Wingara AG Limited

2020 Annual Report

Who We Are

Wingara AG Limited is building a portfolio of diversified mid-stream assets within the protein supply chain based on a 'tolling model' concept to capture throughput from accredited export facilities.

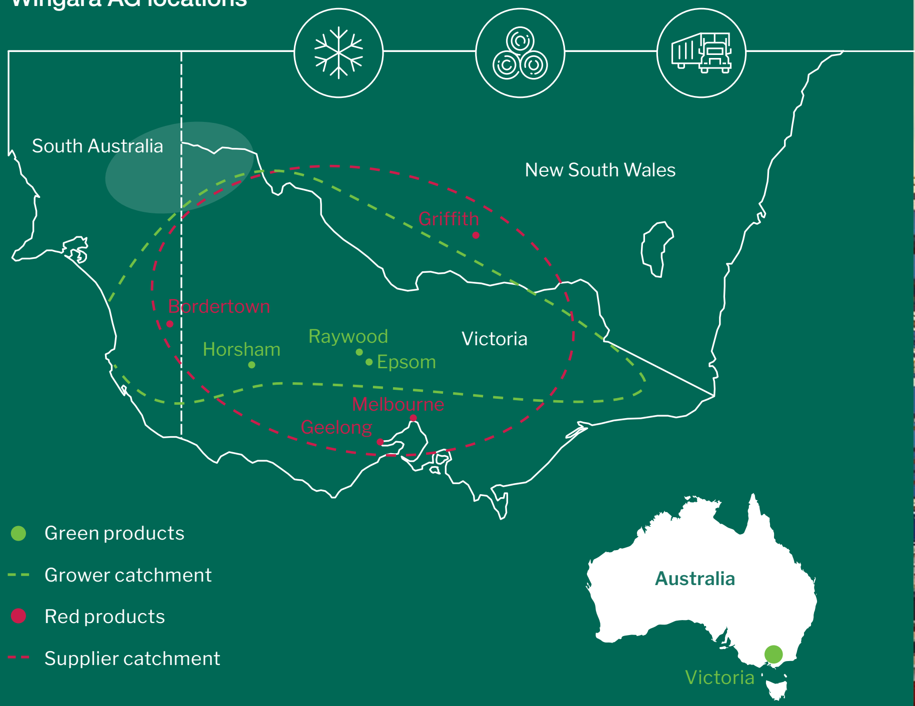
Our Vision

To unlock value in domestic and export markets, with a focus in Asia, through our marketing platform and innovative services in accumulation and processing.

Our Mission

To partner with our suppliers to compete on the global stage whilst managing risk through diversification.

Wingara AG locations



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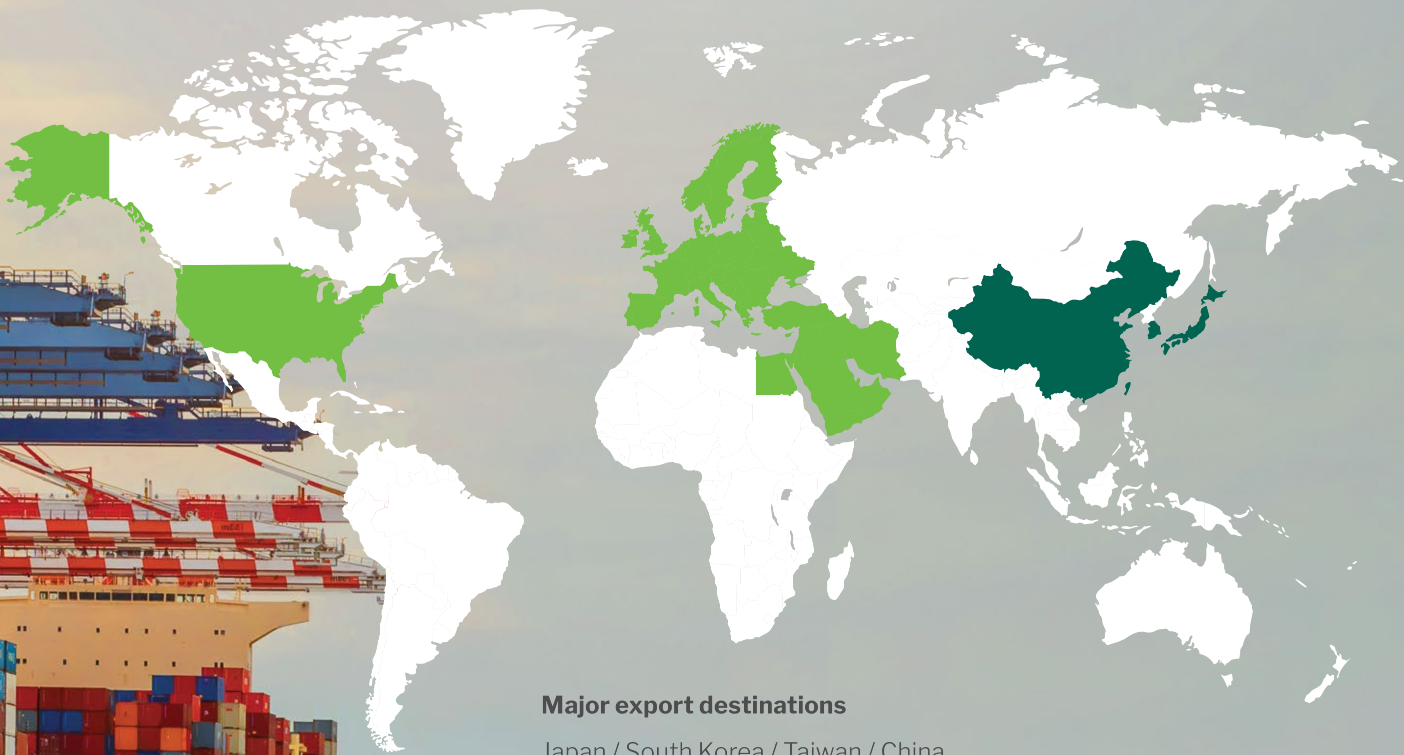


Major export destinations

Japan / South Korea / Taiwan / China

We connect primary producers to the global market efficiently through our protein supply chain platform.

