Wingara AG Limited
Appendix 4D
Half-year Report
Half-year 30 September 2019

Name of entity:
Wingara AG Limited

ACN or equivalent company reference:
ACN 009 087 469

Half-year
30 September 2019

Previous corresponding period:
30 September 2018

1 Results for announcement to the market

				$
Revenue for ordinary activities	Up	2.0%	to	15,017,928
Net profit after tax (from ordinary activities) for the period	Up	9.0%	to	1,426,496

2 Explanation of results

Please refer to section Review of operations on page 2 of the accompanying interim financial report.

3 Net tangible assets per share

	Group	
	30 September 2019 Cents	30 September 2018 Cents
Net tangible asset per share	**14.00**	13.05

4 Dividends

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

5 Status of interim review

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

Wingara AG Limited

ACN 009 087 469

Half-year report
for the half-year 30 September 2019

Directors	Gavin Xing - Executive Chairman & Managing Director Zane Banson - Executive Director Mark Hardgrave - Independent Non-Executive Director Jeral D'Souza - Independent Non-Executive Director (appointed 26 September 2019)
Secretary	Oliver Carton
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) & +61 8 9323 2000 (overseas)
Auditor	William Buck Level 20, 181 William Street Melbourne Victoria 3000
Stock exchange listings	ASX: WNR
Website	www.wingaraag.com.au

Your directors present their report on the Group consisting of Wingara AG Limited and the entities it controlled at the end of, or during, the half-year ended 30 September 2019

Directors

Gavin Xing - Executive Chairman & Managing Director

Zane Banson - Executive Director

Mark Hardgrave - Non-Executive Director

Jeral D'Souza - Non-Executive Director (appointed 26 September 2019)

Dividends

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

Review of operations

Wingara has had a productive 6 months and continued to invest in its assets base within the protein supply chain. Whilst improving the production capacity in both JCT and Austco Polar under the tolling revenue model, Wingara also completed the sale and leaseback of its Austco Polar property located at Laverton North to capitalise on an improved asset value.

Austco is continuing to increase efficiency with a focus on energy efficiency through capital improvement programs while JC Tanloden successfully balanced its sales to international clients based on available inventory and is ready for the 2019/20 season.

During the half year ended 30 September 2019, the Group has generated, total revenue of $15,017,928, which is an increase of $295,820 compared to the corresponding period. The Group has net tangible assets per share of $0.14.

As at 30 September 2019, the group had cash reserves of $2,694,996 compared to $664,763 at prior year end. For the period ended 30 September 2019, the group has generated an operating cash inflow of $2,383,768 (2018: inflow of $3,227,767).

Sale of Austco Property at Laverton North

The sale of Austco Property located at Laverton North to KordaMentha Property Funds (“KMPF”) has been completed. Wingara now leases the property and there have been no changes to operations at the site. Sale proceeds of $21m will be used to repay debt and fund Wingara’s next phase of growth. With the proceeds of the sale of Austco Property, Wingara has repaid borrowings of $18m in total including reduction in commercial bill facilities of $16.175m.

Matters subsequent to the end of the half-year

No matters or circumstances have arisen since 30 September 2019 that have significantly affected, or may significantly affect:

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

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.

(a) Insurance 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.

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 5.

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

Gavin Xing
Director

Melbourne
19 November 2019

William Buck

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

I declare that, to the best of my knowledge and belief during the period ended 30 September 2019 there have been:

