





# Asian demand for quality Australian products

## Major export destinations

**Japan** – strong relationships with key trading houses / end users.

**South Korea** – Top 5 markets in South Korea.

**Taiwan** – One of the largest hay importers.

**China** – Clients include some of the largest multinational food, agri-business and trading companies.

## Wingara AG locations



- Green products    - - - Grower catchment
- Red products    - - - Supplier catchment

## Who we are

Wingara AG Ltd (WNR.ASX) owns and operates value-add, mid-stream assets specialising in the processing, storage and marketing of high-quality Australian agricultural produce for export markets through two business divisions; JC Tanloden and AustCo Polar

### Our Vision

To be a leading marketing platform and an innovative service provider through management of strategic infrastructure assets.

### Our Mission

Partner with our suppliers to compete on the global stage while managing risk through diversification.



## 2019 Financial Highlights



Revenue

**\$29.0m**

Up 166%



Total assets

**\$47.0m**

Up 101%



EBITDA

**\$4.8m**


Up 336%



# Chairman's letter

Dear Shareholder,

It is my pleasure to present you the Annual Report for FY19. This has been a year of very good operating performance, important strategic progress and continued change. Our teams have delivered strong results across the diversified business and we are well positioned to continue to deliver increased value as we execute our growth plan.

 **Raywood / Fodder products**  
**110,000MT**  
throughput of products  
per annum



 **Austco / Blast freezing**  
**50,000+MT**  
throughput of products  
per annum



Wingara has cemented its position as an integrated provider of diversified, high quality, Australian agricultural products for domestic and export markets. Notable highlights that demonstrate this progress include:

- Significant improvements in production volumes leading to revenue increasing from \$10.9m to \$29.0m (up 166%) and EBITDA increasing from \$1.1m to \$4.8m (up 336%). This is a step-change in the size and scale of the business.
- Phase 1 development of the Raywood facility is now complete. Wingara will have the ability to deliver throughput of up to 110,000 metric tonnes of fodder products per annum to meet increased demand.
- Demand for Austco Polar blast freezing and logistic services at a historically high level together with efficiency and capacity improvement programs led to an improvement in underlying EBITDA from Austco Polar.
- Continued investment into our infrastructure and into developing inventory has led to a doubling of our total assets from \$23.3m to \$47.0 (up 101%).
- Wingara has continued to increase its business profile, partnerships and contracts in Japan, South Korea, China and Taiwan to capitalise on its existing export network.

These elements combine to increase Wingara's capabilities and capacity in value-added processing, marketing and logistics. The integration of Austco Polar to the Wingara platform means we have the distribution capability to supply both high quality protein and fodder to meet the increasing demand from Japan, South Korea, China and Taiwan.

Wingara has made considerable progress over the last year. The strengthening of Wingara's innovative supply chain provides a unique and ongoing competitive advantage. This is reflected in Wingara's financial result with Revenue and EBITDA multiplying for FY19.

Reflecting on these results, the Company now has the ideal platform for further improvements and growth in FY20, including:

- Progress Phase 2 of the Raywood expansion to reach production throughput of 110,000 metric tonnes.
- Continue to build inventory in both animal protein and fodder matched to export customer requirements.
- Strengthen our organisational capabilities by developing our people and by attracting personnel that share our vision.
- Increased sales and marketing interest in our export territories but also expansion of orders from current customers.
- Renewable energy generation to drive cost efficiencies which continues to improve Wingara's sustainability program. Combined Austco Polar and Epsom have 2115 panels producing over 1MW with around 620 metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) offset.

All investment to date has been focused on growing both demand and supply capability. This is to future-proof the business so we can grow in line with our plans.

FY19 has been a year of significant expansion for Wingara. It could not have been so without the energy, and vision of all involved. I thank all shareholders for your continued support and look forward to progressing Wingara as a leading Australian agribusiness.



**Gavin Xing**

Executive Chairman and  
Managing Director







# Delivering on our platform for growth

Wingara is strongly positioned to capitalise from growing customer demand in the next 2-5 years.



**01**  
Develop  
fodder  
business



**02**  
Improve cold  
storage  
business



**03**  
Diversify  
product  
range



**04**  
Undertake  
strategic  
acquisitions



- Combined throughput capacity of up to 200,000 MT p.a. across Epsom, Raywood, Horsham and interstate
- Storage capacity in excess of 100,000MT
- Strengthen market share in key export and domestic destinations



- Blast freezing and logistic throughput to exceed 50,000 MT p.a. with accreditation for export to EU, US, China, Japan and is Halal certified
- Strong relationships with key long term customers to expand and increase existing earnings
- Innovation and cost management to improve efficiency



- Leverage strong logistic, trading and exporting capabilities and expand product range
- Infrastructure to facilitate pulse, grain and red products based on demand
- Differentiated by offering flexibility in relation to packaging, delivery schedule and quality



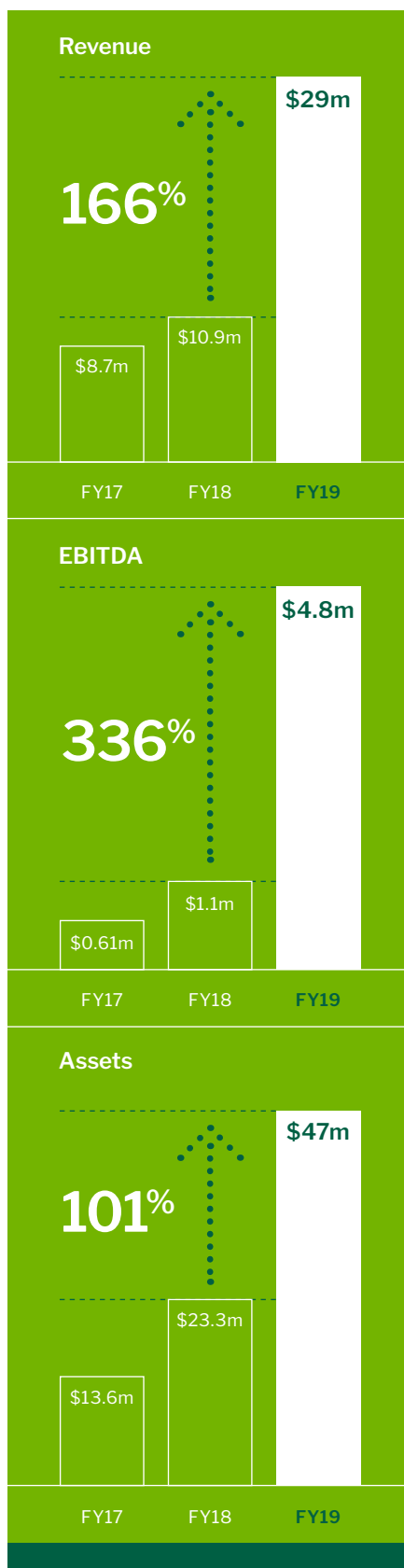
- Strategic acquisition opportunities complimentary to Wingara's current capabilities
- Focus on opportunities to leverage Wingara's strong customer base, trading and logistics expertise



# Review of operations

## Highlights for FY19 include:

- ✓ Record financial results
- ✓ Successful integration of the Austco Polar Cold Storage (Austco) acquisition
- ✓ Physical completion of Stage 1 Raywood development
- ✓ Improved banking and finance facilities
- ✓ Renewable energy & energy efficiency programs



Wingara has progressed a number of the Company's strategic initiatives. Our innovative commercial approach ensures Wingara is positioned to continue its growth plan.

## Record financial results

Over the past 12 months, Wingara has significantly improved its sales, operational and financial position. Wingara has extensively built out its agriculture infrastructure platform, as well as been responsive to its customer base, demand trends and product pricing. An overview comparing our performance from FY17 through to FY19 is presented in the bar charts alongside.

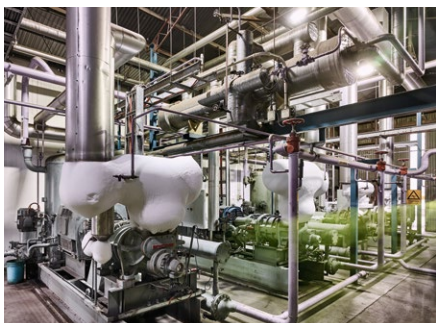
The Company's performance is the result of the continued investment to acquire Austco, upgrade the Epsom and Austco sites, and complete the new Raywood processing plant.

The increased figures are driven by continued growth in demand from China, Japan, South Korea, and Taiwan. Both Wingara's Epsom and Raywood sites now have export licenses to China, Japan, South Korea and Taiwan for oaten hay and other fodder products.

In January 2019, the Raywood processing facility received approval to export oaten hay to China. Wingara is one of only three processing facilities to receive an export licence in the last three years. China only imports oaten hay from Australia. This gives the Company greater potential to increase its sales in the Asian fodder market which may lead to greater market share and improvements in margin.

With the successful integration of Austco, Wingara also has the opportunity for the sales and marketing of private and premium label red commodities to maximise revenue opportunities.





### Successful integration of the Austco Polar Cold Storage (Austco) acquisition

The acquisition of Austco in March 2018 marked a first step forward in Wingara diversifying its earnings profile. Consistent historical revenue of \$10–11 million pa represented a new stable revenue stream to offset market risk experienced within the existing business. Austco has achieved \$12.3m in revenue in FY19 up over 15% on FY18 with only 11 months of operation.

Austco has a strong 30-year presence in blast freezing and temperature-controlled storage. It has strong local and international distribution including long term relationships with top tier produce clients.

The site has blast freezing and export throughput capacity to exceed 50,000 tonnes pa and storage of in excess of 10,000 pallets.

Since the acquisition, the Company completed significant capital improvement works at Austco in January 2019. The upgrade will give Austco greater capacity for blast freezing and an improvement in overall cost efficiency. Works were undertaken based on greater demand for Austco services from some of Australia's largest lamb and beef exporters. During the capital works the plant was only able to run at 60–65% capacity. Now, as works are complete the plant is at full capacity.

The demand from Asia's market for meat commodities is high and this capital improvement works provides new revenue opportunities for the Company.



### Physical Completion of Phase 1 at Raywood

Phase 1 development of the Raywood facility is now complete. Wingara now has the ability to deliver throughput of up to 110,000 metric tonnes of fodder products per annum to meet increased demand.

The 20,000 metric tonnes storage sheds, located just 20 kilometres north of our primary Epsom facility near Bendigo adds substantial throughput capability to Epsom's current 35,000 metric tonnes a year capacity (that also completed its own capital improvement program).

Activation of the Raywood site in January 2019 has seen transfer of activity to this site. The Epsom and Raywood plants will allow Wingara to be the industry leader in the Victorian oaten hay export sector. It also gives Wingara options to expand into processing, storing, and marketing other commodities (including wheat, barley, oats, canola, legumes).

Phases 2 and 3 at Raywood are scheduled for this year and the facility could expand to a processing capacity of 110,000 metric tonnes a year on activation of the expanded facility.

### Improved Banking and Finance Facilities

Westpac became the new financing partner to Wingara's business platform providing a debt package of up to \$27 million greater cashflow stability and funding certainty. The financing package also gives Wingara a more competitive financing cost base in which to pursue its growth strategy in the fodder and meat export service sector. Wingara also continues to receive long standing support from ANZ.

### Renewable Energy & Energy Efficiency Programs

Wingara has also progressed its renewable energy strategy to drive reductions in the cost of the Company's energy consumption across its operation. This has been through:

- Undertaking energy cost reduction programs through voltage optimisation, latest solar panel installation and energy efficiency back up programs;
- Completed installation of 275kW of solar panels covering 1,900sqm at the Epsom facility to realise power cost reductions; and
- Progressed its prospective renewable energy expansion with the planned installation of 5.925MW of solar generation capacity across Raywood, Epsom and Austco Polar Cold storage. This will result in an approximate reduction in total net energy consumption of between 30% to 40%. The final investment decision for this initiative is expected in mid-2019.

### FY20 Outlook

The Company view on FY20 is based on the current market conditions, demand growth and anticipated production throughput. Wingara will provide guidance for FY20 including the second half of CY19 in due course.

In terms of growth by acquisition, the Company remains alert to opportunities and will be assessed on their merits if they arise.



# Renewable energy generation to drive cost efficiencies

With Wingara's commitment to the Environment, and continued escalation of energy costs, the decision to implement the recently commissioned 450kWp Solar Embedded Generator at Austco and the established 275kWh solar solution at Epsom near Bendigo was imperative.

