax (from ordinary activities) for the period attributable to members | Down | 130.0% | to | (209,404) |
| Net profit/(loss) after tax for the period attributable to members | Down | 130.0% | to | (209,404) |

2 Explanation of results

The group recorded a revenue of \$5,707,518 for the half-year ended 31 December 2016 (2015: \$5,149,517). The group has incurred a loss for the period of \$209,404 (2015: a profit of \$696,144). The net loss of \$209,402 includes transaction costs of \$157,850 which are of a one-off nature.

For further information, please refer to Review of operations under the Directors' report on page 2.

3 Net tangible assets per share

| | 31 December 2016 \$ | 31 December 2015 \$ |
|------------------------------|---------------------------|---------------------------|
| Net tangible asset per share | 0.06 | (0.04) |

4 Dividends

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2015: nil).

5 Other information required by Listing Rule 4.2A

- Distribution Reinvestment Plan - not applicable
- Changes in controlled entities - not applicable
- Details of associates and joint venture entities - not applicable
- Foreign entities - not applicable
- Details of individual and total dividends or distributions and dividend or distribution payments - not applicable

6 Status of interim review

This interim financial report is not subject to a modified opinion, emphasis of matter or other matter paragraph.

Wingara AG Limited

ACN 009 087 469

Interim report for the half-year 31 December 2016

Wingara AG Limited ACN 009 087 469

Interim report - 31 December 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Wingara AG Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors

Gavin Xing - Executive Chairman & Managing Director

James Everist - Non-Executive Director

Eric Jiang - Independent Non-Executive Director

Secretary

Phillip Hains

Principal registered office in Australia

Suite 1/1233 High Street
Armadale VIC 3143
Australia

Share and debenture register

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth Western Australia 6000
1300 55 70 10 (within Australia)

Auditor

William Buck
Level 20, 181 William Street
Melbourne Victoria 3000

Solicitors

Rigby Cooke Lawyers
Level 11, 360 Elizabeth Street
Melbourne Victoria 3001

Stock exchange listings

ASX: WNR

Website

www.wingaraag.com.au

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Wingara AG Limited (the "Company") and the entities it controlled at the end of, or during, the half-year 31 December 2016.

Directors

Gavin Xing - Executive Chairman & Managing Director

James Everist - Non-Executive Director

Eric Jiang - Independent Non-Executive Officer

Principal activities

During the period the principal continuing activities of the Group consisted of acting as product processor and marketer of agricultural products.

Dividends

No dividends have been paid during the financial period. The directors do not recommend that a dividend be paid in respect of the financial period (2015: nil).

Review of operations

The 2015 comparatives comprise the results of the Elect Performance Group Pty Ltd ("Elect") only, being the accounting parent in the reverse acquisition that took place on 27 January 2016 between Wingara AG Limited and Elect.

The Group has incurred a loss for the period of \$209,404 (2015: a profit of \$696,144). Loss for the current period includes \$157,850 which are one-off in nature.

As at 31 December 2016, the group had cash reserves of \$5,345,239 compared to \$2,144,927 at prior year end. For the period ended 31 December 2016, the group has incurred an operating cash outflow of \$190,816 (2015: inflow of \$250,794).

In October 2016, the Group executed a Memorandum of Understanding with the Horsham Rural City Council ("HRCC") which gives the Group an exclusive option to purchase a 20 Ha greenfield site adjacent to the railway terminal on which the Group can commence development application with HRCC. This acquisition will enable the Group to invest in and develop a regional agricultural business centre focusing on the provision of processing, storing, warehousing, logistics, and marketing key agricultural products including, but not limited to, fodder and grain.

The Group continue to work on the due diligence process in relation to the Pyrenees Hay Processing Co-Operative Ltd ("PHPC") transaction during the period.

During the period, the Group also successfully raised \$5 million through the issue of new shares and convertible notes. The proceeds are used to invest in the platform for the future capacity growth of the existing hay processing operations, and to pursue other growth opportunities.

Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since 31 December 2016 that have significantly affected, or may significantly affect:

- (a) the Group's operations in future financial periods, or
- (b) the results of those operations in future financial periods, or
- (c) the Group's state of affairs in future financial periods.

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 4.

This report is made in accordance with a resolution of directors.