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

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

William Buck

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

A. A. Finnis
Director

Melbourne, 19 November 2019

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

	Notes	Group **30 September 2019** **$**	30 September 2018 $
Revenue		**15,017,928**	14,722,108
Cost of sales		**(7,705,688)**	(6,787,742)
Gross profit		**7,312,240**	7,934,366
Other income		**63,559**	86,745
Expenses			
Freight expenses		**(846,191)**	(914,825)
Occupancy expenses		**(48,086)**	(137,182)
Administration expenses		**(5,155,171)**	(4,212,556)
Profit before interest, tax, depreciation and amortisation and transaction costs		**1,326,351**	2,756,548
Depreciation expenses		**(1,943,310)**	(898,561)
Finance costs		**(875,522)**	(691,226)
Transaction expenses	3(a)	**(1,129,294)**	(681,652)
Gain on purchase		**-**	999,656
Net gain/(loss) on disposal of property, plant and equipment	3(b)	**4,238,986**	-
Profit before tax for the period		**1,617,211**	1,484,765
Income tax expense	4	**(190,715)**	(176,210)
Profit for the period		**1,426,496**	1,308,555
Other comprehensive income			
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income for the period		**1,426,496**	1,308,555
		Cents	**Cents**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	5	**1.36**	**1.32**
Diluted earnings per share	5	**1.32**	**1.29**

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

	Notes	Group 30 September 2019 $	31 March 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		**2,694,996**	664,763
Trade and other receivables		**1,490,175**	1,463,910
Inventories		**1,257,269**	5,362,657
Deposits and other current assets		**2,106,144**	122,070
Total current assets		**7,548,584**	7,613,400
Non-current assets			
Property, plant and equipment	6	**20,598,433**	37,651,690
Right-of-use assets	7	**20,689,328**	-
Deferred tax assets		**102,288**	293,003
Intangible assets		**1,816,075**	1,816,075
Other non-current assets		**310,664**	29,508
Total non-current assets		**43,516,788**	39,790,276
Total assets		**51,065,372**	47,403,676
LIABILITIES			
Current liabilities			
Trade and other payables		**3,493,354**	3,806,318
Borrowings	8	**6,393,884**	8,302,748
Lease liabilities	7	**594,305**	-
Employee benefit obligations		**460,508**	429,310
Total current liabilities		**10,942,051**	12,538,376
Non-current liabilities			
Borrowings	8	**2,938,080**	19,210,829
Lease liabilities	7	**20,214,699**	-
Employee benefit obligations		**439,543**	515,187
Total non-current liabilities		**23,592,322**	19,726,016
Total liabilities		**34,534,373**	32,264,392
Net assets		**16,530,999**	15,139,284
EQUITY			
Contributed equity		**19,976,954**	19,976,954
Share based payments reserve		**174,500**	165,500
Accumulated losses		**(3,620,455)**	(5,003,170)
Total equity		**16,530,999**	15,139,284

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

		Attributable to owners of Wingara AG Limited			
Group	Notes	**Contributed equity $**	**Share based payments reserve $**	**Accumulated losses $**	**Total $**
Balance at 1 April 2018		17,984,954	15,000	(5,909,301)	12,090,653
Profit for the period		-	-	1,308,555	1,308,555
Total comprehensive income for the period		**-**	**-**	**1,308,555**	**1,308,555**
Transactions with owners in their capacity as owners:					
Issue of shares		1,992,000	-	-	1,992,000
Vesting of share-based payments		-	141,500	-	141,500
		1,992,000	141,500	-	2,133,500
Balance at 30 September 2018		**19,976,954**	**156,500**	**(4,600,746)**	**15,532,708**
Balance at 1 April 2019		19,976,954	165,500	(5,003,170)	15,139,284
Adjustment on adoption of AASB 16 (net of tax)	1(a)	-	-	(43,781)	(43,781)
Restated total equity at the beginning of the financial period		**19,976,954**	**165,500**	**(5,046,951)**	**15,095,503**
Profit for the period		-	-	1,426,496	1,426,496
Total comprehensive income for the period		**-**	**-**	**1,426,496**	**1,426,496**
Vesting of share-based payments		-	9,000	-	9,000
Balance at 30 September 2019		**19,976,954**	**174,500**	**(3,620,455)**	**16,530,999**