The total number of panels installed at both Austco Polar Cold Storage and Epsom currently stands at 2115 panels. Together over 1 GM of energy will be produced which complements our sustainability program with around 620 metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e) offset.

With our eyes on the future, Wingara is committed to the development of a larger project at Austco Polar Cold Storage that will integrate a 1 MW

Solar PV System. To date, 1154 Solar panels have been installed at Austco with a 450 kW Solar embedded generator being commissioned on 4 March 2019. The 450 kW system contributes in excess of 470 CO<sub>2</sub>-e offset with over 570 MWh of renewable energy delivered annually. Supporting the uninterrupted commercial operations is the inclusion of a 700 kVA standby Genset.

 **620MT**  
carbon dioxide  
equivalent offset



Wingara is committed to maintaining commercial operations while delivering sophisticated energy management and efficiency outcomes.







Total renewable  
energy produced  
**1GM**  
2115 panels



## Challenges & growth path

### Demand Environment is Evolving

- Drivers for change – Demographic, aspirations (greater case for green and tangible health benefit), technology.
- Sustainability – Support products and brands that address concerns for better environmental outcomes.
- Integrity of food production systems – consumers support products positioned to resonate with them (traceability, provenance, bio security).

### To be a Solution Provider to our Farmers and our Customers

- Value sensitivity (definitive quality proposition) – Domestic vs Export.
- Utilisation (rationalization, collaboration, consolidation of input assets) – Storage.
- Input cost and availability (on-going innovation, energy efficiency and waste reduction) – production / service cost.
- Supply chain integration (greater influence over product development) – What products are good for next season and global impact.
- Variability and uncertainty around climate and water (risk management through revenue streams diversification, flexible technologies and production systems to improve resilience over time).







# Board of Directors

## Gavin Xing

### Chief Executive Officer and Executive Chairman

Mr. Gavin Xing served as Executive Director and CEO of Vision Fame International Holding Ltd (1315:HK) during 2013-2014 prior to establishment of Wingara AG Ltd with co-founder Kellie Barker. Mr. Xing has over 17 years of experience in the investment banking and financing field with an infrastructure, natural resources and commodities background. He held a number of sales, origination and structuring positions with Global Market division at Deutsche Bank AG Asia from 2007 to 2013. These positions include Director – Principal Finance (Hong Kong), Head of Commodities Structuring (China) and Head of Origination – Commodities, Asia.

Prior to his positions at Deutsche bank he was also a Director of Project/ Infrastructure Finance with HSBC Asia (Hong Kong) and Vice President of Structured Finance for Sumitomo Mitsui Banking Corporation (Singapore) during 2001 to 2007. Prior to that, Mr. Xing worked at the investment banking division at Deutsche Bank AG and ANZ in Melbourne, Australia between years 1996 to 2000 with a focus on infrastructure investment and financing.

Mr. Xing graduated from Royal Melbourne Institute of Technology with a Bachelor degree in Accounting and Economics in 1995. He received a Graduate Diploma in Applied Finance and Investment from Security Institute of Australia in 1998 and a Master degree in Applied Finance from Macquarie University in 1999.

## Mark Hardgrave

### Non-Executive Director

Mr. Mark Hardgrave is a member of ACA (Australian Chartered Accountant) & GAICD (Graduate of the Australian Institute of Company Directors)

Mr. Hardgrave has over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles. He is currently a non-Executive Director of ASX listed Traffic Technologies Limited, a non-Executive Director of Nimble Finance Limited and Director of Reclink Australia.

Mr. Hardgrave is a co-founder and former joint Managing Director of M&A Partners, a Melbourne based boutique corporate advisory group. Prior to that, Mr. Hardgrave was involved in funds management, equity capital markets and mergers & acquisitions in various roles at firms such as Bennelong Group, Thorney Investment Group, Merrill Lynch and Taverners Group. Mr. Hardgrave holds a Bachelor of Commerce from the University of Queensland.

## Zane Banson

### Chief Financial Officer / Executive Director

Mr. Banson is an experienced Chartered Accountant specialising in Board Advisory, Corporate Governance and Financial Reporting for small and micro-cap listed companies. Mr. Banson comes with over 10 years of experience in CFO Advisory, Company Secretarial, and Financial Reporting from KPMG, Exxon Mobil and boutique advisory firms. He has managed and advised a wide range of emerging, growth-stage listed companies.

Mr. Banson has worked with Wingara AG since 2015 in an advisory capacity before becoming the CFO in November 2018.

Mr. Banson graduated from RMIT University with a bachelor degree of Accounting and Finance and is a qualified Chartered Accountant.

# Directors' Report

Your directors present their report on the consolidated entity consisting of Wingara AG Limited and the entities it controlled at the end of, or during, the year ended 31 March 2019. Throughout the report, the consolidated entity is also referred to as the Group.

## Directors and company secretary

**Gavin Xing** – Executive Chairman & Managing Director

**Eric Jiang** – Independent Non-Executive Director (Resigned 8 June 2018)

**Mark Hardgrave** – Non-Executive Director

**Zane Banson** – Executive Director (Appointed 8 June 2018)

## Principal activities

During the year the principal continuing activities of the Group consisted of acting as product processor and marketer of agricultural products, and also acting as service provider, providing temperature controlled facilities, blast freezing, storage and distribution through the Group's newly acquired subsidiary, Austco Polar Cold Storage.

## Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2018: nil).

## Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 16 April 2018, the Group completed the asset acquisition of Austco Polar Cold Storage for a total consideration of \$18.5 million. This was funded by debt and equity in which the consideration for the business was valued at \$3.1 million with the remainder for land and buildings \$15.4 million. Details of the purchase consideration, the net assets acquired and goodwill are discussed in note 10.

On 13 August 2018, the Convertible Notes holders elected to convert the remaining convertible loan balance of \$1.942 million into 8,172,117 new ordinary shares.

There have been no other significant changes in the state of affairs of the Group during the year.

## Review of operations

Wingara AG Limited is building an end-to-end export-oriented agricultural infrastructure platform capable of scaling industrial processing and marketing capacity within the food supply chain. Over the past 12 months, Wingara has progressed a number of the Company's strategic initiatives. The innovative commercial approach ensures Wingara is positioned to continue its growth plan. Highlights for FY19 include:

- Record financial results
- Successful integration of the Austco Polar Cold Storage (Austco) acquisition
- Physical completion of Stage 1 Raywood development
- Improved banking and finance facilities
- Renewable energy & energy efficiency programs



## Record financial results

Over the past 12 months, Wingara has significantly improved its revenue, operational and financial position. Wingara has extensively built out its agriculture infrastructure platform, as well as been responsive to its customer base, demand trends and product pricing. An overview comparing the performance from FY17 through to FY19 is presented in the below table:

	FY17 (ACTUAL)		FY18 (ACTUAL)		FY19 (ACTUAL)
Revenue	\$8.7m	↑ 25%	\$10.9m	↑ 166%	\$29m
EBITDA	\$0.61m	↑ 80%	\$1.1m	↑ 336%	\$4.8m
Assets	\$13.6m	↑ 71%	\$23.3m	↑ 101%	\$47m

The Company's improved performance has benefited from the continued investment in the Epsom and Austco sites and completing the new Raywood processing plant. The investment is driven by continued growth in demand from key export markets. Both Wingara's Epsom and Raywood sites now have export licenses to China, Japan, South Korea and Taiwan for oaten hay and other fodder products.

In January 2019, the Raywood processing facility received approval to export oaten hay to China. Wingara is one of only three processing facilities to receive an export licence in the last three years and China only imports Oaten hay from Australia. This gives the Company greater potential to increase its sales in the Asian fodder market which may lead to greater market share and improvements in margin.

## Successful integration of the Austco Polar Cold Storage (Austco) acquisition

The acquisition of Austco in March 2018 marked a first step forward in Wingara diversifying its earnings profile. Consistent historical revenue of \$10-11 million pa represented a new stable revenue stream to offset market risk experienced within the existing hay business. Results are now recognised from the Austco acquisition, with Austco achieving \$12.3 million in revenue in FY19.

Austco has a strong 25-year presence in blast freezing and temperature-controlled storage with local and international distribution including long term relationships with top tier produce clients. The site has blast freezing and export throughput capacity to exceed 100,000 tonnes pa and storage of in excess of 10,000 pallets.

Since the acquisition, the Company completed significant capital improvement works at Austco in January 2019. The upgrade will give Austco greater capacity for blast freezing and storage, and an improvement in overall cost efficiency. Works commenced based on greater demand for Austco services from existing and new frozen protein distributors. Capital work was completed between November to January 2019, while the plant was still operating at 65% capacity. Now, as works are complete the plant is at full capacity.

## Physical Completion of Phase 1 at Raywood

Phase 1 development of the Raywood facility is now complete. Phases 2 and 3 at Raywood will give Wingara processing capacity of 110,000 metric tonnes of fodder products per annum.

The 11,000 metric tonnes storage shed, located just 20 kilometres north of our primary Epsom facility near Bendigo adds substantial throughput capability to Epsom's current 35,000 metric tonnes a year capacity (that also completed its own capital improvement program).

Activation of the Raywood site in January 2019 has seen transfer of activity to this site. The Epsom and Raywood plants will allow Wingara to be an industry leader in the Victorian oaten hay export sector. It also gives Wingara options to expand into processing, storing, and marketing of other commodities (including wheat, barley, oats, canola, legumes).

## Improved Banking and Finance Facilities

Westpac became the new financing partner to Wingara's business platform providing a debt package of up to \$27 million which will provide greater cashflow stability and funding certainty. The financing package also gives Wingara a more competitive financing cost base in which to pursue its growth strategy in building an end-to-end export-orientated agricultural infrastructure platform. Wingara also continues to receive long standing support from ANZ.

# Directors' Report

Continued

## Renewable Energy & Energy Efficiency Programs

Wingara has progressed its renewable energy strategy to drive reductions in the cost of the Company's energy consumption across its operations. This has been through:

- Undertaking energy cost reduction programs through voltage optimisation, latest solar panel installation and energy efficiency back up programs;
- Completed installation of 275kW of solar panels covering 1,900sqm at the Epsom facility to realise power cost reductions; and
- Progressed its prospective renewable energy expansion with the planned installation of solar generation equipment across Raywood, Epsom and Austco Polar Cold storage. This will result in an approximate reduction in total net energy consumption of between 30% to 40%. The final investment decision for this initiative is expected in mid-2019.

## FY20 Outlook

The Company's view on FY20 is based on current market conditions, demand growth and anticipated production throughput. Wingara sees continuous demand for its fodder product and export orientated services.

## Events since the end of the financial year

No matters or circumstances have arisen since 31 March 2019 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

## Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

## Information on directors

### Gavin Xing

*Executive Chairman and Managing Director*

Experience and expertise	<p>Mr. Xing served as Executive Director and CEO of Vision Fame International Holding Ltd (1315:HK) during 2013-2014 prior to founding Wingara AG Ltd with co-founder Kellie Barker. Mr. Gavin Xing has over 17 years of experience in the investment banking and financing field with infrastructure, natural resources and commodities background. He held a number of sales, origination and structuring positions with Global Market division at Deutsche Bank AG Asia from 2007 to 2013. These positions include Director – Principal Finance (Hong Kong), Head of Commodities Structuring (China) and Head of Origination – Commodities, Asia. Prior to his positions at Deutsche bank he was also a Director of Project/Infrastructure Finance with HSBC Asia (Hong Kong) and Vice President of Structured Finance for Sumitomo Mitsui Banking Corporation (Singapore) during 2001 to 2007. Prior to that, Mr. Gavin Xing worked at the investment banking division at Deutsche Bank AG and ANZ in Melbourne, Australia between years 1996 to 2000 with a focus on infrastructure investment and financing.</p> <p>Mr. Xing graduated from Royal Melbourne Institute of Technology with a Bachelor degree in Accounting and Economics in 1995. He received a Graduate Diploma in Applied Finance and Investment from Security Institute of Australia in 1998 and a Master degree in Applied Finance from Macquarie University in 1999.</p>
Other current directorships of listed companies	–
Former directorships in last 3 years	–
Special responsibilities	–
Interests in shares and options	<p>20,050,000 ordinary shares (includes indirect holding)</p> <p>1,000,000 options</p>