Five Year Summary

Financial Year ended 31 March 2020

$'000 UNLESS OTHERWISE STATED	2020	2019	2018	2017	2016
Operating results					
Revenue	35,058	29,120	10,763	8,687	10,368
Cost of Sales	(18,786)	(14,290)	(5,298)	(4,567)	(5,326)
Gross Profit	**16,271**	**14,830**	**5,465**	**4,120**	**5,043**
EBITDA	**3,287**	**4,752**	**1,089**	**606**	**1,226**
EBITDA*	**7,534**	**4,752**	**1,089**	**606**	**1,226**
Depreciation and amortisation (D&A)	(2,467)	(2,116)	(602)	(336)	(426)
Earnings Before Interest and Tax (EBIT)	**819**	**2,636**	**487**	**270**	**800**
Finance expenses	(2,021)	(1,806)	(383)	(192)	(141)
Operating profit before tax	**(1,202)**	**831**	**104**	**79**	**660**
Tax benefits/(expenses)	(107)	(46)	319	(43)	(173)
Net profit before significant items	**(1,308)**	**784**	**424**	**36**	**486**
Significant items	(2,144)	122	(858)	(213)	(4,758)
Other comprehensive income	–	–	–	–	–
Profit/loss attributable to members	**787**	**906**	**(434)**	**(176)**	**(4,272)**
Financial position					
Wingara shareholders' funds	16,441	15,139	12,091	6,256	3,729
Intangible assets	1,816	1,816	1,816	1,816	1,816
Total assets	55,318	47,404	23,361	13,628	8,263
Total liabilities	38,877	32,264	11,270	7,402	4,534
Net debt^	3,919	25,657	584	(635)	1,333
Market capitalisation	26,514	26,802	35,812	22,101	16,829
Enterprise value	30,433	52,459	36,396	21,466	18,163
Operating cash flow	1,517	184	(4)	133	(158)
Closing share price (dollars)	0.250	0.255	0.370	0.285	0.250
Shares on issue (thousands)	106,055	105,105	96,790	77,547	67,318
Key financial metrics					
Revenue growth (%)	20.4%	170.6%	23.9%	(16.2%)	
Gross margin (%)	53.6%	49.1%	49.2%	52.6%	51.4%
EBITDA* margin (%)	21.5%	16.3%	10.1%	7.0%	11.8%
EBITDA* growth (%)	58.5%	336.4%	79.7%	(50.6%)	
EBIT growth (%)	(68.9%)	441.2%	80.2%	(66.2%)	
Key profitability ratios					
Return on Equity (%)	4.8%	6.0%	(3.6%)	(2.8%)	(114.6%)
Return on Assets (%)	1.4%	1.9%	(1.9%)	(1.3%)	(51.7%)
Earnings per share (EPS) (cents)	0.74	0.86	(0.45)	(0.23)	(6.35)
EPS growth (% increase)	–14%	292%	–97%	96%	
Total shareholder returns (%)	(2.0%)	(31.1%)	29.8%	14.0%	
Operating cash flow/EBITDA* (times)	0.2x	0.0x	(0.0x)	0.2x	(0.1x)
EBITDA* Return on Assets	13.6%	10.0%	4.7%	4.4%	14.8%
EBITDA* Return on Equity	45.8%	31.4%	9.0%	9.7%	32.9%
Capital market and structure ratios					
Market cap/EBIT (times)	32.4x	10.2x	73.5x	81.7x	21.0x
EBITDA* per share (cents)	7.10	4.52	1.12	0.78	1.82
Market cap/EBITDA* (times)	3.5x	5.6x	32.9x	36.5x	13.7x
Enterprise value/EBITDA* (times)	4.0x	11.0x	33.4x	35.4x	14.8x
P/E ratio (times)	0.3x	0.3x	(0.8x)	(1.3x)	(0.0x)
Net debt^/shareholders' equity (%)	24%	169%	5%	(10%)	36%
Equity/total assets (%)	30%	32%	52%	46%	45%
Net debt^/EBITDA* (times)	0.5x	5.4x	0.5x	(1.0x)	1.1x
EBIT/net interest (times)	(0.4x)	(1.5x)	(1.3x)	(1.4x)	(5.7x)
Net tangible asset backing per share (cents)	50.45	43.37	22.26	15.23	9.58

* 2020 EBITDA includes $4.25M of net gain on disposal of Austco property, arising from the sale and leaseback of Austco Polar site.

^ Debt metrics exclude capitalised lease obligations.

Chairman's Letter

Dear Shareholder,

I am pleased to present to you Wingara's Annual Report for the financial year ended 31 March 2020 (FY20), a year in which the Company continued to make significant progress on several fronts and reached a number of milestones.

Financial performance backed by growth

Wingara's FY20 financial performance reflected the successful execution of the Company's consistent growth strategy. The Company's revenue exceeded $35m for the first time since inception at an average annual growth rate of 72% for the past 3 years. This is achieved through increasing processing capacity and acquisition, whilst balancing the risk profile by developing diversified revenue streams.

Considering a turbulent macro-economic environment due to bushfires, drought and COVID-19, Wingara still generated $1.5m Operating Cash Flow (an increase of $1.3m from FY19) on the back of revenue increase of $5.9m from FY19.

Wingara's focus on producing earnings through its limited capital base delivered overall EBITDA (include net capital gain) growth of 58% to $7.5m from FY19. Wingara invested significant capital in its IT and operating platform to promote accurate inventory management and product traceability which will bring long term benefit. The Company also took the opportunity to write-off $0.6m of non-cash items in addition to depreciation and amortisation to maintain a productive balance sheet. Wingara delivered $0.8m of NPAT for FY20.

Transforming capital structure

Improved cash flow and reduced net debt from the sale and lease back of the Austco Polar asset in August 2019, reflected Wingara's philosophy of active capital management. Since the Company's inception, net proceeds of $15.81million has been raised to build up a business with over $55m in assets and net debt of less than $4m.

Net Tangible Asset backing per share increased 16% to $0.50 over FY20, whilst our net debt to equity ratio is only 24%.

Strengthened position in protein supply chain

Over FY20, Wingara further strengthened its platform in the protein supply chain, specialising in the processing, storage and marketing of Australian agriculture produce for export markets. Though trading activity has experienced volatility due to unforeseen global events, a record quarter for sale of hay in Q4 FY20, and continued supply of packaged frozen meat at historically high levels demonstrate the success of our investment strategy into distribution and capacity at both JC Tanloden and Austco Polar.