Gavin Xing
Director
Melbourne

Melbourne
27 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF WINGARA AG LIMITED**

I declare that, to the best of my knowledge and belief during the period ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A handwritten signature in blue ink, appearing to be 'N. S. Benbow'.

N. S. Benbow
Director

Dated this 27th day of February, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Melbourne VIC 3000
Telephone: +61 3 9824 8555
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Wingara AG Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year 31 December 2016

| | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| Notes | \$ | \$ |
| Sale of hay | 5,686,428 | 5,144,258 |
| Other income | 21,090 | 5,259 |
| | <u>5,707,518</u> | <u>5,149,517</u> |
| Expenses | | |
| Hay purchased | (3,294,354) | (2,227,113) |
| Freight expenses | (585,919) | (820,882) |
| Occupancy costs | (96,253) | (79,736) |
| Administration expenses | 4 (1,515,377) | (728,451) |
| Earnings before interest, tax, depreciation and amortisation and transaction costs | <u>215,615</u> | <u>1,293,335</u> |
| Depreciation expenses | (201,979) | (206,108) |
| Finance expenses | (85,393) | (92,736) |
| Transaction costs | (157,850) | - |
| Loss before tax for the period | <u>(229,607)</u> | <u>994,491</u> |
| Income tax benefit/(expense) | <u>20,203</u> | <u>(298,347)</u> |
| Loss for the period | <u>(209,404)</u> | <u>696,144</u> |
| Other comprehensive income | | |
| Other comprehensive income for the period, net of tax | - | - |
| Total comprehensive income for the period | <u>(209,404)</u> | <u>696,144</u> |
| | Cents | Cents |
| Basic and diluted (loss)/earnings per share | (0.28) | 3.48 |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Wingara AG Limited
Consolidated balance sheet
As at 31 December 2016

| | | 31 December | 30 June |
|--------------------------------------|-------|--------------------|------------------|
| | | 2016 | 2016 |
| | Notes | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 5,345,239 | 2,144,927 |
| Trade and other receivables | | 411,746 | 695,567 |
| Inventories | | 1,331,318 | 1,400,596 |
| Current tax receivable | | 86,073 | - |
| Other current assets | | 639,959 | 306,725 |
| Total current assets | | 7,814,335 | 4,547,815 |
| Non-current assets | | | |
| Property, plant and equipment | | 2,254,503 | 1,875,255 |
| Deferred tax assets | | 40,512 | 20,309 |
| Intangible assets | | 1,816,075 | 1,816,075 |
| Other non-current assets | | 83,320 | 3,320 |
| Total non-current assets | | 4,194,410 | 3,714,959 |
| Total assets | | 12,008,745 | 8,262,774 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,104,550 | 825,105 |
| Borrowings | 7 | 1,685,679 | 2,357,324 |
| Current tax liabilities | | - | 190,462 |
| Employee benefit obligations | | 64,662 | 39,974 |
| Total current liabilities | | 2,854,891 | 3,412,865 |
| Non-current liabilities | | | |
| Borrowings | 7 | 3,019,149 | 1,120,981 |
| Total non-current liabilities | | 3,019,149 | 1,120,981 |
| Total liabilities | | 5,874,040 | 4,533,846 |
| Net assets | | 6,134,705 | 3,728,928 |
| EQUITY | | | |
| Contributed equity | 8 | 11,643,104 | 9,027,923 |
| Accumulated losses | | (5,508,399) | (5,298,995) |
| Total equity | | 6,134,705 | 3,728,928 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Wingara AG Limited
Consolidated statement of changes in equity
For the half-year 31 December 2016

| | | Attributable to owners of Wingara AG Limited | |
|--|---|---|--|
| | | Contributed equity \$ | Retained earnings / (Accumulated losses) \$ |
| | | | Total \$ |
| Balance at 1 July 2015 | | 2 | 426,253 |
| (Loss)/profit for the period | | - | 696,144 |
| Total comprehensive income for the period | | - | 696,144 |
| Balance at 31 December 2015 | | 2 | 1,122,397 |
| Balance at 1 July 2016 | | 9,027,923 | (5,298,995) |
| (Loss)/profit for the period | | - | (209,404) |
| Total comprehensive loss for the period | | - | (209,404) |
| Transactions with owners in their capacity as owners: | | | |
| Issue of shares - gross contribution received | 8 | 2,999,000 | - |
| Less: transaction costs | 8 | (383,819) | - |
| | | 2,615,181 | - |
| Balance at 31 December 2016 | | 11,643,104 | (5,508,399) |