**Eric Jiang**
*Independent Non-Executive Director (Resigned 8 June 2018)*

Experience and expertise	Mr. Jiang has a B.Comm degree and has over 15 years' experience in the financial services sector as a corporate consultant and advisor, holding senior executive and non-executive positions on several ASX listed companies. Mr. Jiang has held executive positions within several financial advisory firms and has built a substantial financial advice practice. Mr. Jiang has a strong background in China and Asia business and has committee positions on a number of China/Australia associations such as the Guangdong Australia Association. In addition, Mr. Jiang has developed broad expertise as a corporate advisor to ASX listed companies and is a director of two ASX listed companies.
Other current directorships of listed companies	Wattle Health Australia Limited (from 15 May 2017 to present)
Former directorships in last 3 years	Perpetual Resources Limited (Resigned 7 June 2018) Connexion Media Limited (resigned 5 May 2017)
Special responsibilities	–
Interests in shares and options	2,268,000 ordinary shares – options

**Mark Hardgrave**
*Non-Executive Director*

Experience and expertise	Mr. Hardgrave has over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles. He is currently a non-Executive Director of ASX listed Traffic Technologies Limited, a non-Executive Director of Nimble Finance Limited and Director of Reclink Australia. He is a co-founder and former joint Managing Director of M&A Partners, a Melbourne based boutique corporate advisory group. Prior to that, Mark was involved in funds management, equity capital markets and mergers & acquisitions in various roles at firms such as Bennelong Group, Thorney Investment Group, Merrill Lynch and Taverners Group. Mr. Hardgrave holds a Bachelor of Commerce from the University of Queensland.  Mr. Hardgrave is a member of CAANZ (Chartered Accountants Australia and New Zealand) & GAICD (Graduate of the Australian Institute of Company Directors)
Other current directorships of listed companies	Traffic Technologies Limited (appointed 30 January 2013) Pental Limited (appointed 1 May 2019)
Former directorships in last 3 years	–
Special responsibilities	–
Interests in shares and options	142,857 ordinary shares – options

# Directors' Report

Continued

## Zane Banson

Executive Director (Appointed 8 June 2018)

Experience and expertise	Mr. Banson is an experienced Chartered Accountant specialising in Board Advisory, Corporate Governance and Financial Reporting for small and micro-cap listed companies. Mr. Banson comes with over 10 years of experience in CFO Advisory, Company Secretarial, and Financial Reporting from KPMG, Exxon Mobil and boutique advisory firms. He has managed and advised a wide range of emerging, growth-stage listed companies. Mr. Banson has worked with Wingara AG since 2015 in an advisory capacity before becoming the CFO in November 2018.  Mr. Banson graduated from RMIT University with a bachelor degree of Accounting and Finance and is a member of CAANZ (Chartered Accountants Australia and New Zealand)..
Other current directorships of listed companies	–
Former directorships in last 3 years	–
Special responsibilities	Chief Financial Officer
Interests in shares and options	244,500 ordinary shares 500,000 options

## Company secretary

Mr. Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr. Hains has served the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

## Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 31 March 2019, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES AUDIT	
	A	B	A	B
Gavin Xing	6	6	6	6
Mark Hardgrave	6	6	6	6
Eric Jiang (Resigned 8 June 2018)	1	1	1	1
Zane Banson (Appointed 8 June 2018)	5	5	5	5



## Remuneration report

The directors present the Wingara AG Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this financial year.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The report is structured as follows:

- (a) Principles used to determine the nature and amount of remuneration
- (b) Remuneration policy and link to performance
- (c) Details of remuneration
- (d) Service agreements

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### (a) Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency

The Board is in the process of structuring an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity, including:

#### *Alignment to shareholders' interests:*

- has profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

#### *Alignment to program participants' interests:*

- reflects competitive reward for contribution to growth in shareholder wealth
- rewards capability and experience
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Directors and executive remunerations are separate.

### *Non-Executive Directors remuneration*

Fees and payments to the Non-Executive Director reflect the demands and responsibilities of the role. The Non-executive Director fees and payment are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure that the Non-Executive Director fee and payment are appropriate and in line with the market.

The current aggregate Non-Executive Directors remuneration is at \$300,000 per annum, which was last adopted by shareholders when the Group first listed on the ASX in December 2015.

# Directors' Report

Continued

## Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash, other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

## (b) Remuneration policy and link to performance

Currently the remuneration of non-executive directors consists solely of an un-risked element (base pay) which is not linked to the performance of the company in the current or previous reporting periods. Executives however are remunerated through a mix of un-risked remuneration (base pay) and a risked element through company options issued under the companies employee share and option plan (ESOP) which is linked to the performance of the company.

## Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. During the year ended 31 March 2019, the net profit after tax was \$906,131 (year ended 31 March 2018 loss: \$434,063), with closing share price at each year end to be \$0.255 and \$0.370 per share, respectively.

	YEAR ENDED 31 MARCH 2019	YEAR ENDED 31 MARCH 2018	NINE MONTHS ENDED 31 MARCH 2017	YEAR ENDED 30 JUNE 2016	YEAR ENDED 30 JUNE 2015
	\$	\$	\$	\$	\$
Net profit/(loss) after tax	906,131	(434,063)	(176,243)	(4,271,633)	426,504
Closing share price at year end	0.255	0.370	0.285	0.245	–



(c) Details of remuneration

*Amounts of remuneration*

The following table shows details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

	SHORT-TERM EMPLOYEE BENEFITS		POST- EMPLOYMENT BENEFITS	VESTING OF SHARE BASED PAYMENTS	% OF REMUNERATION		
	CASH SALARY AND FEES	MOVEMENT IN LEAVE PROVISIONS	SUPER- ANNUATION	SHARES/ OPTIONS ISSUED	TOTAL	FIXED	VARIABLE
	\$	\$	\$	\$	\$	%	%
<b>For the year ended 31 March 2019</b>							
<b>Directors</b>							
Gavin Xing	274,812	9,731	25,756	–	310,299	100.00	–
Eric Jiang (Resigned 8 June 2018)	7,727	–	734	–	8,461	100.00	–
Mark Hardgrave	43,555	–	4,138	–	47,693	100.00	–
Zane Banson (Appointed 8 June 2018)	118,654	6,679	11,272	41,500	178,105	76.70	23.3
	444,748	16,410	41,900	41,500	544,558	92.38	7.62
<b>Other key management personnel</b>							
Marcello Diamante (Resigned 2 November 2018)	101,413	–	9,066	46,500	156,979	70.38	29.62
Kellie Barker	154,549	11,942	14,682	18,000	199,173	90.96	9.04
	255,962	11,942	23,748	64,500	356,152	81.89	18.11
<b>Total key management personnel compensation</b>	<b>700,710</b>	<b>28,352</b>	<b>65,648</b>	<b>106,000</b>	<b>900,710</b>	<b>88.23</b>	<b>11.77</b>

# Directors' Report

Continued

	SHORT-TERM EMPLOYEE BENEFITS		POST- EMPLOYMENT BENEFITS	VESTING OF SHARE BASED PAYMENTS	% OF REMUNERATION		
	CASH SALARY AND FEES	MOVEMENT IN LEAVE PROVISIONS	SUPER- ANNUATION	SHARES/ OPTIONS ISSUED	TOTAL	FIXED	VARIABLE
	\$	\$	\$	\$	\$	%	%
<b>For the year ended 31 March 2018</b>							
<b>Directors</b>							
Gavin Xing	277,966	2,392	26,407	–	306,765	100.00	–
James Everist (Resigned 1 March 2018)	36,128	–	3,432	–	39,560	100.00	–
Eric Jiang	38,236	–	3,632	–	41,868	100.00	–
Mark Hardgrave	2,810	–	267	–	3,077	100.00	–
	355,140	2,392	33,738	–	391,270	100.00	–
<b>Other key management personnel</b>							
Marcello Diamante (Resigned 2 November 2018)	137,279	(2,988)	13,042	7,500	154,833	95.16	4.84
Kellie Barker	142,782	1,679	13,564	7,500	165,525	95.47	4.53
	280,061	(1,309)	26,606	15,000	320,358	95.32	4.68
<b>Total key management personnel compensation</b>	<b>635,201</b>	<b>1,083</b>	<b>60,344</b>	<b>15,000</b>	<b>711,628</b>	<b>97.89</b>	<b>2.11</b>



### Shareholding

The number of shares in the parent entity held during the year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	1 APRIL 2018	RECEIVED AS PART OF REMUNERA- TION	ADDITIONS(*)	DISPOSALS/ OTHERS(**)	31 MARCH 2019
<b>Directors</b>					
Gavin Xing	10,000,000	-	50,000	-	10,050,000
Eric Jiang (Resigned 8 June 2018)	2,268,000	-	-	(2,268,000)	-
Mark Hardgrave	-	-	142,557	-	142,557
Zane Banson (Appointed 8 June 2018)	-	-	244,500	-	244,500
	<b>12,268,000</b>	<b>-</b>	<b>437,057</b>	<b>(2,268,000)</b>	<b>10,437,057</b>
<b>Other key management personnel</b>					
Marcello Diamante (Resigned 2 November 2018)	850,000	-	1,780,248	(2,630,248)	-
Kellie Barker	10,000,000	-	-	-	10,000,000
	<b>10,850,000</b>	<b>-</b>	<b>1,780,248</b>	<b>(2,630,248)</b>	<b>10,000,000</b>
	<b>23,118,000</b>	<b>-</b>	<b>2,217,305</b>	<b>(4,898,248)</b>	<b>20,437,057</b>

(\*) Additions were related to on-market purchases.

(\*\*) Disposals were due to resignation of Mr. Eric Jiang and Mr. Marcello Diamante during the year and hence ceased to be a key management personnel.

### Option holdings

The number of options over the parent entity's ordinary shares held during the year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	1 APRIL 2018	RECEIVED AS PART OF REMUNERA- TION	ADDITIONS	DISPOSALS/ OTHERS	31 MARCH 2019
<b>Directors</b>					
Gavin Xing	-	-	-	-	-
Mark Hardgrave	-	-	-	-	-
Zane Banson (Appointed 8 June 2018) (*)	-	500,000	-	-	500,000
	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
<b>Other key management personnel</b>					
Marcello Diamante	1,000,000	-	-	-	1,000,000
Kellie Barker	1,000,000	-	-	-	1,000,000
	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
	<b>2,000,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>

(\*) Options vest in monthly increments over a 36 month period from the date of issue of the options which is tied to continuing employment at the company.

No additional options have been issued as at the date of this report.

# Directors' Report

Continued

## (d) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

<b>Name:</b>	Gavin Xing
<b>Title:</b>	Executive Chairman and Managing Director
<b>Agreement commenced:</b>	10 February 2016
<b>Term of agreement:</b>	From 1 to 3 years of service – 2 weeks of notice From 3 to 5 years of service – 3 weeks of notice More than 5 years of service – 4 weeks of notice
<b>Details:</b>	\$230,000 plus superannuation as Managing Director \$40,000 in Director Fees Remuneration is reviewed annually
<b>Name:</b>	Mark Hardgrave
<b>Title:</b>	Non-Executive Director
<b>Agreement commenced:</b>	1 March 2018
<b>Term of agreement:</b>	Open until a written notice of resignation is communicated by the Director
<b>Details:</b>	\$50,000 in Director Fees
<b>Name:</b>	Eric Jiang
<b>Title:</b>	Independent Non-Executive Director
<b>Agreement commenced:</b>	27 January 2016
<b>Agreement ceased:</b>	8 June 2018
<b>Term of agreement:</b>	Open until a written notice of resignation is communicated by the Director
<b>Details:</b>	\$50,000 in Director Fees
<b>Name:</b>	Zane Banson
<b>Title:</b>	Executive Director and Chief Financial Officer
<b>Agreement commenced:</b>	8 June 2018
<b>Term of agreement:</b>	Less than 1 year of service – 1 week of notice From 1 to 3 years of service – 2 weeks of notice From 3 to 5 years of service – 3 weeks of notice More than 5 years of service – 4 weeks notice
<b>Details:</b>	\$150,000 plus superannuation
<b>Name:</b>	Kellie Barker
<b>Title:</b>	Chief Operating Officer
<b>Agreement commenced:</b>	8 February 2016
<b>Term of agreement:</b>	From 1 to 3 years of service – 2 weeks of notice From 3 to 5 years of service – 3 weeks of notice More than 5 years of service – 4 weeks of notice
<b>Details:</b>	\$155,000 plus superannuation



## (e) Additional statutory information

### *Other transactions with key management personnel*

The Group signed a lease agreement with the associated entity of a key management personnel to rent the office space in Kew, Victoria at market price. During the year ended 31 March 2019, the Group has paid a total of \$15,055 in office rental to these related parties.

The Group signed a loan agreement for \$250,000 with a Key Management Personnel to support its working capital and inventory purchases. The loan term is 4 months with fixed interest rate of 12% per annum, due and payable on 1 June 2019 or the next business day.