With continued operational momentum and investment, the Company has a solid platform for further growth in FY21 and beyond. Our utilisation rate of 55% at JC Tanloden and 85% for Austco Polar provides earning upsides that are only constrained by availability of deployable capital to meet working capital cycles. Our business focus in the coming 12 months is to implement an adequate plan to address this and allow the businesses to achieve their full potential.

Our most valued resource

By value-adding agriculture commodities, and matching this stock to demand in export territories, Wingara is directly and indirectly working with more than 2,000 farmers in Victoria that represent the engine room of Australian primary industries. These growers are our most valued resource, and cover up to 50% of agricultural output from Victoria.

Australian produce is internationally regarded as high quality and trusted, and Wingara is supporting demand from Japan, South Korea and Taiwan, where we are considered a trusted agriculture produce partner.

Ready to take on the next phase of growth

It is significant to note that the second half of FY20 produced record hay production and processing levels. Your Board strongly believes that this record production level is at least sustainable, and provides the foundation to increase Wingara's fodder throughput in the range of 90-100K MT in the medium term.

Board changes

We recently welcomed David Christie to the Company's board as a Non-Executive Director. David brings 20 years' commercial and governance experience and a proven record in building successful businesses.

On behalf of your Board, I would like to thank Mark Hardgrave, who stepped down from the Board this financial year, for his insight, knowledge, and expertise.

Thank you to all our stakeholders

FY20 was a year of risk managed growth and tactical delivery of our strategy. I would like to thank the other members of our Board for their counsel and support over the past year. I would also like to thank our senior management and team members for their energy, dedication and commitment; and our suppliers, partners and customers for their support.

Finally, I wish to thank you, our shareholders, for your ongoing support as we continue to deliver on the attractive growth opportunities we see for Wingara, a leading Australian agribusiness.

Gavin Xing
Executive Chairman and Managing Director

Wingara AG Limited

2020 Business Highlights

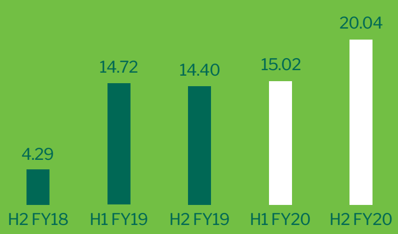
In an unprecedented year of global and local environmental events, Wingara has strengthened its commercial position through solid supplier and customer relationships alongside a focus on strategic initiatives.

- Revenue increase of 20% exceeding $35m for FY2020
- EBITDA of $3.3m

REVENUE ($M)

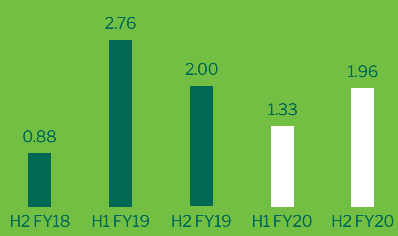
$35.1m ▲

Up 20%



EBITDA ($M)

$3.3m

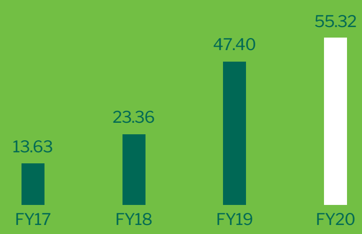


- Completed the successful sale and leaseback of Austco property significantly reducing debt from $27.5m to $7.4m (excluding asset lease finance) at the end of the financial year.
- Blast freezing volumes at Austco Polar have increased 17% exceeding 2m units p.a.
- JC Tanloden hay production continued to increase quarter on quarter during the year

TOTAL ASSETS ($M)

$55.3m ▲

Up 16.7%



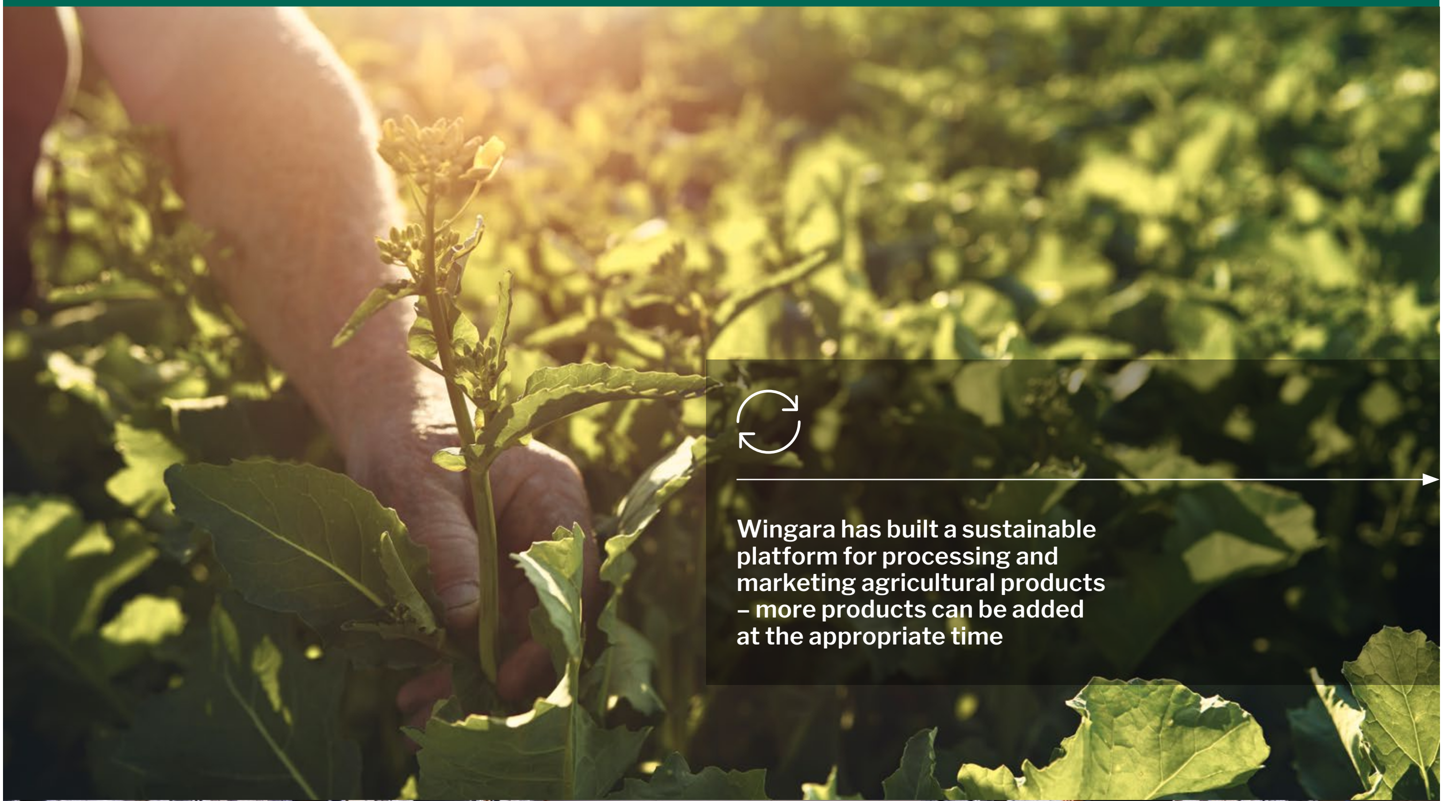
NET ASSET ($M)