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

	Group	
	30 September 2019	30 September 2018
	$	$
Cash flows from operating activities		
Receipts from customers	**14,966,740**	14,467,137
Payments to suppliers, employees and others	**(11,443,996)**	(10,562,120)
Interest received	**457**	13,975
Interest paid & finance costs	**(747,272)**	(691,225)
Net cash inflow from operating activities	**2,775,929**	3,227,767
Cash flows from investing activities		
Purchase of plant and equipment	**(1,511,723)**	(15,269,930)
Deposits paid for the purchase of property, plant and equipment	**-**	(6,666,818)
Proceeds from sale of property, plant and equipment	**21,000,000**	-
Payments for business acquisition and related deposits	**-**	(2,738,895)
Payment for bank guarantee	**(1,860,661)**	-
Net cash inflow (outflow) from investing activities	**17,627,616**	(24,675,643)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**-**	50,000
Repayment of borrowings	**(18,027,953)**	(1,872,550)
Proceeds from borrowings	**65,674**	19,019,539
Repayment of lease liabilities	**(411,033)**	-
Net cash (outflow) inflow from financing activities	**(18,373,312)**	17,196,989
Net increase (decrease) in cash and cash equivalents	**2,030,233**	(4,250,887)
Cash and cash equivalents at the beginning of the financial year	**664,763**	8,701,849
Effects of exchange rate changes on cash and cash equivalents	**-**	1,319
Cash and cash equivalents at end of period	**2,694,996**	4,452,281

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

1 Basis of preparation of half-year report

These condensed consolidated interim financial statements for the half-year reporting period ended 30 September 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2019 and any public announcements made by Wingara AG Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year, other than as noted below.

(a) New and amended standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

(i) AASB 16 Leases

The Group has adopted AASB 16 from 1 April 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

(ii) Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	1 April 2019 **$**
Operating lease commitments as at 1 April 2019 (AASB 117)	998,277
Operating lease commitments discount based on the weighted average incremental borrowing rate of 7%	(174,870)
Accumulated depreciation as at 1 April 2019 (AASB 16)	(574,138)
Right-of-use assets (AASB 16)	249,269
Lease liabilities - current (AASB 16)	(166,337)
Lease liabilities - non-current (AASB 16)	(126,713)
Reduction in opening retained profits as at 1 April 2019	(43,781)

(iii) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

1 Basis of preparation of half-year report (continued)

(a) New and amended standards adopted by the Group (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(iv) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2 Segment information

(a) Description of segments

During the half-year 30 September 2019 the group operates 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 interim financial statements.

During the half year ended 30 September 2019, revenue from exporting to Asia and domestic sales contributed to 49% and 51% respectively of the total revenue of the entire group.

During the half year ended 30 September 2019, three of the Group's major customers contributed a total of 41% to the Group's total revenue. No other single customers contributed 10% or more to the Group's revenue for the period.

2 Segment information (continued)

(b) Financial breakdown

The segment information provided to the strategic steering committee for the reportable segments for the half-year 30 September 2019 is as follows:

2019	**Hay Trading Business $**	**Cold Storage $**	**Total $**
Total segment revenue	8,994,639	6,023,289	15,017,928
Segment adjusted EBITDA	830,171	1,236,514	2,066,685
Corporate	-	-	(740,334)
Total adjusted EBITDA	**830,171**	**1,236,514**	**1,326,351**
Depreciation, finance and transaction costs	(1,769,949)	(1,455,648)	(3,225,597)
Corporate	-	-	(722,529)
Gain on disposal of property, plant and equipment	-	-	4,238,986
Net profit before tax	**(939,778)**	**(219,134)**	**1,617,211**
Income tax expense	-	-	(190,715)
Net profit for the year	**(939,778)**	**(219,134)**	**1,426,496**
Segment assets	20,613,041	28,004,429	48,617,470
Corporate	-	-	2,447,902
Total assets	**20,613,041**	**28,004,429**	**51,065,372**
Segment liabilities	(10,707,285)	(23,289,708)	(33,996,993)
Corporate	-	-	(537,380)
Total liabilities	**(10,707,285)**	**(23,289,708)**	**(34,534,373)**