**[This concludes the Remuneration Report, which has been audited]**

### Shares under option

On 10 June 2018 and 13 August 2018, the Group issued a total of 1,000,000 options over ordinary shares (expiring in 36 months from grant date, exercisable at \$0.480 per option) to Roger Prezents and Zane Banson under the Employee Share Option Plan 2016.

Share options outstanding as at 31 March 2019 have the following expiry date and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 31 MARCH 2019
31 October 2017	30 October 2020	0.395	2,000,000
13 June 2018	12 June 2021	0.480	500,000
13 August 2018	12 August 2021	0.480	500,000
			<b>3,000,000</b>

No options were exercised during the year.

### Insurance of officers and indemnities

#### (a) Insurance of officers

The Group has indemnified the Directors and executives of the Group for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### (b) Indemnity of auditors

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

### Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (William Buck) for audit and non-audit services provided during the year are set out below.

# Directors' Report

Continued

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	YEAR END 31 MARCH 2019	YEAR END 31 MARCH 2018
	\$	\$
<b>Other assurance services</b>		
William Buck		
Due diligence services	36,256	95,759
<b>Total remuneration for other assurance services</b>	<b>36,256</b>	<b>95,759</b>
<b>Taxation services</b>		
William Buck		
Tax compliance services	–	9,293
<b>Total remuneration for taxation services</b>	<b>–</b>	<b>9,293</b>
<b>Total remuneration for non-audit services</b>	<b>36,256</b>	<b>105,052</b>

## 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 25.

## Corporate governance statement

In accordance with ASX listing Rule 4.10.3, the Group's 2019 Corporate Governance Statements can be found on its website <http://www.wingaraag.com.au/>

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



Gavin Xing  
Director

Melbourne  
22 May 2019



# Auditor's Independence Declaration



## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WINGARA AG LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 31 March 2019 there have been:

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



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



**N. S. Benbow**  
Director

Dated this 22<sup>nd</sup> day of May, 2019

### CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
[williambuck.com](http://williambuck.com)

# Corporate Governance Statement 2019

## Wingara Ag Limited ('Wingara' or 'Company') Corporate Governance Statement 2019

The board of directors (Board) is responsible for corporate governance of the Company. The Board considers good corporate governance a matter of high importance and aims for best practice in the area of corporate governance. This statement describes the main corporate governance practices of the Company.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations 3rd Edition ("Recommendations"), the company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the company and the board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Recommendations, the board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Company's corporate governance policies and procedures are available on the Company's website.

### Principle 1: Lay solid foundations for management and oversight

#### Board Charter

The Board has adopted a written charter to clarify the roles and responsibilities of Board members. This charter addresses:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management;
- the manner in which the Board monitors its own performance; and
- The role of the Board is to identify the expectations of Shareholders and the ethical and regulatory obligations of the Company.

The Board Charter formalises the functions and responsibilities of the Board. The Board is ultimately responsible for all matters relating to the running of the Company.

The responsibilities of the Board include:

- a) formulation, review and approval of the objectives and strategic direction of the Company;
- b) reviewing, monitoring and approving any related party transaction;
- c) monitoring the financial performance of the Company by reviewing and approving budgets and results;
- d) approving all significant business transactions including acquisitions, divestments and capital expenditure;
- e) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- f) review of performance and remuneration of Directors;
- g) review of performance and remuneration of the CEO/Managing Director; and
- h) the establishment and maintenance of appropriate corporate governance and ethical standards.

The Board has procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Responsibility for the operation and administration of the Company is delegated by the Board to the Executive Chairman/Managing Director and the senior management team. The Board must ensure that the Executive Chairman/Managing Director and senior executives are appropriately qualified and experienced to discharge their responsibilities. The performance of the Executive Chairman/Managing Director and senior executives is assessed annually with reference to agreed milestones.

The Board intends to perform a strategic review of the Company and its business at regular intervals, considering the performance of both itself and individual Directors. This review will be carried out by the Board as a whole, with reference to Company strategy and previously agreed milestones.

#### Board Appointments

The Company undertakes reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of



director. The Company will provide relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

### The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including; agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### Diversity

Wingara values the differences between its personnel and the valuable contribution that these differences can make to the Company. The Company is an equal opportunity employer and aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience.

The Board believes that multicultural diversity and other diversity factors are equally important as gender diversity within its organisation. The Board has not set any measurable objectives in regards to gender diversity as the Board is currently satisfied with the level of diversity within the Company.

The Company's diversity gender as at 31 March 2019 is detailed below:

- Women on the board: 0 of 3 (0%)
- Women in senior executive positions: 1 of 3 (33%)
- Women in the organisation: 3 of 34 (9%)

### Encourage Enhanced Performance

The performance of the Board, individual Directors and Executive Officers of the Company is monitored and evaluated by the Board. The Board is responsible for conducting evaluations on a regular basis in line with these policy guidelines.

As there were recent changes in the Board, a formal performance evaluation was not conducted by the Board during the year. It is intended that a Board and executive evaluation will be conducted in the coming financial year.

During the year, all Directors have full access to all Company records and receive Financial and Operational Reports at each Board Meeting.

## Principle 2: Structure the Board to add value

### Board Structure

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated in the Company's Annual Report along with the term of office held by each.

Having regard to the indicators of independence set out in Principle 2.3 of the Recommendations, the Board considers an independent director to be a non-executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgment. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The Board currently consists of three members of which one is considered to meet the independence guidelines set out in the Recommendations. Given the size of the Board and the Company and the nature of the Company's operations, the Board has determined that the presence one independent director on the Board provides the Board with sufficient independent presence.

The Board considers that Mr. Mark Hardgrave is an independent director for the purpose of the Recommendations and is free from any interest, position, association or relationship that could materially interfere with or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr. Zane Banson is not considered to be independent. The Company's Chairman Mr. Gavin Xing is not an independent director by virtue of his executive role in the Company. The Board considers that, having regard to the wealth of experience and knowledge which Mr. Gavin Xing possesses, despite not being 'independent' within the context of the Recommendations,

# Corporate Governance Statement 2019

Continued

he is the most suitable person to occupy the position of Chairman of the Company. The Board also considers that it is appropriate to have the Chairman responsible for the management of the Company as the managing director at this critical stage of the Company's development.

Further, the Board considers that any perceived independence-related concerns regarding the position of Mr. Gavin Xing as Executive Chairman and Managing Director, is countered by the presence of at least one independent non-executive director on the Board.

## Nomination of Directors

The Board is responsible for the nomination and selection of directors. Given the size of the Board and the Company, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each director and the current Board.

## Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## Principle 3: Act ethically and responsibly

### Code of Conduct

The Company's Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The policy outlines its requirements with respect to:

- relationships;
- compliance with laws and ethics;
- conflicts of interest;
- confidentiality; and
- use of Company assets.

## Principle 4: Safeguard integrity in corporate reporting

The Board performs the functions of the audit and risk committee as set out in the audit and risk committee charter.

The Board is responsible for ensuring:

- The system of internal control which management has established effectively safeguards the assets of the economic entity;
- Accounting records are properly maintained in accordance with statutory requirements;
- Financial information provided to shareholders is accurate and reliable; and
- The external audit function is effective.

The Board is responsible for appointment of the external auditor and ensures that the incumbent firm (and the responsible service team) has suitable qualifications and experience to conduct an effective audit.

The external audit partner will be required to rotate every five years in accordance with CLERP 9 requirements.

The board meets to review the half- year and annual results of the company, and to review the audit process, and those representations made by management in support of monitoring the group's commitment to integrity in financial reporting.

The external auditors attend the AGM and are available to answer questions from security holders relevant to the audit.

### CEO and CFO (Equivalents) Certifications

The Board has received certifications from the CEO and CFO (Equivalents) in connection with the financial statements for the Reporting Period. The certifications state that the declaration provided in accordance with Section 295A of the Corporations Act as to the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

### Principle 5: Making timely and balanced disclosure

#### Disclosure Policy

The Company's Disclosure Policy has been adopted with a view to ensuring that the Company complies with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. The policy highlights the requirements for immediate notification, the procedure for disclosing material information, the persons responsible for disclosing information and for ensuring compliance generally by the Company with its disclosure obligations.

The Executive Chairman / Managing Director and the Company Secretary are responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

The Company's Disclosure Policy can be viewed on the Company's website.

### Principle 6: Respect the rights of shareholders.

#### Shareholder Communication

The Company is committed to providing current and relevant information to its shareholders.

The Board aims to ensure that Shareholders are informed of all major developments. The shareholder Communication Policy outlines the processes and responsibilities for reports issued to shareholders, ASX announcements, annual general meetings and the maintenance of Company specific information on the Company website.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "contact us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

### Principle 7: Recognise and managing risk

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Chairman having ultimate responsibility to the Board for the risk management and internal compliance and control framework. The Company has established policies for the oversight and management of material business risks.

The Company's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.



# Corporate Governance Statement 2019

Continued

The Board believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, the Company is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

The Company accepts that risk is a part of doing business. Therefore, the Company's Risk Management Policy is not designed to promote risk avoidance. Rather the Company's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

The Company assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, the Company applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage the Company's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, such risks may include economic, environmental or social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of the Company's management of its material business risk.

## Principle 8: Remunerate fairly and responsibly

### Remuneration policy

The Board fulfills the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members and executives.

The Company's executive remuneration policies and structures and details of remuneration paid to directors and senior managers are set out in the Remuneration Report.

Non-Executive Directors are paid fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances may be issued with options. They do not receive any termination or retirement benefits. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's share trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

		31 MARCH 2019	31 MARCH 2018
	Notes	\$	\$
Revenue			
Sale of hay		16,758,217	10,762,778
Services		12,361,731	–
		29,119,948	10,762,778
Cost of Sales	2	(13,650,881)	(5,297,638)
<b>Gross profit</b>		<b>15,469,067</b>	<b>5,465,140</b>
Other income		144,013	168,369
Administration expenses	2	(8,841,098)	(2,753,536)
Freight expenses		(1,689,183)	(1,604,259)
Occupancy expenses		(330,540)	(186,866)
<b>Earnings before finance costs, tax, depreciation and transaction expenses</b>		<b>4,752,259</b>	<b>1,088,848</b>
Depreciation expenses		(2,116,173)	(601,771)
Finance costs		(1,805,547)	(382,598)
Transaction expenses	2	(877,731)	(857,569)
Gain on bargain purchase	10(a)	999,656	–
<b>Profit/(loss) before income tax expense</b>		<b>952,464</b>	<b>(753,090)</b>
Income tax benefits/(expense)	3	(46,333)	319,027
<b>Profit/(loss) for the year</b>		<b>906,131</b>	<b>(434,063)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income/(loss) for the year</b>		<b>906,131</b>	<b>(434,063)</b>
		Cents	Cents
<b>Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share (cents)	19	0.8880	(0.55)
Diluted earnings per share (cents)	19	0.8650	(0.55)

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

# Consolidated Statement of Financial Position

As at 31 March 2019

		31 MARCH 2019	31 MARCH 2018
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		664,763	8,701,849
Trade and other receivables	4(a)	1,463,910	395,133
Inventories		5,362,657	1,224,830
Current tax receivables		–	122,723
Other current assets		122,070	365,204
<b>Total current assets</b>		<b>7,613,400</b>	<b>10,809,739</b>
<b>Non-current assets</b>			
Property, plant and equipment	5(a)	37,651,690	8,281,111
Deferred tax assets	3(b)	293,003	333,607
Intangible assets	5(b)	1,816,075	1,816,075
Other non-current assets		29,508	2,120,500
<b>Total non-current assets</b>		<b>39,790,276</b>	<b>12,551,293</b>
<b>Total assets</b>		<b>47,403,676</b>	<b>23,361,032</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4(b)	3,806,318	1,868,797
Borrowings	4(c)	8,302,748	4,809,316
Employee benefit obligations		429,310	116,081
<b>Total current liabilities</b>		<b>12,538,376</b>	<b>6,794,194</b>
<b>Non-current liabilities</b>			
Borrowings	4(c)	19,210,829	4,476,185
Employee benefit obligations		515,187	–
<b>Total non-current liabilities</b>		<b>19,726,016</b>	<b>4,476,185</b>
<b>Total liabilities</b>		<b>32,264,392</b>	<b>11,270,379</b>
<b>Net assets</b>		<b>15,139,284</b>	<b>12,090,653</b>
<b>EQUITY</b>			
Contributed equity	6(a)	19,976,954	17,984,954
Other reserves	6(b)	165,500	15,000
Accumulated losses		(5,003,170)	(5,909,301)
<b>Total equity</b>		<b>15,139,284</b>	<b>12,090,653</b>