$16.4m ▲

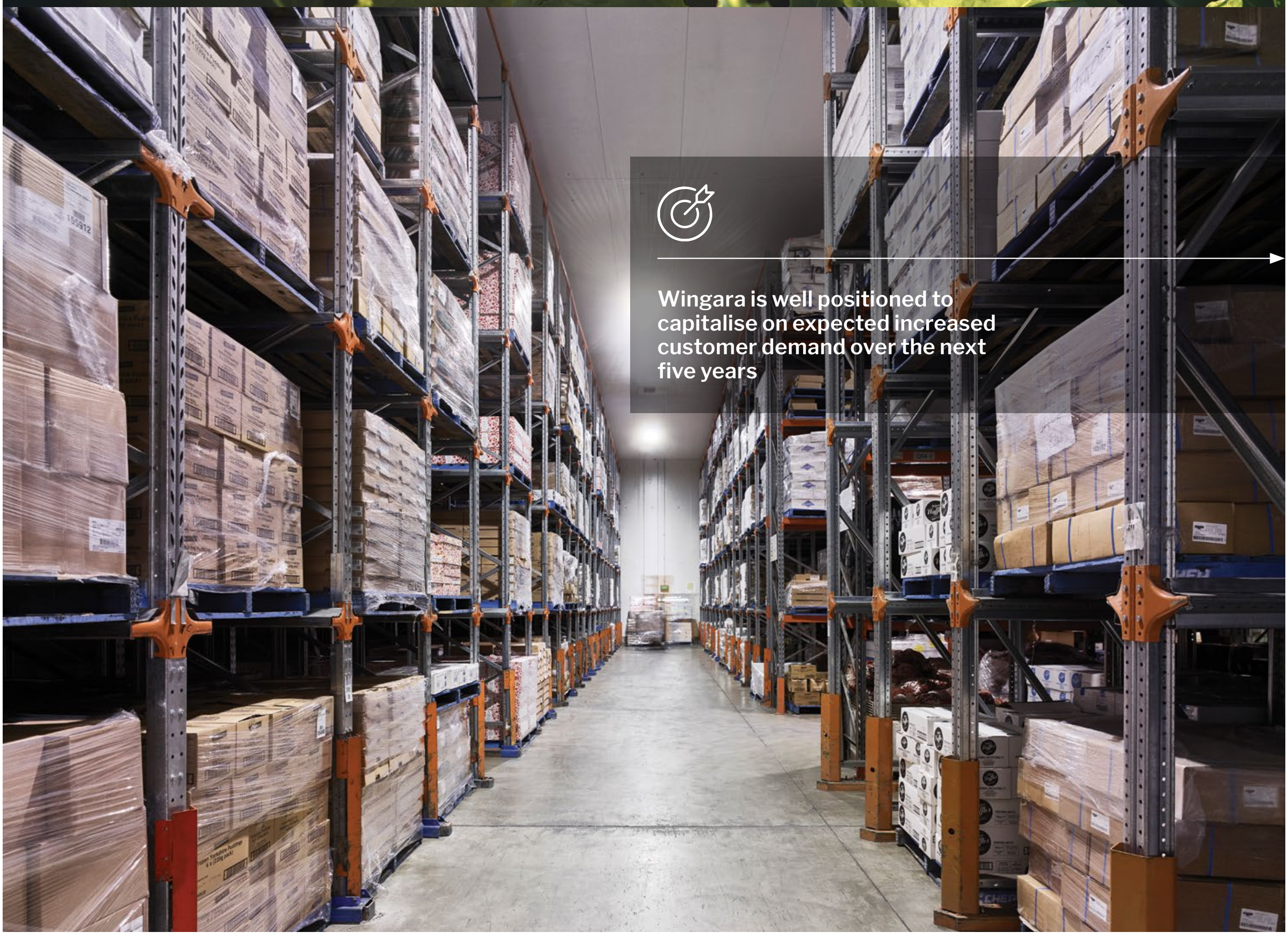
Up 8.6%

Wingara's investment strategy and focus has provided resilience against the current global turmoil

Our Platform for Sustainable Growth



Wingara has built a sustainable platform for processing and marketing agricultural products – more products can be added at the appropriate time



Wingara is well positioned to capitalise on expected increased customer demand over the next five years

A sustainable agricultural products platform

Wingara AG Limited

Process raw materials to products in demand for export markets

Logistics to move products worldwide

Provide insights and services for partners

Risk management framework

- A highly scaleable model that unlocks value in Asian export markets
- Ability to capitalise on opportunities in the 'protein supply chain' that meet Asian demand characteristics which are driven by the need for increased 'food security'

For Primary Producers

- Connects primary producers with valuable high demand export markets

For Customers

- Receives in-demand quality assured, Australian products

Growth Strategy

Continue to expand JC Tanloden

- Combined throughput capacity of up to 250,000 MT per annum across Epsom, Raywood and Horsham once Horsham is built (currently 110,000 MT)
- Storage capacity in excess of 80,000 MT (currently 30,000 MT)
- Strengthen market share in key export destinations, expand into new export markets as opportunities arise

Improve Austco operations

- Blast freezing and logistic throughput to 70,000t per annum (~10,300 cartons per day) with accreditation for export to EU, US, China, Japan and is Halal certified (currently 60,000t per annum, ~8,900 cartons per day)
- Build on strong relationships with key long term customers (15+ year relationships in many instances) to increase volumes and earnings
- Innovation and cost management to drive efficiencies (labour, energy use, systems and processes)

Diversify product range

- Leverage strong logistics, trading and exporting capabilities and expand product range
- Infrastructure is already in place to facilitate pulse, grain and red products based on demand

Strategic Acquisitions

- We will continue to assess strategic acquisition opportunities complimentary to WNR's current capabilities with a focus on protein supply chain opportunities
- While there are many new opportunities that have come to light in recent times, WNR will carefully assess and exercise financial discipline

Review of Operations

Wingara AG Limited ("Wingara" or "the Company") owns and operates value-add, mid-stream assets specialising in the processing, storage and marketing of agriculture produce for export markets through two businesses: JC Tanloden (JCT), and Austco Polar Cold Storage (APCS). The Company continues to build an agricultural Infrastructure platform based on a tolling style revenue model. The innovative commercial approach ensures Wingara is positioned to continue its growth plan.