2018	**Hay Trading Business $**	**Cold Storage $**	**Total $**
Total segment revenue	9,056,390	5,665,718	14,722,108
Segment adjusted EBITDA	1,871,079	1,630,546	3,501,625
Corporate	-	-	(745,077)
Total adjusted EBITDA	**1,871,079**	**1,630,546**	**2,756,548**
Depreciation, finance and transaction costs	(719,366)	(873,476)	(1,592,842)
Corporate	-	-	(678,597)
Gain on purchase	-	-	999,656
Net profit before tax	**1,151,713**	**757,070**	**1,484,765**
Income tax expense	-	-	(176,210)
Net profit for the year	**1,151,713**	**757,070**	**1,308,555**
Segment assets	16,510,557	16,372,149	32,882,706
Corporate	-	-	11,124,307
Total assets	**16,510,557**	**16,372,149**	**44,007,013**
Segment liabilities	(13,582,784)	(14,615,423)	(28,198,207)
Corporate	-	-	(276,098)
Total liabilities	**(13,582,784)**	**(14,615,423)**	**(28,474,305)**

3 Profit and loss information

(a) Transaction expenses

Transaction costs were associated with fees incurred in relation to the sale of Austco property and development of Wingara Group in line with growth strategy of building a sustainable platform for processing and marketing agricultural products.

(b) Disposal of plant and equipment

In July 2019, the Group signed sale of the Austco Polar Cold Storage property with lease back terms of 15 years and two further 10-year options. The transaction allows Wingara to unlock a capital gain and decrease its gearing ratio to pursue its growth strategy. The transaction details is as follow:

	$
Sale of the Austco Polar Cold Storage Property	21,000,000
Disposal of land	(5,400,064)
Disposal of building	(8,321,723)
Capital improvements associated with Austco property	(3,030,500)
Net gain on disposal of Austco Polar Cold Storage Property	**4,247,713**

There was $8,727 loss on disposal of other plant and equipment during the half year ended 30 September 2019.

4 Income tax expense

(a) Income tax expense

	Group	
	30 September 2019 $	30 September 2018 $
Current tax on profits for the year	**277,180**	261,439
Deferred tax expense (income)	**(86,465)**	(85,229)
	190,715	176,210

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

	Group	
	30 September 2019 $	30 September 2018 $
Profit before income tax expense	**1,617,211**	1,484,765
Tax at the Australian tax rate of 27.5%	**444,733**	408,310
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax losses utilised in the period	**(254,018)**	42,804
Gain on bargain purchase	**-**	(274,904)
Income tax expense	**190,715**	176,210

5 Earnings per share

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

	Group	
	30 September 2019 $	30 September 2018 $
Basic & diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic & diluted earnings per share:	**1,426,496**	1,308,555

(b) Weighted average number of shares used as denominator

	Group	
	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**105,105,335**	98,983,320
Adjustments for calculation of diluted earnings per share:		
Options	**3,000,000**	2,431,319
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**108,105,335**	101,414,639

6 Property, plant and equipment

	Group	
	30 September 2019 $	31 March 2019 $
Property, plant and equipment (*)	**20,454,482**	37,537,691
Capital work-in-progress (**)	**143,951**	113,999
	20,598,433	37,651,690

(*) The movement was due to the sale of the Austco Polar property located at Laverton North.

(**) This balance comprises of deposits and payments made for development of sites in Horsham and Raywood. The Group is still in the process of finalising these projects and thus further capitalisation is expected in the future. These costs will be subsequently transferred to property, plant and equipment when the assets are ready to be commissioned for operation.

7 Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Group	
	30 September 2019 **$**	31 March 2019 $
Right-of-use assets		
Properties	**20,530,557**	-
Finance leases	**158,771**	-
	20,689,328	-
Lease liabilities		
Current	**594,305**	-
Non-current	**20,214,699**	-
	20,809,004	-

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Group	
	30 September 2019 **$**	30 September 2018 $
Depreciation charge of right-of-use assets		
Properties	**304,330**	-
Finance leases	**12,533**	-
Interest expense (included in finance cost)	**132,892**	-

The total cash outflow for leases in 2019 was $411,034.