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

Wingara AG Limited
Consolidated statement of cash flows
For the half-year 31 December 2016

| | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|
| Notes | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 5,919,555 | 5,056,212 |
| Payments to suppliers, employees and others | <u>(5,910,825)</u> | <u>(4,717,941)</u> |
| | 8,730 | 338,271 |
| Government grants | - | 1,650 |
| Interest received | 16,915 | 3,609 |
| Interest paid | (71,310) | (92,736) |
| Income taxes paid | <u>(145,151)</u> | <u>-</u> |
| Net cash (outflow) inflow from operating activities | <u>(190,816)</u> | <u>250,794</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | <u>(494,719)</u> | <u>(99,325)</u> |
| Net cash (outflow) from investing activities | <u>(494,719)</u> | <u>(99,325)</u> |
| Cash flows from financing activities | | |
| Proceeds from issues of shares and other equity securities | 2,863,000 | - |
| Transaction costs related to issues of shares | (266,000) | - |
| Proceeds from issue of convertible notes | 2,000,000 | - |
| Repayment of borrowings | (1,252,333) | (627,149) |
| Proceeds from borrowings | <u>480,280</u> | <u>-</u> |
| Net cash inflow (outflow) from financing activities | <u>3,824,947</u> | <u>(627,149)</u> |
| Net increase (decrease) in cash and cash equivalents | 3,139,412 | (475,680) |
| Cash and cash equivalents at the beginning of the financial year | 2,144,927 | 713,282 |
| Effects of exchange rate changes on cash and cash equivalents | <u>60,900</u> | <u>-</u> |
| Cash and cash equivalents at end of period | <u>5,345,239</u> | <u>237,602</u> |

6

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

1 Basis of preparation of half-year report

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Wingara AG Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the entity

Management have considered the impact of new accounting standards and interpretations issued but not yet applied by the entity as compared to those of the previous financial year which are relevant to the Group's business as follows:

- Management has considered the recognition and measurement requirements of AASB 15 *Revenue from contracts with customers* ("AASB 15") in conjunction with the existing contracts between the Group and its customers. Based on this assessment, management concluded that there would have been no difference to the recognition and measurement of revenue had AASB 15 been adopted and applied during the reporting period, as compared to the current accounting policy on revenue.
- Management has considered the recognition and measurement requirements of AASB 16 *Leases* ("AASB 16") in conjunction with the existing operating lease agreements between the Group and its suppliers. Based on this assessment, management concluded that there would have been material impact to the financial statement has AASB 16 been adopted and applied during the period, as compared to the current accounting policy on revenue. However as of the date of this report, management has not quantified the impact.

2 Summary of significant accounting policies

(a) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(b) Convertible notes

AASB 139 requires that convertible notes are assessed based on their characteristics and that each component of the convertible note be separated and accounted for as required. In assessing convertible notes on issue, management consider whether there are any components with equity or derivative characteristics. Where a convertible note on which the number of shares to be issued varies based on a non financial variable, the conversion option does not meet the definition of a derivative and instead the convertible note, in its entirety is carried at amortised cost using the effective interest method as required by AASB 139.

Significant accounting policies adopted by the entity in the preparation of the interim financial report are consistent with those adopted in the preparation of the 2016 Annual Report.

3 Segment information

The group continues to operate in one segment, acting as product processor and marketer of agricultural products in Australia. The segment details are therefore fully reflected in the body of the consolidated interim financial statements.

4 Expenses

| 31 December 2016 | 31 December 2015 |
|-----------------------------|---------------------|
| \$ | \$ |

**Profit before income tax from ordinary activities
includes the following specific expenses:**

| | | |
|---|-----------|---------|
| Employee related expenses | 873,003 | 313,561 |
| Utilities and other office expenses | 155,320 | 121,094 |
| External consultancy and audit expenses | 96,057 | 18,815 |
| Site expenses | 234,493 | 201,618 |
| Other administration expenses | 156,504 | 73,363 |
| | 1,515,377 | 728,451 |

5 (Loss) / earnings per share

(a) Reconciliation of (loss)/earnings used in calculating (loss)/earnings per share

| 31 December 2016 | 31 December 2015 |
|-----------------------------|---------------------|
| \$ | \$ |