In an unprecedented year of global and local environmental events, Wingara has strengthened its commercial position through solid supplier and customer relationships alongside a focus on strategic initiatives. The Company continues to build an agricultural infrastructure platform based on a tolling style revenue model through the protein supply chain.

Strong financial results

Following on from record financial results in FY2019, Wingara has continued its revenue growth with an operating revenue increase of 20% for FY2020. This is the result of a strong second half in FY2020 with revenue increasing 33% after we completed the sale and leaseback of APCS and shifted capital to the JCT side of the business. The demand for Australian fodder product in Asia has driven the strong results. This demonstrates that Wingara's diversified investment strategy has provided the necessary resilience against the impact of both the drought and bushfires and the more recent COVID-19 pandemic.

Austco Polar has proven to be a valuable investment that has generated consistent returns following its acquisition in March 2018. Revenue for FY2020 increased by 8% up to $13.3m in comparison to FY2019. This improvement has primarily been driven by adoption of a new management approach, customer service diversification and facility upgrades.

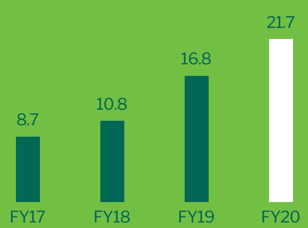
Export customer demand has seen JC Tanloden's operations at both the Epsom and Raywood sites operate at a consistent throughput volume exceeding 40,000 MT p.a. Quarterly production has increased quarter on quarter to 10.5k MT in Quarter 3 and 14.3k MT in Quarter 4.

JC Tanloden

REVENUE ($M)

$21.7m ▲

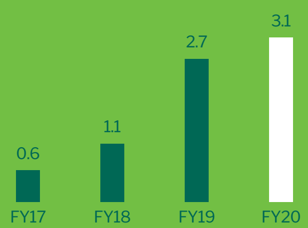
Up 29.5%



EBITDA* ($M)

$3.1m ▲

Up 15.1%



* EBITDA of standalone operating business

Services Provided

Hay Accumulation

- Supply sourced from more than 2,000 farmers over 100,000km² throughout Victoria
- Purchases typically occur during November – January
- Current storage capacity of 30,000 MT
- Storage capability of up to 3 years

Processing

- Quality control testing on new hay deliveries
- Blend and cut bales to reduce size by 50%
- Repackaging and fumigation
- Current processing capacity of 110,000t per annum

Logistics

- Domestic and interstate markets
- Offshore freight to key markets including China, Taiwan, South Korea and Japan

Increased production to meet fodder customer demand

The JCT operations have seen continued quarter-on-quarter growth in production throughout the year. After a slow first half of the year, the second half produced our highest production since inception. We note the first half of FY2020 output for JCT was constrained due to limited capital to accumulate fodder products for export. As additional capital was released from the sale and leaseback of APCS, we have been able to increase the production capacity of JCT. The JCT business is expected to continue increasing production to meet export customer demand.

Impact of COVID-19

The impact of COVID-19 has been limited in this year's financial results, only affecting the final quarter. With the outbreak of COVID-19 beginning in China prior to The Lunar New Year (January 2020), the Austco business has seen a marginal slowdown in blast freezing, storage and export load out. The short term reduction is difficult to forecast as typically export markets slow during the winter season and the recent wet conditions could lead to replenishment of herds.

Risk management in place

Despite the challenges faced by various sectors in the economy, Wingara has implemented the necessary risk management procedures to minimise disruption to the Group. To date, COVID-19 has had a limited impact on the Group with the most significant being the slowdown at ports and disruption of shipping lines.

Events since the end of the financial year

As of the date of report, the impact of COVID-19 remains minimal to the Group's operation.

No other matters or circumstances have arisen since 31 March 2020 that have materially affected the Group's operations, results or state of affairs.

Likely developments and expected results of operations

There are no likely developments or details on the expected results of operations that the Group has not disclosed.

Environmental regulation

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

Austco Polar

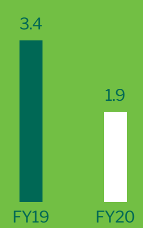
REVENUE ($M)

$13.3m ▲

Up 8%

EBITDA* ($M)

$1.9m



* EBITDA of standalone operating business

Services Provided

Storage & Handling

- Receive containers and store frozen products (red meat, seafood, duck – no pork)
- Complete exporters documentation and product selection
- Load domestic and export containers with frozen product

Blast Freezing

- Blast freeze product; extends shelf life from 12 weeks to up to 3 years in chilled conditions
- Gets meat to – 12°C
- Process capacity of 40K packs per week
- Key clients account for over 30% of VIC meat production

Tenancy

- Chillers and freezers occupied by various food suppliers on long term contracts
- Average tenure of clients of 5 years

Sustainability and Environment

Wingara AG has continued to uphold our social responsibility of ensuring we support, develop and grow with our farmers within the catchment area in South-Eastern Australia.

Wingara has a rich history of building profitable and sustainable relationships with our growers. Established in 1985 JC Tanloden, a subsidiary of Wingara, has cemented its place in the local community through our pro-active approach to the farm gate. Our understanding of the production cycles of agricultural commodities is unparalleled, and our continued investment in key resources to ensure growers are well represented in the market bears testament to this mandate.

Wingara prides itself on working with both established growers, as well as those new to the industry to educate and develop production and marketing practices that continue to evolve the industry and our grower partners operations. Wingara takes a long-term approach to the production cycle and through our industry leading contracting and payment structures ensures growers are able to operate sustainable and innovative farming, marketing and logistics practices that underpin the longevity of our grower relationships.