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



# Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	ATTRIBUTABLE TO OWNERS OF WINGARA AG LIMITED			
		CONTRIBUTED EQUITY	SHARE BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL
		\$	\$	\$	\$
<b>Balance at 1 April 2017</b>		11,701,104	–	(5,475,238)	6,225,866
Loss for the year		–	–	(434,063)	(434,063)
<b>Total comprehensive loss for the year</b>		–	–	<b>(434,063)</b>	<b>(434,063)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Vesting of share-based payments		–	15,000	–	15,000
Issue of shares – gross contribution received		6,735,323	–	–	6,735,323
Less: transaction costs		(451,473)	–	–	(451,473)
		<b>6,283,850</b>	<b>15,000</b>	<b>–</b>	<b>6,298,850</b>
<b>Balance at 31 March 2018</b>		<b>17,984,954</b>	<b>15,000</b>	<b>(5,909,301)</b>	<b>12,090,653</b>
<b>Balance at 1 April 2018</b>		17,984,954	15,000	(5,909,301)	12,090,653
Profit for the year		–	–	906,131	906,131
<b>Total comprehensive income for the year</b>		–	–	<b>906,131</b>	<b>906,131</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares from private placement	10	50,000	–	–	50,000
Issue of shares from conversion of convertible notes	6(a)	1,942,000	–	–	1,942,000
Vesting of share-based payments	6(b)	–	150,500	–	150,500
		<b>1,992,000</b>	<b>150,500</b>	<b>–</b>	<b>2,142,500</b>
<b>Balance at 31 March 2019</b>		<b>19,976,954</b>	<b>165,500</b>	<b>(5,003,170)</b>	<b>15,139,284</b>

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2019

		FOR THE YEAR ENDED 31 MARCH 2019	FOR THE YEAR ENDED 31 MARCH 2018
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		28,233,697	11,022,125
Payments to suppliers, employees and others		(26,264,819)	(10,636,734)
Interest received		21,026	50,407
Interest paid & finance costs		(1,805,547)	(382,598)
Income taxes received/(paid)		-	(57,000)
<b>Net cash from/(used in) operating activities</b>	7	<b>184,357</b>	<b>(3,800)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(25,342,623)	(5,426,478)
Payments for other non-current assets		-	(1,778,000)
Proceeds from termination of term deposit		-	80,000
Payments for business acquisition and related deposits	10	(2,738,895)	(340,000)
<b>Net cash used in from investing activities</b>		<b>(28,081,518)</b>	<b>(7,464,478)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	6(a)	50,000	6,735,323
Payments for transaction costs for the issue of ordinary shares	6(a)	-	(451,473)
Proceeds from borrowings		40,394,000	7,624,439
Repayment of borrowings		(21,157,269)	(4,552,263)
<b>Net cash inflow from financing activities</b>		<b>19,286,731</b>	<b>9,356,026</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(8,610,430)</b>	<b>1,887,748</b>
Cash and cash equivalents at the beginning of the financial year		8,701,849	6,814,101
<b>Cash and cash equivalents at end of year (including bank overdraft)</b>		<b>91,419</b>	<b>8,701,849</b>
<b>Reconciliation of cash and bank overdraft:</b>			
Cash and cash equivalents as per the consolidated statement of financial position		664,763	8,701,849
Bank overdraft	4(c)	(573,344)	-
		<b>91,419</b>	<b>8,701,849</b>

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

# Notes to the Financial Statements

31 March 2019

## 1 Segment information

### (a) Description of segments and principal activities

As a result of business acquisition of Austco Polar Cold Storage on 16 April 2018, during the financial year-ended 31 March 2019 the Group started to operate in two segments:

1. Acting as product processor and marketer of agricultural products in Australia;
2. Acting as service provider for manufacturers, providing temperature-controlled facilities, blast freezing, storage and distribution.

The two segments details are therefore fully reflected in the body of the consolidated financial statements.

During the financial year ended 31 March 2019, revenue from exporting to Asia and domestic sales contributed to 78% and 22% respectively of the total revenue in the Hay trading business. Revenue from the cold storage business was made up of 100% domestic sales. Additionally, revenue generated from Hay trading business segment was 58% and from Cold storage segment amounted to 42% of total revenue.

During the financial year ended 31 March 2019, sales to one major customer in hay trading business and one major customer in cold storage business contributed to 15% and 13% respectively of the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue for the year.

Corporate division includes the financial results of Wingara AG Limited, being the parent entity of the Group. All segments and the Corporate division operate and reside in Australia, being the only geographical segment.

### (b) Financial breakdown

The segment information provided to the strategic steering committee for the reportable segments for the financial year ended 31 March 2019 (2018: the Group only had one segment being the hay trading business) is as follows:

2019	HAY TRADING BUSINESS	COLD STORAGE	TOTAL
	\$	\$	\$
Total segment revenue	16,758,217	12,361,731	29,119,948
Segment adjusted EBITDA	2,710,496	3,355,488	6,065,984
Corporate	–	–	(1,313,725)
<b>Total adjusted EBITDA</b>	<b>2,710,496</b>	<b>3,355,488</b>	<b>4,752,259</b>
Depreciation and finance cost	(2,263,398)	(1,618,000)	(3,881,398)
Corporate	–	–	(918,053)
Gain on purchase	–	–	999,656
<b>Net profit before tax</b>	<b>447,098</b>	<b>1,737,488</b>	<b>952,464</b>
Income tax expense	–	–	(46,333)
<b>Net profit for the year</b>	<b>447,098</b>	<b>1,737,488</b>	<b>906,131</b>
Segment assets	24,839,741	22,148,896	46,988,637
Corporate	–	–	415,039
<b>Total assets</b>	<b>24,839,741</b>	<b>22,148,896</b>	<b>47,403,676</b>
Segment liabilities	(15,746,053)	(15,795,696)	(31,541,749)
Corporate	–	–	(722,643)
<b>Total liabilities</b>	<b>(15,746,053)</b>	<b>(15,795,696)</b>	<b>(32,264,392)</b>

During the year ended 31 March 2019, hay trading business and cold storage business acquired \$13.6 million and \$8.3 million worth of fixed asset respectively.



# Notes to the Financial Statements

Continued

## 2 Operating expenses

	31 MARCH 2019	31 MARCH 2018
	\$	\$
<b>Cost of Sales</b>		
Hay purchased and storage	9,051,251	5,297,638
Labour costs	4,253,044	-
Other direct costs	346,586	-
	<b>13,650,881</b>	<b>5,297,638</b>
<b>Administration Expenses</b>		
Employee related expenses	2,335,223	1,205,230
Utilities and other office expenses	325,895	73,940
External consultancy and audit expenses	373,853	280,479
Site expenses	4,867,976	898,825
Other administration expenses	938,151	295,062
	<b>8,841,098</b>	<b>2,753,536</b>

### Transaction Costs

Transaction costs were associated with expenses incurred in relation to the acquisition of Austco Polar and development of Raywood.

## 3 Income tax expense

### (a) Income tax expense

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Total deferred tax expense/(benefit)	46,333	(319,027)
<b>Income tax expense/(benefit)</b>	<b>46,333</b>	<b>(319,027)</b>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Profit before income tax expense	952,464	(753,090)
Tax at the Australian tax rate of 27.5%	261,928	(207,100)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible permanent differences	59,310	9,416
Gain on bargain purchase	(274,905)	-
Subtotal	46,333	(197,684)
Adjustment for tax benefits from prior periods' tax losses	-	(121,343)
<b>Income tax expense</b>	<b>46,333</b>	<b>(319,027)</b>

A deferred tax asset has been recognised in respect of carry forward tax losses in the current and prior years. Deferred tax assets have also been brought to account in respect of timing differences. Management are of the view that the Group will likely be in a tax payable position in the next financial year. In the current year had one off transaction costs not been incurred the Group would have been in a tax payable position.

#### 4 Financial assets and liabilities

##### (a) Trade and other receivables

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Trade receivables	1,463,910	395,133

##### (i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 to 60 days and therefore are all classified as current. The Group's other accounting policies for trade and other receivables are outlined in notes 20(k).

##### (ii) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 8.

##### (b) Trade and other payables

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature. The Group's exposure to risk is discussed in note 8.

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Trade payables	2,467,128	1,125,320
Other payables (*)	1,097,066	646,122
Payroll tax and other statutory liabilities	242,124	97,355
	<b>3,806,318</b>	<b>1,868,797</b>

(\*) The balance is primarily attributed to accrued expenses and deposits received from customers.

# Notes to the Financial Statements

Continued

## (c) Borrowings

	31 MARCH 2019			31 MARCH 2018		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
	\$	\$	\$	\$	\$	\$
<b>Secured</b>						
Commercial bill & loan	6,990,000	18,019,000	25,009,000	2,594,800	1,740,000	4,334,800
Asset finance loan	193,172	1,191,829	1,385,001	237,464	2,572,510	2,809,974
Bank overdraft	573,344	–	573,344	–	–	–
Lease liabilities	186,232	–	186,232	35,052	163,675	198,727
<b>Total secured borrowings</b>	<b>7,942,748</b>	<b>19,210,829</b>	<b>27,153,577</b>	<b>2,867,316</b>	<b>4,476,185</b>	<b>7,343,501</b>
<b>Unsecured</b>						
Convertible notes	–	–	–	1,942,000	–	1,942,000
Inventory Loan	360,000	–	360,000	–	–	–
<b>Total unsecured borrowings</b>	<b>360,000</b>	<b>–</b>	<b>360,000</b>	<b>1,942,000</b>	<b>–</b>	<b>1,942,000</b>
<b>Total borrowings</b>	<b>8,302,748</b>	<b>19,210,829</b>	<b>27,513,577</b>	<b>4,809,316</b>	<b>4,476,185</b>	<b>9,285,501</b>

### (i) Secured liabilities and assets pledged as security

Liabilities (current and non-current) listed below are secured by machinery and equipment owned by the Group:

Commercial bill & loan:

- Westpac tailored commercial facility with a facility limit of \$20,009,000. The facility is subject to BBSY rate plus a margin of 1.73% per annum and line fee of 1.50% – 2.50% per annum. The duration of this facility is five (5) years. Interest to be paid monthly plus quarterly principal reductions of \$497,500.
- Revolving loan facility with a facility limit of \$5,000,000. This facility is subject to BBSY rate plus a margin of 1.73% per annum and a line fee of 2.50% per annum. The term of this facility is 12 months, subject to satisfactory annual review. Interest to be paid monthly.

Asset finance loan:

- Westpac asset finance loan with a facility limit of \$1,585,845. This facility is subject to an interest rate equal to market rates. The duration of this facility is up to five (5) years. Monthly principal and interest, total of \$26,430 to be paid in a monthly basis.

Lease liabilities:

- Finance leases over fixed assets with interest rates of 4.94% and duration of five (5) years.

In February 2019, the Group has introduced Westpac (WBC) as a new financing partner to Wingara's business platform. The new financing package gives Wingara a more competitive financing cost base.

### (ii) Unsecured liabilities

Inventory loan:

- The Group signed a loan agreement for \$250,000 with a Key Management Personnel to support its working capital and inventory purchases. The loan term is 4 months with fixed interest rate of 12% per annum, due and payable on 1 June 2019 or the next business day.

### (iii) Compliance with loan covenants

Wingara AG Limited has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 reporting periods. The financial covenants do not fall due for compliance until 30 September 2019.



#### (iv) Convertible notes

On 13 August 2018, the holders elected to convert the remaining convertible loan balance of \$1,942,000 into 8,172,117 new ordinary shares at the following terms:

- \$142,000 was converted into 747,368 new ordinary shares at the conversion price of \$0.19 per share;
- \$1,000,000 was converted into 4,347,826 new ordinary shares at the conversion price of \$0.23 per share;
- \$800,000 was converted into 3,076,923 new ordinary shares at the conversion price of \$0.26 per share.