Basic & diluted (loss)/earnings per share

(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic & diluted (loss)/earnings per share:

| | |
|-----------|---------|
| (209,404) | 696,144 |
|-----------|---------|

(b) Weighted average number of shares used as denominator

| 2016 Number | 2015 Number |
|------------------------|----------------|
|------------------------|----------------|

Weighted average number of ordinary shares used as the denominator in calculating basic & diluted (loss)/earnings per share

| | |
|------------|------------|
| 74,856,381 | 20,000,000 |
|------------|------------|

The Group is currently in a loss making position any thus the impact of any potential shares is concluded as anti-dilutive.

6 Cash and cash equivalents

| | 31 December 2016 \$ | 30 June 2016 \$ |
|--------------------------|------------------------------------|-----------------------|
| Cash at bank and in hand | 1,331,760 | 2,144,927 |
| Term deposit | 4,013,479 | - |
| | 5,345,239 | 2,144,927 |

The term deposit has a duration of 3 months, earning 1.65% interest per annum.

7 Borrowings

| | | 31 December 2016 | | | 30 June 2016 | | |
|-------------------------|-------------|-----------------------------|--------------------------------|---------------------|-------------------------|--------------------------------|---------------------|
| | Note | Current \$ | Non- current \$ | Total \$ | Current \$ | Non- current \$ | Total \$ |
| Commercial bill | 7(a) | 1,308,405 | 800,000 | 2,108,405 | 1,000,000 | 800,000 | 1,800,000 |
| Asset finance loan | 7(b) | 354,720 | 71,553 | 426,273 | 264,233 | 162,292 | 426,525 |
| Shareholder loan | 7(c) | - | - | - | 1,070,537 | - | 1,070,537 |
| Lease liabilities | 7(d) | 22,554 | 147,596 | 170,150 | 22,554 | 158,689 | 181,243 |
| | | 1,685,679 | 1,019,149 | 2,704,828 | 2,357,324 | 1,120,981 | 3,478,305 |
| Convertible notes | 7(e) | - | 2,000,000 | 2,000,000 | - | - | - |
| | | - | 2,000,000 | 2,000,000 | - | - | - |
| Total borrowings | | 1,685,679 | 3,019,149 | 4,704,828 | 2,357,324 | 1,120,981 | 3,478,305 |

(a) Commercial bills

- ANZ tailored commercial facility with a facility limit of \$800,000, expiring on 15 May 2019. This facility is subject to a customer margin and line fee of 1.30% and 2.20% per annum respectively.
- Revolving loan facility with a facility limit of \$2,500,000 from 1 November to 14 September each year. This facility is subject to BBR rate plus a margin of 1.30% per annum and a line fee of 2.20% per annum.

(b) Asset finance loan

- ANZ asset finance loan bears an interest rate of 5.12% per annum.

The above facilities are secured by assets owned by the group.

(c) Shareholder loan

- This loan is owed to the shareholders of the company, being its directors and is non-interest bearing and repayable at call.

(d) Lease liability

- Finance leases over fixed assets with interest rates of 8.4% and duration of five (5) years.

7 Borrowings (continued)

(e) Convertible notes

On 15 August 2016, Wingara AG Limited completed the issue of \$2 million in convertible notes with a duration of 2 years and interest rate of 5% per annum.

The noteholder may elect to receive the note principal either:

- (i) in cash on the Maturity Date plus an additional cash Bonus Premium Payment of 2.5% of the note principal; or
- (ii) convert into new fully paid ordinary shares of the Company at each of the following anniversary dates and prices during the note period:
 - At the 1st interest payment date (31st January 2017), or at any interest payment date semi-annually thereafter, the noteholder may elect to convert up to 10% of the note principal, into new shares of the Company at a conversion price of \$0.25 per share.
 - At the 2nd interest payment date (31st July 2017), or at any interest payment date semi-annually thereafter, the noteholder may elect to convert up to a further 50% of the note principal, into new shares of the Company at a conversion price of \$0.30 per share.
 - At the 3rd interest payment date (31st January 2018) or at any interest payment date semi-annually thereafter, the noteholder may elect to convert up to a further 40% of the note principal, into new shares of the Company at a conversion price of \$0.35 per share.