By continuing to invest in new facilities, Wingara is able to grow with our farmers and ensure that the varied and unique needs of our individual growers are met. From just-in-time delivery, storage, cash flow requirements, agronomic motivations and throughout efficiencies our new facilities have been built with the farm gate in mind first. Through rigorous consultation with our growers, the business is acutely aware of the seasonal

JC Tanloden – 275kWp (Commissioned July 2018)

- The system has produced 307 megawatt hours (MWh) of electricity with a savings value in excess of $52,000
- 60.2% of total site electricity has been supplied by the system
- Lifetime Co^2 emission savings are in excess of 270 tonnes of Carbon the equivalent of planting 8,030 trees

motivations from a primary production perspective, and strives to ensure maximum efficiency and flexibility in execution.

The company's Raywood site is an excellent example of a facility that has been designed from greenfield with our growers in mind, and this world class facility demonstrates what can be achieved with a consultative and farm gate orientated approach to supply chain development.

Wingara understands that the communities that surround the Australian Agricultural Industry are its lifeblood.

Wingara acknowledges that both the Epsom and Raywood sites are situated on Dja Dja Wurrung Country.

Over the life of the business Wingara has, and continues, to support many community events, not for profits, and community initiatives that give back to the industry. This is done through donations, events, educational and industry development initiatives and perhaps most importantly, we employ our people from the very communities we represent, and will continue to grow with our communities through our people.

Wingara, will continue to grow with our farmers, sustainably, responsibly, and proactively. The business prides itself on its "Farm Gate First" philosophy and by doing so will continue to ensure the long-term viability of our industry and our regional communities alike.

Austco Polar Cold Storage – 450kWp (Commissioned March 2019)

- The System has produced 509 megawatt hours (MWh) of electricity with a savings value of $ 91,900 for the financial year.
- 21% of total site electricity has been supplied by the system
- Lifetime CO^2 savings are in excess of 250 tonnes the equivalent of planting 7,500 trees

Board of Directors

Gavin Xing

Executive Chairman and Managing Director

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.

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.

Zane Banson

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 was appointed to the Export Fodder Advisory Panel of Agrifutures Australia in January 2020. Mr Banson graduated from RMIT University with a bachelor degree of Accounting and Finance and is a Chartered Accountant.

Mark Hardgrave

Non-Executive Director (Resigned 9 June 2020)

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 and a non-Executive Director of Nimble Finance Limited. He 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.

Mr Hardgrave is a member of CAANZ (Chartered Accountants Australia and New Zealand) & GAICD (Graduate of the Australian Institute of Company Directors).

Jeral D'Souza

Non-Executive Director (Appointed 26 September 2019)

Mr. D'Souza has over 40 years' experience having spent 30 years in senior regional management roles with Cargill, a leading global producer and distributor of food and agricultural products with operations in over 70 countries/regions. Mr D'Souza has also been a Director of Teys Australia (Cargill's and Teys family JV), and Chairman of Allied Mills (Cargill and GrainCorp's Australian JV). The two businesses were diverse and included meat export, flour milling, bakery products, and agriculture product marketing in Asia, Europe, USA and Australia.

Mr D'Souza holds a Bachelor Degree with Honours in Accounting and Business Finance from the University of Manchester in England and is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. Mr D'Souza joined Cargill in 1983 after six years in the accounting profession with one of the UK big firms.

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 2020. Throughout the report, the consolidated entity is also referred to as the Group.

Directors and company secretary

Gavin Xing – Executive Chairman & Managing Director

Zane Banson – Executive Director

Mark Hardgrave – Non-Executive Director (Resigned 9 June 2020)

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

Phillip Hains – Secretary (Resigned 5 June 2019)

Oliver Carton – Secretary (Appointed 5 June 2019)

Principal activities

During the year, the principal continuing activities of the Group consist 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.

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 (2019: 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:

Wingara AG Limited ("Wingara") announced the sale and lease back of the Austco Polar Cold Storage ("Austco") property with KordaMentha Funds Management ("KMFM") through one of its investment vehicles in July 2019. KMFM acquired the property located at Laverton North, Victoria for $21 million based on a 15-year lease with Wingara with two additional 10-year options. Settlement occurred in August 2019 and Wingara now leases the property. There have been no changes to operations at the site.

On 23 December 2019, the Group issued 950,000 ordinary fully paid shares and 2,450,000 unlisted options (expiring in 36 months from grant date, exercisable at $0.36 per option) under Employee Share Option Plan 2019 as part of remuneration. These options were issued to Zane Banson, Gavin Xing, Kellie Barker, Mark Hardgrave, Roger Prezens and Oliver Carton.

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

Review of operations

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In an unprecedented year of global and local environmental events, Wingara has strengthened its commercial position through solid supplier and customer relationships alongside a focus on strategic initiatives. The Company continues to build an agricultural infrastructure platform based on a tolling style revenue model through the protein supply chain.

Highlights for FY2020 include:

Strong financial results

Following on from record financial results in FY2019, Wingara has continued its revenue growth with an operating revenue increase of 20% for FY2020. This is the result of a strong second half in FY2020 with revenue increasing 33% after we completed the sale and leaseback of APCS and shifted capital to the JCT side of the business. The demand for Australian fodder product in Asia has driven the strong results. This demonstrates Wingara's diversified investment strategy has provided the necessary resilience against the impact of both the drought and bushfires and the more recent COVID-19 pandemic.

Austco Polar has proven to be a valuable investment which has generated consistent returns following its acquisition in March 2018. Revenue for FY2020 increased by 8% up $1m on FY2019. This improvement has primarily been driven by adoption of a new management approach, customer service diversification and facility upgrades.

Export customer demand has seen JC Tanloden's operations at both the Epsom and Raywood sites operate at a consistent throughput volume exceeding 40,000 MT p.a. Quarterly production has increased quarter on quarter to 10.5k MT in Quarter 3 and 14.3k MT in Quarter 4.

- Revenue increase of 20% to exceed $35m for FY2020
- EBITDA of $3.3m
- Net capital gain of $4.2m
- Completed the successful sale and leaseback of Austco property significantly reducing debt from $27.5m to $7.37m (excluding asset lease finance) at the end of the financial year. Do note, the $7.37m in borrowings is comprised of $6.4m which is non-current as at year end.
- Blast freezing volumes at Austco Polar have increased 17% exceeding 2m units p.a.
- JC Tanloden hay production continued to increase quarter on quarter during the year

Increased production to meet fodder customer demand

The JCT operations have seen continued quarter on quarter growth in production throughout the year. After a slow first half of the year, the second half produced our highest production since inception. We note the first half of FY2020 output for JCT was constrained due to limited capital to accumulate fodder products for export. As additional capital was released from the sale and leaseback of APCS, we have been able to increase the production capacity of JCT. The JCT business is expected to continue increasing production to meet export customer demand.