(iii) The group's leasing activities and how these are accounted for

The Group has adopted AASB 16 *Leases* during the half-year ended 30 September 2019 using the modified retrospective approach. The modified approach does not require restatement of comparative periods. Instead the cumulative impact of applying AASB 16 is accounted for as an adjustment to equity at the start of the current accounting period in which it is first applied, known as the 'date of initial application'.

At the start of the current accounting period, the Group has the following leased assets:
1. Office lease at Kew, Victoria
2. Storage lease at Epsom, Victoria

In August 2019, the Group entered into a fifteen-year commercial lease on the Austco Property located at Laverton North, after the execution of sale and lease back agreement with the property fund.

7 Leases (continued)

	30 September 2019 $	31 March 2019 $
Land and buildings - right-of-use	21,409,025	-
Less: Accumulated depreciation	(878,468)	-
	20,530,557	-
Motor vehicles - right-of-use	233,118	-
Less: Accumulated depreciation	(74,347)	-
	158,771	-

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases motor vehicles under agreements of five years.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

8 Borrowings

		Group					
		30 September 2019			31 March 2019		
	Note	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Commercial bill & loan	8(a)	**5,966,000**	**1,885,000**	**7,851,000**	6,990,000	18,019,000	25,009,000
Asset finance loan	8(b)	**205,908**	**1,053,080**	**1,258,988**	193,172	1,191,829	1,385,001
Bank overdraft		**221,976**	**-**	**221,976**	573,344	-	573,344
Lease liabilities		**-**	**-**	**-**	186,232	-	186,232
Inventory Loan		**-**	**-**	**-**	360,000	-	360,000
Total borrowings		**6,393,884**	**2,938,080**	**9,331,964**	8,302,748	19,210,829	27,513,577

(a) Commercial bills

- Westpac tailored commercial facilities with a facility limit of $3,012,000. This facility is subject to BBSY rate plus a margin of 1.80% per annum and line fee of 2.50% per annum. The duration of this facility is five (5) years. Interest to be paid monthly plus quarterly principal reductions of $241,500.

- Westpac revolving loan facility with a facility limit of $5,000,000. This facility is subject to BBSY rate plus a margin of 1.46% per annum. The term of this facility is 12 months, subject to satisfactory annual review. Interest to be paid monthly.

(b) Asset finance loan

- Westpac asset finance loan with aggregate limit of $1,416,500. 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 $26,431 to be paid in a monthly basis.

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

(c) Banking facilities

As at 30 September 2019, the group had secured banking facilities limits with the Westpac Banking Corporation as follows:

	Commercial bill & loan $	**Asset finance $**	**Overdraft $**	**Bank guarantee $**	**Corporate card $**	**Total $**
30 September 2019						
Total facility limit	**8,012,000**	**1,416,500**	**600,000**	**80,000**	**20,000**	**10,128,500**
Less: amount used	**(7,851,000)**	**(1,258,987)**	**(221,976)**	**(80,000)**	**-**	**(9,411,963)**
Unused facilities	**161,000**	**157,513**	**378,024**	**-**	**20,000**	**716,537**

	Commercial bill & loan $	Asset finance $	Overdraft $	Bank guarantee $	Corporate card $	Total $
31 March 2019						
Total facility limit	25,009,000	1,585,845	600,000	97,500	40,000	27,332,345
Less: amount used	(25,009,000)	(1,559,418)	(573,653)	(97,500)	-	(27,239,571)
Unused facility	-	26,427	26,347	-	40,000	92,774

9 Events occurring after the reporting period

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

In the directors' opinion:

(a) the interim financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, and
  (ii) giving a true and fair view of the Group's financial position as at 30 September 2019 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Wingara AG Limited will be able to pay its debts as and when they become due and payable.

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

Gavin Xing
Director
19 November 2019

William Buck

Wingara AG Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Wingara AG Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 September 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wingara AG Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

— giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and its performance for the half-year ended on that date; and

— complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Wingara AG Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

William Buck

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

A. A. Finnis
Director

Melbourne, 19 November 2019