(f) Banking facilities

As at 31 December 2016, the group had secured banking facilities limits with the ANZ Banking Corporation as follows:

| | Commercial bill & loan \$ | Asset finance \$ | Overdraft \$ | Bank guarantee \$ | Corporate card \$ | Total \$ |
|-------------------------|---------------------------------|------------------------|-----------------|-------------------------|-------------------------|-------------|
| 31 December 2016 | | | | | | |
| Total facility limit | 3,437,500 | 850,000 | 800,000 | 80,000 | 25,000 | 5,192,500 |
| Less: amount used | (2,108,405) | (426,273) | - | (80,000) | - | (2,614,678) |
| Unused facilities | 1,329,095 | 423,727 | 800,000 | - | 25,000 | 2,577,822 |
| | Commercial bill & loan \$ | Asset finance \$ | Overdraft \$ | Bank guarantee \$ | Corporate card \$ | Total \$ |
| 30 June 2016 | | | | | | |
| Total facility limit | 1,965,000 | 435,000 | 800,000 | 80,000 | 25,000 | 3,305,000 |
| Less: amount used | (1,800,000) | (426,525) | - | (80,000) | - | (2,306,525) |
| Unused facility | 165,000 | 8,475 | 800,000 | - | 25,000 | 998,475 |

8 Contributed equity

(a) Share capital

| | 31 December 2016 Shares | 30 June 2016 Shares | 31 December 2016 \$ | 30 June 2016 \$ |
|----------------------------|-------------------------------|---------------------------|---------------------------|-----------------------|
| Fully paid ordinary shares | 77,314,577 | 67,317,915 | 11,643,104 | 9,027,923 |

8 Contributed equity (continued)

(a) Share capital (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Movements in share capital

| 30 June 2016 | Notes | Number of shares | \$ |
|---|--------------|-----------------------------|------------|
| Opening balance | | 2 | 2 |
| Elimination of issued capital in Elect | | (2) | - |
| Deemed fair value of consideration to Biron shareholders on Reverse Acquisition | | 8,266,117 | 1,653,223 |
| Shares issued to Elect Performance Group Pty Ltd on Reverse Acquisition | | 20,000,000 | - |
| Issue of shares \$0.20 pursuant to the Prospectus | | 24,251,798 | 4,850,360 |
| Shares issued to Superior | | 10,000,000 | 2,000,000 |
| Conversion of converting loan agreements to shares | | 4,800,000 | 960,000 |
| Transaction costs relating to share issues | 8(b)(ii) | - | (435,662) |
| Closing balance | | 67,317,915 | 9,027,923 |
| 31 December 2016 | Notes | Number of shares | \$ |
| Opening balance | | 67,317,915 | 9,027,923 |
| Shares issue via private placement | 8(b)(i) | 9,996,662 | 2,999,000 |
| Less: transaction costs | 8(b)(ii) | - | (383,819) |
| Closing balance | | 77,314,577 | 11,643,104 |

(i) Private placement in August 2016

On 15 August 2016, the Company announced to the completion of a private placement, in which 9,996,662 new ordinary shares were issued to sophisticated and institutional investors at a price of \$0.30 per share.

(ii) Transaction costs relating to share issues

Under AASB 132, incremental costs that are directly attributable to issuing new shares should be deducted from equity.

9 Related party transactions

The following transactions occurred with related parties at arm's-length terms:

| | 31 December 2016 \$ | 31 December 2015 \$ |
|----------------------------------|------------------------------------|---------------------------|
| Repayments of shareholder's loan | 1,070,537 | 1,155,242 |
| Proceeds from shareholder's loan | - | (594,335) |

10 Contingencies

The Group had no contingent assets or liabilities at 31 December 2016 (2015: nil) other than the bank guarantee as disclosed in note 7(f)

11 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 14 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 2016 and of its performance for the half-year 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, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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



Gavin Xing
Director
Melbourne
27 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WINGARA AG LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wingara AG Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2016, the 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 gives a true and fair view and 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 financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its 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 Wingara AG Limited, 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.

CHARTERED ACCOUNTANTS & ADVISORS

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WINGARA AG
LIMITED AND CONTROLLED ENTITIES (CONT)**

Conclusion

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 Wingara AG Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director

Dated this 27th day of February, 2017