Impact of COVID-19

The impact of COVID-19 has been limited in this year's financial results only affecting the final quarter. With the outbreak of COVID-19 beginning in China prior to The Lunar New Year (January 2020), the Austco business has seen a marginal slowdown in blast freezing, storage and export load out. The short term reduction is difficult to forecast as typically export markets slow during the winter season and the recent wet conditions could lead to replenishment of herds.

	MARCH 2018	SEPTEMBER 2018	MARCH 2019	SEPTEMBER 2019	MARCH 2020
	H2 FY18	H1 FY19	H2 FY19	H1 FY20	H2 FY20
Revenue	4.29m	14.72m	14.40m	15.02m	20.04m
EBITDA	0.88m	2.76m	2.00m	1.33m	1.96m
Total Assets	23.36m	44.01m	47.40m	51.07m	55.32m
Net Asset	12.09m	15.53m	15.14m	16.53m	16.44m

Significant event during the year

Despite the challenges faced by various sectors in the economy, Wingara has implemented the necessary risk management procedures to minimise disruption to the Group. To date, COVID-19 has had a limited impact on the Group with the most significant being the slowdown at ports and disruption of shipping lines.

Events since the end of the financial year

As of the date of report, the impact of COVID-19 remains minimal to the Group's operation.

No other matters or circumstances have arisen since 31 March 2020 that have materially affected the Group's operations, results or state of affairs.

Likely developments and expected results of operations

There are no likely developments or details on the expected results of operations that the Group has not disclosed.

Environmental regulation

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

Directors' Report

Continued

Information on directors

Gavin Xing
Executive Chairman and Managing Director

Experience and expertise	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. 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.
Other current directorships of listed companies	–
Former directorships in last 3 years	–
Special responsibilities	–
Interests in shares and options	20,677,727 ordinary shares (includes indirect holding) 2,250,000 options

Zane Banson
Executive Director

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 Chartered Accountant.
Other current directorships of listed companies	–
Former directorships in last 3 years	–
Special responsibilities	Chief Financial Officer
Interests in shares and options	444,500 ordinary shares 1,000,000 options

Mark Hardgrave
Non-Executive Director (Resigned 9 June 2020)

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 and a non-Executive Director of Nimble Finance Limited. He 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. 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	242,857 ordinary shares 100,000 options

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

Experience and expertise	Mr D'Souza has over 40 years' experience having spent 30 years in senior regional management roles with Cargill, a leading global producer and distributor of food and agricultural products with operations in over 70 countries/regions. Mr D'Souza has also been a Director of Teys Australia (Cargill's and Teys family JV), and Chairman of Allied Mills (Cargill and GrainCorp's Australian JV). The two businesses were diverse and included meat export, flour milling, bakery products, and agriculture product marketing in Asia, Europe, USA and Australia. Mr D'Souza holds a Bachelor Degree with Honours in Accounting and Business Finance from the University of Manchester in England and is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. Mr D'Souza joined Cargill in 1983 after six years in the accounting profession with one of the UK big firms.
Other current directorships of listed companies	–
Former directorships in last 3 years	Teys Australia Limited – Non Executive Director August 2011 – August 2017 Allied Mills Pty Ltd – Director & Chairman January 2006 – March 2017
Special responsibilities	–
Interests in shares and options	– –

Directors' Report

Continued

Company secretary

Mr Oliver Carton was appointed as company secretary on 5 June 2019. He is a qualified lawyer with over 30 years of experience in a variety of corporate roles. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC. Mr Carton is also an experienced company secretary and is currently company secretary for a number of listed, unlisted and not for profit companies, ranging from Wingara AG Limited to the Melbourne Symphony Orchestra.

Mr Phillip 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.

Mr Hains resigned from company secretary on 5 June 2019.

Annual reporting calendar

REPORTING REQUIREMENT	DATE
Lodgment of Appendix 4E	29 May 2020
Annual Financial Report	30 June 2020
Deadline for nomination as Director	8 July 2020
Annual Report and Notice of AGM	17 July 2020
Appendix 4C – quarter ended 30 June 2020	28 July 2020
AGM	19 August 2020
Appendix 4C – quarter ended 30 September 2020	28 October 2020
Appendix 4D Half-Year Report	16 November 2020
Appendix 4C – quarter ended 31 December 2020	28 January 2021
Appendix 4C – quarter ended 31 March 2021	28 April 2021
Appendix 4E & Audited Financial Statements Year ended 31 March 2021	28 May 2021
Annual Financial Statements	29 June 2021

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 2020, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES AUDIT	
	H	A	H	A
Gavin Xing	5	5	2	2
Mark Hardgrave (Resigned 9 June 2020)	5	5	2	2
Zane Banson	5	5	2	2
Jeral D'Souza (Appointed 26 September 2019)	4	4	2	2

H: Number of meetings held during period of office
A: Number of meetings attended

Remuneration report

The directors present the Wingara AG Limited 2020 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. Any share-based payments to Non-Executive Directors are based on the discretion of the Company.

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 three components:

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

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

The remuneration of Non-Executive Directors consists of an un-risked element (base pay) which is not linked to the performance of the Company in the current or previous reporting periods and share-based payments, which are awarded at the discretion of the Company. Executives 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 2020, the net profit after tax was $787,012 (year ended 31 March 2019 net profit after tax: $906,131), with closing share price at each year end to be $0.250 and $0.255 per share, respectively.