#### (v) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 8.

### 5 Non-financial assets and liabilities

This note provides information about the Groups' non-financial assets and liabilities, including:

- Property, plant and equipment
- Intangible assets

#### (a) Property, plant and equipment

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Property, plant and equipment	37,537,691	3,864,821
Capital work-in-progress	113,999	4,416,290
	<b>37,651,690</b>	<b>8,281,111</b>

	FREEHOLD LAND	FREEHOLD BUILDINGS	PLANT AND EQUIPMENT	FURNITURE, FITTINGS AND EQUIPMENT	MACHINERY AND VEHICLES	SPARE PARTS	TOTAL
	\$	\$	\$	\$	\$	\$	\$
<b>At 31 March 2018</b>							
Cost	-	-	3,913,790	91,939	877,148	466,795	5,349,672
Accumulated depreciation	-	-	(1,110,097)	(30,058)	(222,658)	(122,038)	(1,484,851)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>2,803,693</b>	<b>61,881</b>	<b>654,490</b>	<b>344,757</b>	<b>3,864,821</b>
<b>At 31 March 2019</b>							
Cost	5,941,269	22,190,631	10,557,947	536,460	1,201,345	711,063	41,138,715
Accumulated depreciation	-	(412,047)	(2,371,671)	(124,780)	(389,708)	(302,818)	(3,601,024)
<b>Net book amount</b>	<b>5,941,269</b>	<b>21,778,584</b>	<b>8,186,276</b>	<b>411,680</b>	<b>811,637</b>	<b>408,245</b>	<b>37,537,691</b>

# Notes to the Financial Statements

Continued

## (i) Movements

	FREEHOLD LAND	FREEHOLD BUILDINGS	PLANT AND EQUIPMENT	FURNITURE, FITTINGS AND EQUIPMENT	MACHINERY AND VEHICLES	SPARE PARTS	TOTAL
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 March 2018</b>							
Opening net book amount	–	–	1,535,259	16,338	479,557	174,416	2,205,570
Additions in the period	–	–	1,644,853	63,010	326,238	226,921	2,261,022
Depreciation charge	–	–	(376,419)	(17,467)	(151,305)	(56,580)	(601,771)
<b>Closing net book amount at 31 March 2018</b>	<b>–</b>	<b>–</b>	<b>2,803,693</b>	<b>61,881</b>	<b>654,490</b>	<b>344,757</b>	<b>3,864,821</b>
<b>Year ended 31 March 2019</b>							
Opening net book amount	–	–	2,803,693	61,881	654,490	344,757	3,864,821
Acquisition of subsidiary	–	–	4,177,189	351,193	–	105,747	4,634,129
Additions in the period	5,941,269	22,190,631	2,466,968	93,328	324,197	138,521	31,154,914
Depreciation charge	–	(412,047)	(1,261,574)	(94,722)	(167,050)	(180,780)	(2,116,173)
<b>Closing net book amount at 31 March 2019</b>	<b>5,941,269</b>	<b>21,778,584</b>	<b>8,186,276</b>	<b>411,680</b>	<b>811,637</b>	<b>408,245</b>	<b>37,537,691</b>

## (ii) Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment 2 – 10 years
- Furniture, fittings and equipment 3 – 5 years
- Motor vehicles 5 – 7 years
- Others 3 – 10 years

Land is not depreciated because land is assumed to have an unlimited useful life. See note 20(n) for the other accounting policies relevant to property, plant and equipment.

**(b) Intangible assets**

NON-CURRENT ASSETS	GOODWILL	EXPORT LICENSE	TOTAL
	\$	\$	\$
<b>At 31 March 2018</b>			
Cost	31,711	1,784,364	1,816,075
Accumulated amortisation and impairment	–	–	–
<b>Net book amount</b>	<b>31,711</b>	<b>1,784,364</b>	<b>1,816,075</b>
<b>At 31 March 2019</b>			
Cost	31,711	1,784,364	1,816,075
Accumulated amortisation and impairment	–	–	–
<b>Net book amount</b>	<b>31,711</b>	<b>1,784,364</b>	<b>1,816,075</b>

**(i) Impairment tests for goodwill & export license**

The recoverable amount of the CGU to which goodwill & export license was allocated, has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value. Export license has indefinite useful life as it can be renewed for only a trivial amount at expiry of license period without incurring significant costs and time.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model: (a) 15.44% post-tax discount rate (2018: 14.63%); (b) 8.00% per annum projected revenue growth rate (2018: 5.00%); (c) 49% gross margin (2018: 49%); (d) 2.50% per annum terminal value growth rate (2018: 2.00%).

- The post-tax discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying asset that have not been incorporated in the cash flows model. The discount rate calculation is based on the specific circumstances of the CGU, and is derived from its weighted average cost of capital ('WACC'). The WACC includes both cost of debt and equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service. The cost of equity is based on the expected return on investment by the Company's shareholders. In calculation of the cost of equity, management has accounted for the segment-specific risk by applying the beta factor, which is publicly available market data.
- Revenue growth rate of 8.00% in subsequent years is derived based on a combination of historical performance references, market outlooks and current expansion and development plan of the business.
- The estimation of the annual operating costs and overheads increase is consistent with the revenue growth as majority of the costs are variable by nature.
- The estimated terminal value growth rate was set at 2.50% (2018: 2.00%).

There were no other key assumptions.

**(ii) Sensitivity**

As disclosed in note 20(a)(v), the directors have made judgements and estimates in revenue growth and operating costs/overheads level in respect of impairment testing of goodwill and export license. Should these judgements and estimates not occur the resulting goodwill and export license carrying amount may decrease.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill and export license is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

No reasonably possible change in the assumptions used in the impairment calculation would generate an impairment charge.

**(c) Other non-financial assets/(liabilities)**

(\*) Other current assets includes prepayments and ANZ Term Deposit.

# Notes to the Financial Statements

Continued

## 6 Contributed equity

	31 MARCH 2019	31 MARCH 2018	31 MARCH 2019	31 MARCH 2018
	No. of Shares	No. of Shares	\$	\$
Fully paid	105,105,335	96,790,360	19,976,954	17,984,954
<b>Total issued capital</b>	<b>105,105,335</b>	<b>96,790,360</b>	<b>19,976,954</b>	<b>17,984,954</b>

### Movements in ordinary shares:

Details	Notes	Number of shares	\$
Balance 1 April 2017		77,546,578	11,701,104
Share issued via private placement in March 2018		19,243,783	6,735,324
Transaction costs relating to share issue		–	(451,474)
<b>Balance 31 March 2018</b>		<b>96,790,361</b>	<b>17,984,954</b>
Share issued to a director for cash	16(d)	142,857	50,000
Share issued from conversion of convertible notes		8,172,117	1,942,000
<b>Balance 31 March 2019</b>		<b>105,105,335</b>	<b>19,976,954</b>

### Transaction costs relating to share issues

Incremental costs that are directly attributable to issuing new shares are deducted from equity.

#### (a) Ordinary shares

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. They entitle the holder to participate in dividends, and to share in the proceeds of winding up 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) Other reserves

	31 MARCH 2019	31 MARCH 2018	31 MARCH 2019	31 MARCH 2018
Options	No. of Options	No. of Options	\$	\$
Options over ordinary shares	3,000,000	2,000,000	165,500	15,000
<b>Total issued options</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>165,500</b>	<b>15,000</b>

Options over ordinary shares are calculated as per the companies significant accounting policies on share based payments under note 20(x).



**Movements in options:**

Details	Number of options	\$
Opening balance 1 April 2017	–	–
Options issued during the year	2,000,000	15,000
<b>Balance 31 March 2018</b>	<b>2,000,000</b>	<b>15,000</b>
Opening balance 1 April 2018	2,000,000	15,000
Options issued during the year	1,000,000	150,500
<b>Balance 31 March 2019</b>	<b>3,000,000</b>	<b>165,500</b>

On 10 June 2018 and 13 August 2018, the Group issued a total of \$1,000,000 options over ordinary shares (expiring in 36 months from grant date, exercisable at \$0.480 per option) to Roger Prezons and Zane Banson under the Employee Share Option Plan 2016.

Please refer to Note 17 for assumptions used in the calculation for option valuation.

**7 Cash flow information**

	FOR THE YEAR ENDED 31 MARCH 2019	FOR THE YEAR ENDED 31 MARCH 2018
	\$	\$
Profit/(Loss) for the year	906,131	(434,063)
Adjustment for		
Depreciation	2,116,173	601,771
Non-cash employee benefits expense – share-based payments	150,500	15,000
Gain on bargain purchase from acquisition	(999,656)	–
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(566,059)	118,168
Decrease/(Increase) in inventories	(4,137,827)	39,667
Increase in deferred tax assets	40,604	(319,027)
Decrease in other current assets	240,992	423,805
(Decrease)/Increase in trade and other payables	2,280,738	(495,382)
Increase in employee benefits obligation	152,761	46,261
<b>Net cash inflow (outflow) from operating activities</b>	<b>184,357</b>	<b>(3,800)</b>

**8 Financial risk management**
**(a) Financial instrument risk exposure and management**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives quarterly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The principal financial instruments used by the Group, from which financial instrument risk arises include cash and cash equivalents, receivables, other financial assets, trade and other trade payables and borrowings. The directors consider these to be the material financial instrument risks facing the Group:

# Notes to the Financial Statements

Continued

## *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's commercial bill & loan as disclosed in note 4(c).

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group works closely with reputable financial institutions to achieve the most optimal facilities available on the market which can be used to fund the Group's operations at an affordable cost of debt.

As at 31 March 2019, the Group held \$25,009,000 in variable borrowing rates (31 March 2018: \$4,334,800). Should the market interest rates fluctuate by 50 basis points, there would be no material impact to the Group's profit or loss of approximately \$123,045.

## *(ii) Commodity price risk*

The Group is affected by the price volatility of hay which is a type of commodity. Its operating activities require the ongoing trading of hay and therefore require a continuous supply of hay. Due to the nature of the commodity being significantly seasonal, the Group mitigates the risk of hay price fluctuating unfavourably by working closely with its suppliers to forecast supply volume in upcoming season, along with customer demands. Based on this assessment, management adjusts its level of purchase and storage to maintain a reasonable level of inventory in stock to meet with future demands and avoid any potential shortage due to bad weather. Prices paid to suppliers for inventory are fixed for the life of the contract and re-negotiated once the contract has finished. Contracts signed with customers are re-negotiated at every new hay season to reflect the fluctuation on the hay price and thus the price risk is passed on to customers.

## *(iii) Foreign exchange risk*

The Group is exposed to foreign currency risk on the receivables and US\$ bank accounts denominated in currencies other than the functional currency of the operations. As at 31 March 2019, the Group has \$703,290 worth of trade receivables that was denominated in USD.

With the majority of its export sales denominated in US Dollars (US\$), the Group engages in hedging or derivative transactions to manage exposures arising from fluctuations in the US\$ that may impact on the Group's financial results and its cash flows. As at 31 March 2019, the Group has not applied the hedge accounting as the hedging transactions the Group has undertaken had no material impact on the measurement of transactions and balances recognised in the financial statements.

## *(iv) Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group manages credit risk and the losses which could arise from default by ensuring that financial assets such as cash at bank are held with reputable organisations. Management monitors the approval of new credit limit and collection process. As at 31 March 2019, the Group has \$54,778 worth of trade receivables that past due but not impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by the Group's senior management having continuous discussion with counter parties to thoroughly assess their financial position and ability to make repayment

The normal credit term in all sale contracts is up to 30 days, based on which management has assessed the impairment of outstanding receivables balance at 31 March 2019. For outstanding balance greater than the normal term at 31 March 2019 and 31 March 2018, management has worked with senior management of the respective counter parties to implement a more reasonable repayment schedule.

## *(v) Liquidity risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group may encounter difficulty in meeting its financial obligations as they fall due. Depending on the facility type, the debt covenant requires the Group to make a pre-determined amount of payment towards interest and principal each month or each quarter.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the management monitors the liquidity ratio in a monthly basis and seeks to maintain sufficient cash balances (or agreed facilities) to meet all current obligations which are due within the next 12 months.

### Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 MARCH 2019	31 MARCH 2018
	\$	\$
<b>Commercial bill &amp; loan (non-redrawable)</b>		
Facility limit	20,009,000	19,534,000
Less: amount used	(20,009,000)	(4,334,800)
<b>Undrawn amount</b>	<b>-</b>	<b>15,199,200</b>
<b>Commercial bill &amp; loan (redrawable)</b>		
Facility Limit	5,000,000	-
Less: amount used	(5,000,000)	-
<b>Undrawn amount</b>	<b>-</b>	<b>-</b>
<b>Asset finance</b>		
Facility limit	1,585,845	4,675,000
Less: amount used	(1,559,418)	(3,138,618)
<b>Undrawn amount</b>	<b>26,427</b>	<b>1,536,382</b>
<b>Overdraft</b>		
Facility limit	600,000	600,000
Less: amount used	(573,653)	-
<b>Undrawn amount</b>	<b>26,347</b>	<b>600,000</b>
<b>Bank guarantee</b>		
Facility limit	97,500	80,000
Less: amount used	(97,500)	(80,000)
<b>Undrawn amount</b>	<b>-</b>	<b>-</b>
<b>Corporate card</b>		
Facility limit	40,000	50,000
Less: amount used	-	(20,739)
<b>Undrawn amount</b>	<b>40,000</b>	<b>29,261</b>
<b>Total facilities</b>		
Facility limit	22,332,345	24,939,000
Less: amount used	(22,239,571)	(7,574,157)
<b>Undrawn amount</b>	<b>92,774</b>	<b>17,364,843</b>

# Notes to the Financial Statements

Continued

## Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES	<30 DAYS	30 – 180 DAYS	180 – 360 DAYS	>1 YEAR	TOTAL CONTRACTUAL CASH FLOWS
	\$	\$	\$	\$	\$
<b>At 31 March 2019</b>					
Trade receivables	1,409,132	54,778	–	–	1,463,910
Trade payables	(1,212,478)	(1,148,514)	–	–	(2,360,992)
Borrowings (*)	(661,896)	(3,669,478)	(3,971,374)	(19,210,829)	(27,513,577)
<b>At 31 March 2018</b>					
Trade receivables	388,080	7,053	–	–	395,133
Trade payables	(674,700)	(450,620)	–	–	(1,125,320)
Borrowings (*)	(42,175)	(2,154,579)	(2,612,562)	(4,476,185)	(9,285,502)

(\*) The borrowings figure exclude operating leases commitment.

## 9 Capital management

### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal mix between debt and equity to minimise the cost of capital

In order to achieve this objective, the consolidated entity seeks to maintain adequate levels of external borrowings from reputable financial institutions and further contribution of shareholders through capital raising to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, management considers various alternatives from issue of new equity/debt instruments such as shares or options, convertible notes to extending the current debt facility.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Total equity at market value	21,964,190	29,918,132
Net debt to equity ratio	147.0%	38.0%

### (b) Dividends

During the year ended 31 March 2019, no dividends were declared or paid by the Group.



## 10 Business combination

### (a) Summary of acquisition

On 16 April 2018, the Group completed the acquisition of 100% of equity interest in Austco Polar Cold Storage, a cold storage facility located in Laverton North, in Melbourne west.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration (refer to (b) below):	
Cash paid (including \$340,000 of deposit paid in prior period)	3,078,895
	FAIR VALUE
	\$
Prepayment	136,861
Plant and equipment (*)	4,634,129
Accruals	(16,783)
Provision for employee benefits	(675,656)
Net identifiable assets acquired	4,078,551
Less: Gain on purchase	(999,656)
<b>Net assets acquired</b>	<b>3,078,895</b>

(\*) Independent valuers (JLL and Depro) were engaged to determine the fair value of the assets transferred. They used two different valuation methods, including the Capitalisation Approach – Market Income and the Discounted Cash Flow Approach.

### (i) Revenue and profit contribution

The acquired business contributed revenues of \$12,361,731 and net profit of \$1,587,198 to the Group for the period from 16 April 2018 to 31 March 2019.

If the acquisition had occurred on 1 April 2018, the contribution to the Group's consolidated revenue and consolidated profit for the year ended 31 March 2019 would have been \$12,856,200 and \$1,650,686 respectively.

### (b) Purchase consideration – cash outflow

#### Acquisition-related costs

Acquisition-related costs of \$681,652 are included in transaction expenses on the consolidated statement of profit or loss and other comprehensive income, and in operating cash flows in the consolidated statement of cash flows in the year ended 31 March 2019.

# Notes to the Financial Statements

Continued

## 11 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 31 March 2019 (2018: nil), other than the bank guarantee as disclosed in note 8.

## 12 Commitments

### (a) Capital commitments

The Group did not have any capital commitment as at 31 March 2019 (2018: \$1,284,500).

### (b) Non-cancellable operating leases

The Group has warehouse and storage facilities in Bendigo with a 4-years fixed term lease at \$145,000 p.a. payable monthly with an option to renew for further 4 years, with the first right of refusal on the facilities at the conclusion of the lease year. This lease will end in February 2021. The Group also leases an office space in Kew with a lease term of 3 years at \$2,500 (reviewed yearly based on CPI) payable monthly plus outgoings. This lease will end in January 2020.

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	171,464	175,000
Later than one year but not later than five years	130,500	301,069
Later than five years	–	–
	<b>301,964</b>	<b>476,069</b>

During the year, an amount of \$230,212 (2018: \$172,669) was charged to the profit and loss in-respect of its operating leases and is classified as an administration expense.

## 13 Events occurring after the reporting period

No matters or circumstances have arisen since 31 March 2019 that have significantly affected the Group's operations, results or the state of affairs, or may do so in future years.

## 14 Legal parent entity financial information

### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	31 MARCH 2019	31 MARCH 2018
	\$	\$
<b>Assets and liabilities</b>		
Current assets	323,147	4,656,179
Non-current assets	12,429,263	7,570,801
<b>Total assets</b>	<b>12,752,410</b>	<b>12,226,980</b>
Current liabilities	(2,360,438)	(2,159,983)
Non-current liabilities	(16,366)	-
<b>Total liabilities</b>	<b>(2,376,804)</b>	<b>(2,159,983)</b>
<b>Shareholders' equity</b>		
Issued capital	19,976,954	17,984,954
Reserves		
Other equity reserves	165,500	15,000
Retained earnings	(7,685,360)	(6,338,181)
<b>Total equity/net assets</b>	<b>12,457,094</b>	<b>11,661,773</b>
<b>Loss for the year</b>	<b>(2,081,488)</b>	<b>(1,600,774)</b>
<b>Total comprehensive loss</b>	<b>(2,081,488)</b>	<b>(1,600,774)</b>

### (b) Guarantees entered into by the legal parent entity

The legal parent entity has not entered into any guarantees in the current or prior financial year in relation to debts of its subsidiaries.

### (c) Contingent liabilities of the legal parent entity

The legal parent entity did not have any contingent liabilities as at 31 March 2019 or 31 March 2018. For information about guarantees given by the legal parent entity, please see above.

### (d) Contractual commitments for the acquisition of property, plant or equipment

The legal parent entity had no capital commitments for property, plant and equipment as at 31 March 2019 or 31 March 2018.

### (e) Significant accounting policies of legal parent entity

The accounting policies of the legal parent entity other than investment in subsidiaries, which are held at cost, are consistent with those of the consolidated entity as disclosed in note 20.

### (f) Events occurring after the reporting period

No matters or circumstances have arisen since 31 March 2018 that have significantly affected the Group's operations, results or the state of affairs, or may do so in future years.

# Notes to the Financial Statements

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## 15 Interests in controlled entities

The Group's principal subsidiaries at 31 March 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST HELD BY THE GROUP		OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS		PRINCIPAL ACTIVITIES
		2019	2018	2019	2018	
		%	%	%	%	
Elect Performance Group Pty Ltd ("Elect")	Australia	100.0	100.0	–	–	Product processor and marketer of agricultural products
JC Tanloden Victoria Pty Ltd ("JC Tanloden Victoria")	Australia	100.0	100.0	–	–	Product processor and marketer of agricultural products
Austco Polar Cold Storage Pty Ltd (*)	Australia	100.0	100.0	–	–	Entity vehicle which holds the Austco Polar business

(\*) The company was set up as part of Austco Polar acquisition.

## 16 Related party transactions

### (a) Parent entities

Key management personnel are all listed in the remuneration report on pages 17 to 23.

### (b) Subsidiaries

Interests in controlled entities is set out in note 15.

### (c) Key management personnel compensation

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Short-term employee benefits	729,062	636,284
Post-employment benefits	65,648	60,344
Share-based payment	106,000	15,000
	<b>900,710</b>	<b>711,628</b>



#### (d) Transactions with other related parties

The following transactions occurred with related parties:

	31 MARCH 2019	31 MARCH 2018
	\$	\$
Payments for office rental (*)	(15,055)	(30,000)
Payment of interest on Convertible Note (*)	(10,932)	(10,586)
Inventory loan agreement (**)	250,000	–
Shares issued to a director for cash (***)	50,000	–

(\*) Transactions were carried at the same rates to market.

(\*\*) Refer to Note 4(c)(ii) for the loan term and details.

(\*\*\*) Transactions were carried at market terms and conditions.

### 17 Share-based payments

#### Employee Option Plan

Set out below are summaries of share options issued under the scheme during the year:

	2019		2018	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 April	0.39	2,000,000	–	–
Granted during the year	0.48	1,000,000	0.40	2,000,000
Exercised during the year	–	–	–	–
Forfeited during the year	–	–	–	–
As at 31 March	0.42	3,000,000	0.40	2,000,000
Vested and exercisable at 31 March	0.42	1,710,122	0.40	277,777

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 31 MARCH 2019	SHARE OPTIONS 31 MARCH 2018
31 October 2017	30 October 2020	0.395	2,000,000	2,000,000
13 June 2018	12 June 2021	0.480	500,000	–
13 August 2018	12 August 2021	0.480	500,000	–
			<b>3,000,000</b>	<b>2,000,000</b>

Weighted average remaining contractual life of options outstanding at end of year

1.82

# Notes to the Financial Statements

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## Fair value of options granted

The model inputs for options granted during the year ended 31 March 2019 are summarised in the table below:

GRANT DATE	EXERCISE PRICE	NUMBER OF OPTIONS GRANTED	EXPECTED SHARE PRICE VOLATILITY	YEARS TO EXPIRY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE PER OPTION
	AUD						\$
13-Jun-18	0.480	500,000	60%	3	Nil	2.18%	0.089
13-Aug-18	0.480	500,000	60%	3	Nil	2.06%	0.083
		<b>1,000,000</b>					

## 18 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (i) Audit and other assurance services

	31 MARCH 2019	31 MARCH 2018
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	63,000	38,000
<i>Other assurance services</i>		
Due diligence services	36,256	95,759
<b>Total remuneration for audit and other assurance services</b>	<b>99,256</b>	<b>133,759</b>
<i>(ii) Taxation services</i>		
Tax compliance services	–	9,293
<b>Total remuneration for taxation services</b>	<b>–</b>	<b>9,293</b>
<b>Total remuneration of William Buck</b>	<b>99,256</b>	<b>143,052</b>

## 19 Profit/(loss) per share

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

	31 MARCH 2019	31 MARCH 2018
	\$	\$
<i>Basic &amp; diluted earnings/(loss) per share</i>		
Profit/(loss) attributable to the ordinary equity holders of the Group used in calculating basic & diluted earnings/(loss) per share:	906,131	(434,063)

(b) Weighted average number of shares used as the denominator

	31 MARCH 2019	31 MARCH 2018
	No. of shares	No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	102,044,327	78,868,108
Adjustments for calculation of diluted earnings per share:		
Options	2,715,659	–
<b>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>	<b>104,759,986</b>	<b>78,868,108</b>

## 20 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group (or the “consolidated entity”) consisting of Wingara AG Limited and its subsidiaries.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Wingara AG Limited is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements of the Wingara AG Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost and accrual basis.

#### (iii) New and amended standards adopted by the group

The Group in the prior year had early adopted AASB 15 Revenue from Contracts with Customers. The new standard is based on the principle that revenue is recognised when a performance obligation has been satisfied. This occurs when the good or service transfers to the customer by the Group.

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurements Requirements*. It makes major changes to the previous guidance on the classification and measurement of financial assets and financial liabilities and introduces an ‘expected credit loss’ model for impairment of financial assets. AASB 9 *Financial Instruments* (2014) became mandatory effective on 1 January 2018. Accordingly, this standard apply for the first time to this set of financial statements.

The adoption of this standard did not have any impact on reported amounts in these financial statements.

#### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

# Notes to the Financial Statements

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TITLE OF STANDARD	NATURE OF CHANGE	IMPACT	DATE OF ADOPTION BY GROUP
AASB 16 <i>Leases</i>	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>	<p>Management has considered the recognition and measurement requirements of AASB 16 in conjunction with the existing operating lease agreements between the Group and its suppliers. Based on this assessment management have concluded that there will be a material impact to the financial statements when AASB 16 is adopted and applied. As of date of this report, the Group had \$301,964 in operating lease commitment which would have been recognised on the statement of financial position had AASB 16 been adopted and applied during the period.</p> <p>Apart from the operating lease commitments that relate to office and storage rental, the Group currently owns its Land, Buildings and equipment and hence the impact of AASB 16 is likely to be not material.</p>	Mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## (v) Critical accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The following key estimates and judgements were made in these consolidated financial statements:

- *Goodwill and export license*: the consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and export license have suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.
- *AustCo Polar Storage is a business*: in order to apply the acquisition method under AASB 3 *Business Combination* to account for the AustCo Polar Storage transaction, management has exercised judgements to determine whether the transaction is a business combination, in which the acquired assets and liabilities constitute a business.
- *Capitalisation of other costs against property, plant and equipment*: The Group's accounting policy for property, plant and equipment requires managements judgment in assessing directly attributable costs, which are incurred in respect of acquisition and commissioning of new assets. These can include, labour costs, inventory used for testing and any other applicable expenses determined by management.

## (b) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 20(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group operates in two segments, acting as product processor and marketer of agricultural products, and also acting as service provider, providing temperature controlled facilities, blast freezing, storage and distribution. The segments details are therefore fully reflected in the body of the consolidated financial statements.

## (d) Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Wingara AG Limited's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

## (e) Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Step 1: Identify contract with a customer;
- Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations;
- Step 5: Recognise revenue as the performance obligations are satisfied

Following the adoption of AASB 15, the Group's revenue recognition accounting policy is that: The performance obligation is satisfied when goods or service transfers to the customer.



# Notes to the Financial Statements

Continued

## (f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Wingara AG Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## (g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 12). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

## (h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

#### (i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### (j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

#### (k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 4(a) for further information about the group's accounting for trade receivables.

#### (l) Inventories

Hay is stated at the lower of cost and net realisable value. Cost comprise of costs incurred by the company to purchase hays, including inward freight costs. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Where applicable, inventory which is used in the testing of new machines is capitalised into the cost of the equipment to help bring the machine into working order and then depreciated over its useful life.

#### (m) Financial Instruments

AASB 9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurements Requirements* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

### **AASB 9 Financial Instruments – Accounting policies applied from 1 April 2018**

#### *(i) Investments and other financial assets*

##### *Classification*

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

# Notes to the Financial Statements

Continued

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

## *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## *Impairment*

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## **(n) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition and commissioning of property plant and equipment. This can include purchase of machinery, labour costs, inventory used for testing and any other applicable expenses determined by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 5(a).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 20(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Where property, plant and equipment is still in construction and considered capital works-in-progress, the asset will be carried on the balance sheet and will begin depreciation once it's useful life begins.

**(o) Intangible assets*****(i) Goodwill***

Goodwill is measured as described in note 20(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

***(ii) Trademarks and licences***

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have an indefinite useful life as they can be renewed for only a trivial amount at expiry of licence period without incurring significant costs and time and are subsequently carried at cost less accumulated amortisation and impairment losses. These assets with indefinite useful life are tested for impairment on an annual basis.

**(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(q) 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.

**(r) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred. The majority of borrowing costs relate to interest and other related costs due and payable on the financial obligations.

**(s) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(t) Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

# Notes to the Financial Statements

Continued

## (u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## (v) Loss per share

Basic loss per share is calculated by dividing:

### (i) Basic loss per share

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

## (w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## (x) Share-based payment

Share-based compensation benefits may be provided through the issue of fully paid ordinary shares under the Wingara Employee Share and Option Plan. Options are also granted to employees and consultants in accordance with the terms of their respective employment and consultancy agreements. Any options granted are made in accordance with the terms of the Company's Employee Share and Option Plan (ESOP).

The fair value of options granted under employment and consultancy agreements are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

## (y) Parent entity financial information

The financial information for the parent entity, Wingara AG Limited, disclosed in note 14 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries are accounted for at cost in the financial statements of Wingara AG Limited.



# Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 31 to 60 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 March 2019 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Gavin Xing  
Director

Melbourne  
22 May 2019

# Independent Auditor's Report

to the members of Wingara AG Limited



## Wingara AG Limited

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Wingara AG Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 March 2019 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
williambuck.com



#### ACQUISITION OF AUSTCO POLAR COLD STORAGE PTY LTD

Area of focus Refer also to note 10 and 20	How our audit addressed it
<p>The Group acquired Austco Polar Cold Storage Pty Ltd ("Austco") on 16 April 2018 for a consideration of \$3.1 million; this is considered a significant purchase for the Group. A gain on bargain purchase of \$1.0 million was also recognised.</p> <p>Accounting for this transaction is complex and required significant judgements and estimates by management on the initial entries recorded, specifically:</p> <ul style="list-style-type: none"> <li>- to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and</li> <li>- to verify that the gain on bargain purchase was calculated correctly.</li> </ul>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Assessing that the acquired entity meets the definition of a business under AASB 3 – Business Combinations;</li> <li>- Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition;</li> <li>- Assessing the Group's determination of fair values by performing specific audit procedures on opening balances at acquisition date; and</li> <li>- Assessing the reasonableness of the independent valuation performed on plant and equipment acquired, which gave rise to a gain on bargain purchase.</li> </ul> <p>We also assessed the adequacy of the Group's disclosures in respect of the acquisition and gain on bargain purchase in the financial report.</p>

#### INVENTORY

Area of focus Refer also to note 20	How our audit addressed it
<p>The Group's inventory of \$5.4 million is significant to the financial statements.</p> <p>The valuation of inventory involves significant judgement by management given that the inventory is hay, which is subject to fluctuations in price owing to commodity price movements and the potential for variability in its quality.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Evaluating management's judgement and assumptions in determining the valuation of the hay at balance date;</li> <li>— Reviewing subsequent product sales to ensure inventory was valued at the lower of cost and net realisable value and the aging and condition of the hay; and</li> <li>— Assessing management's judgements in relation to the need for provisioning against the value of the hay.</li> </ul> <p>We have also assessed the adequacy of disclosures in the notes to the financial report.</p>

# Independent Auditor's Report

Continued



## CAPITALISATION OF PROPERTY, PLANT AND EQUIPMENT

Area of focus	How our audit addressed it
<p><b>Refer also to notes 5a and 20</b></p> <p>During the financial year the Group continued to acquire significant amounts of plant and equipment in respect of the Raywood facility, which was commissioned during the year, and land and buildings required to operate the Austco business.</p> <p>The capitalisation of these assets requires significant judgement as costs are only recognised as an asset if it is probable that future economic benefits will flow to the entity and that the costs can be reliably measured. There are multiple elements of cost included in the total value of these additions, which include labour and overhead required to bring the assets into service.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Reviewing the purchase documentation and independent valuation reports associated with the purchase of assets;</li> <li>— Performing audit procedures around other directly attributable costs capitalised in conjunction with the purchases; and</li> <li>— Performing an assessment of the ongoing depreciation policy in respect of the assets.</li> </ul> <p>We have also assessed the adequacy of disclosures in the notes to the financial report.</p>

## NEW FINANCING ARRANGEMENTS

Area of focus	How our audit addressed it
<p><b>Refer also to notes 4c, 8 and 20</b></p> <p>During the year the Group transitioned their financing arrangements to Westpac Banking Corporation (WBC).</p> <p>Accounting for these facilities is significant in nature due to their quantum and repayment profiles. Based on the terms of the new banking arrangements covenants are not applicable to the Group until 30 September 2019.</p> <p>This is a Key Audit Matter due to the impact on the Group of the required repayments which will fall due within 12 months from the date of this report.</p>	<p>Our procedures in relation to the new financing arrangements included;</p> <ul style="list-style-type: none"> <li>- Reviewing the new financing agreements signed by the Group during the financial year;</li> <li>- Confirming the outstanding balances have been appropriately recognised in the financial report;</li> <li>- Assessing the classification of drawn borrowings between current and non-current classification is appropriate;</li> <li>- Verifying that covenant compliance is not required until 30 September 2019; and</li> <li>- Assessing based on the results of the procedures performed above that the going concern basis of accounting is appropriate.</li> </ul>



### Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's report for the year ended 31 March 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our independent auditor's report.



# Independent Auditor's Report

Continued



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 March 2019.

In our opinion, the Remuneration Report of Wingara AG Limited, for the year ended 31 March 2019, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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  
Melbourne, 22 May 2019

# Shareholder Information

The shareholder information set out below was applicable as at 1 July 2019.

## A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

HOLDING	NO. OF HOLDERS	SHARES
1 – 1,000	849	54,799
1,001 – 5,000	47	133,148
5,001 – 10,000	79	737,720
10,001 – 100,000	209	9,095,424
100,001 and over	87	95,084,244
	<b>1,271</b>	<b>105,105,335</b>

## B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

RANK	NAME	ORDINARY SHARES	
		NUMBER HELD	PERCENTAGE OF ISSUED SHARES (%)
1	NATIONAL NOMINEES LIMITED	25,837,792	24.58
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,681,691	13.97
3	MS KELLIE ANNE BARKER	10,000,000	9.51
4	MR GAVIN XING	10,000,000	9.51
5	PRIME VALUE ASSET MANAGEMENT LIMITED <PVA AGRICULTURAL A/C>	3,896,691	3.71
6	JANE SUPERANNUATION PTY LTD <JANE SUPER FUND A/C>	2,857,143	2.72
7	F & L DIAMANTE PTY LTD <F&L DIAMANTE SUPER FUND A/C>	2,056,187	1.96
8	MR ERIC JIANG	2,000,000	1.90
9	AVZATH PTY LTD <DIAMANTE FAMILY A/C>	1,780,249	1.69
10	AUSNOM PTY LTD <THE J & K CHEGS SHARE A/C>	1,655,937	1.58
11	DAVID GAZAL + JACLYN GAZAL <DAVID GAZAL FAMILY A/C>	1,500,000	1.43
12	ADDERSTONE HOLDINGS PTY LTD <NC SHOOBERT FAMILY A/C>	1,050,000	1.00
13	YUEN SOON JUENG + JOEN HING JENNY <CW & CA SUPER FUND A/C>	1,000,000	0.95
14	MRS MELINDA PENSINI	714,285	0.68
15	AVZATH PTY LTD <DMCD DIAMANTE SUPER FUND A/C>	560,000	0.53
16	O'DONNELL FAMILY PTY LTD <J O'DONNELL FAMILY SMSF A/C>	531,767	0.51
17	BCPC PROPERTIES PTY LTD	450,000	0.43
18	PAGONDAS PTY LTD <PAGONDAS A/C>	435,714	0.41
19	MR DONALD GORDON MACKENZIE + MRS GWENNETH EDNA MACKENZIE	418,000	0.40
20	MR BENJAMIN JOHN THOMPSON	409,962	0.39
<b>Total</b>		<b>81,835,418</b>	<b>77.86</b>

# Shareholder Information

Continued

## C. Substantial holders

Substantial holders in the company are set out below:

RANK	NAME	NUMBER	PERCENTAGE HELD (%)
1	NATIONAL NOMINEES LIMITED	25,837,792	24.58
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,681,691	13.97
3	MS KELLIE ANNE BARKER	10,000,000	9.51
4	MR GAVIN XING	10,000,000	9.51
<b>TOTAL</b>		<b>60,519,483</b>	<b>57.57</b>

## D. Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## E. Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth Western Australia 6000

1300 55 70 10 (within Australia) & +61 8 9323 2000 (overseas)  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## F. Change of address, change of name, consolidation of shareholdings

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

## G. Annual report

Shareholders do not automatically receive a hard copy of the Company's Annual Report unless they notify the Share Registry in writing. An electronic copy of the Annual Report can be viewed on the Company's website.

## H. Tax file numbers

It is important that Australian resident Shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

## I. CHESS (Clearing House Electronic Subregister System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS system should contact their stockbroker.

## J. Uncertified share register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of an individual/company's holding.

## K. Listing rule 4.10.19 disclosure

For the purpose of ASX Listing Rule 4.10.19, the Board confirms that during the period from reinstatement on 9 February 2016 to 31 March 2019 the Company used its cash and assets readily convertible to cash in a manner consistent with its stated business objectives.

# Corporate Directory

## Directors

Gavin Xing  
*Executive Chairman & Managing Director*

Mark Hardgrave  
*Non-Executive Director*

Zane Banson (appointed 8 June 2018)  
*Executive Director*

## Secretary

Phillip Hains

## Principal registered office in Australia

5-7 Leslie Road  
Laverton North VIC 3026  
Australia

## Share and debenture register

Computershare Investor Services Pty Ltd

Level 11, 172 St Georges Terrace  
Perth Western Australia 6000

1300 55 70 10 (within Australia) and  
+61 8 9323 2000 (overseas)

## Auditor

William Buck

Level 20, 181 William Street  
Melbourne Victoria 3000

## Solicitors

Quinert Rodda & Associates

Suite 1, Level 6, 50 Queen Street  
Melbourne Victoria 3000

## Stock exchange listings

ASX: WNR

## Website

[www.wingaraag.com.au](http://www.wingaraag.com.au)