	YEAR ENDED 31 MARCH 2020	YEAR ENDED 31 MARCH 2019	YEAR ENDED 31 MARCH 2018	NINE MONTHS ENDED 31 MARCH 2017	YEAR ENDED 30 JUNE 2016
	$	$	$	$	$
Net profit/(loss) after tax	787,012	906,131	(434,062)	(176,244)	(4,271,633)
Closing share price at year end	0.250	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 PROVISION	SUPER-ANNUATION	SHARES/ OPTIONS ISSUED	TOTAL	FIXED	VARIABLE
2020	$	$	$	$	$	%	%
Directors							
Gavin Xing	266,530	29,255	25,320	76,725	397,830	80.71	19.29
Mark Hardgrave (Resigned 9 June 2020)	45,662	–	4,338	10,230	60,230	83.02	16.98
Zane Banson	199,038	12,206	18,909	51,150	281,303	81.82	18.18
Jeral D'Souza (Appointed 26 September 2019)	18,124	–	1,722	–	19,846	100.00	–
	529,354	41,461	50,289	138,105	759,209	81.81	18.19
Other key management personnel							
Kellie Barker	199,140	30,566	18,918	69,150	317,774	78.24	21.76
	199,140	30,566	18,918	69,150	317,774	78.24	21.76
Total key management personnel compensation	**728,494**	**72,027**	**69,207**	**207,255**	**1,076,983**	**80.76**	**19.24**

Directors' Report

Continued

	SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS	VESTING OF SHARE-BASED PAYMENTS		% OF REMUNERATION	
	CASH SALARY AND FEES	MOVEMENT IN LEAVE PROVISION	SUPER-ANNUATION	SHARES/ OPTIONS ISSUED	TOTAL	FIXED	VARIABLE
2019	$	$	$	$	$	%	%
Directors							
Gavin Xing	274,812	13,630	25,756	–	314,198	100.00	–
Eric Jiang (Resigned 8 June 2018)	7,727	–	734	–	8,461	100.00	–
Mark Hardgrave (Resigned 9 June 2020)	43,555	–	4,138	–	47,693	100.00	–
Zane Banson	118,654	6,679	11,272	41,500	178,105	76.70	23.30
	444,748	20,309	41,900	41,500	548,457	92.43	7.57
Other key management personnel							
Marcello Diamante (Resigned 2 November 2018)	101,413	–	9,066	46,500	156,979	70.38	29.62
Kellie Barker	154,549	13,627	14,682	18,000	200,858	91.04	8.96
	255,962	13,627	23,748	64,500	357,837	81.98	18.02
Total key management personnel compensation	**700,710**	**33,936**	**65,648**	**106,000**	**906,294**	**88.30**	**11.70**

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 2019	RECEIVED AS PART OF REMUNERATION	ADDITIONS(*)	DISPOSALS	29 MAY 2020
Directors					
Gavin Xing	10,050,000	300,000	77,727	–	10,427,727
Mark Hardgrave (Resigned 9 June 2020)	142,557	–	100,000	–	242,557
Zane Banson	244,500	200,000	–	–	444,500
	10,437,057	**500,000**	**177,727**	**–**	**11,114,784**
Other key management personnel					
Kellie Barker	10,000,000	250,000	–	–	10,250,000
	20,437,057	**750,000**	**177,727**	**–**	**21,364,784**

(*) Additions were relate to on-market purchases

Option holdings

On 23 December 2019, the Group issued and vested options over ordinary shares (expiring in 36 months from grant date, exercisable at $0.36 per option). 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 2019	RECEIVED AS REMUNERATION CONTRACT	RECEIVED AS PERFORMANCE DURING EMPLOYMENT(*)	DISPOSALS	31 MARCH 2020
Directors					
Gavin Xing	–	–	750,000	–	750,000
Mark Hardgrave (Resigned 9 June 2020)	–	–	100,000	–	100,000
Zane Banson	500,000	–	500,000	–	1,000,000
	500,000	**–**	**1,350,000**	**–**	**1,850,000**
Other key management personnel					
Kellie Barker	1,000,000	–	500,000	–	1,500,000
	1,500,000	**–**	**1,850,000**	**–**	**3,350,000**

(*) Options vest immediately upon issued.

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:

Name:	Gavin Xing
Title:	Executive Chairman and Managing Director
Agreement commenced:	10 February 2016
Term of agreement:	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
Details:	$230,000 plus superannuation as Managing Director $40,000 in Director Fees Remuneration is reviewed annually

Name:	Mark Hardgrave (Resigned 9 June 2020)
Title:	Non-Executive Director
Agreement commenced:	1 March 2018
Term of agreement:	Open until a written notice of resignation is communicated by the Director
Details:	$50,000 in Director Fees

Name:	Zane Banson
Title:	Executive Director and Chief Financial Officer
Agreement commenced:	8 June 2018
Term of agreement:	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
Details:	$200,000 plus superannuation

Name:	Kellie Barker
Title:	Chief Operating Officer
Agreement commenced:	8 February 2016
Term of agreement:	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
Details:	$200,000 plus superannuation.

Name:	Jeral D'Souza
Title:	Non Executive Director
Agreement commenced:	26 September 2019
Term of agreement:	Open until a written notice of resignation is communicated by the Director
Details:	$40,000 in Director Fees

(e) Additional statutory information

Other transactions with key management personnel

During the year, the Group made a repayment of $250,000 to a member of key management personnel in relation to a loan that was used to support the Group's working capital and inventory purchases.

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

Shares under options

On 23 December 2019, the Group issued a total of 2,450,000 options over ordinary shares (expiring in 36 months from grant date, exercisable at $0.36 per option) under the Employee Share Option Plan 2019. These options were issued to Zane Banson, Gavin Xing, Kellie Barker, Mark Hardgrave, Roger Prezens and Oliver Carton.

Share options outstanding as at 31 March 2020 have the following expiry date and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE OPTIONS 31 MARCH 2020
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
23 December 2019	23 December 2022	0.360	2,450,000
			5,450,000

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:

	31 MARCH 2020	31 MARCH 2019
	$	$
Other assurance services		
William Buck		
Due diligence services	59,580	36,256
Total remuneration for other assurance services	**59,580**	**36,256**
Total remuneration for non-audit services	**59,580**	**36,256**

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 27.

Corporate governance statement

In accordance with ASX listing Rule 4.10.3, the Group's 2020 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
29 May 2020

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 2020 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

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

A. A. Finnis
Director

Melbourne, 29 May 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	31 MARCH 2020 $	31 MARCH 2019 $
Revenue			
Fodder sales		21,709,975	16,758,217
Services		13,347,620	12,361,731
		35,057,595	29,119,948
Cost of sales	2	(18,786,297)	(14,290,105)
Gross profit		**16,271,298**	**14,829,843**
Other income	2	184,730	144,013
Operating expenses	2	(10,561,875)	(8,288,908)
Freight expenses		(2,607,395)	(1,932,689)
Earnings before finance costs, tax, depreciation and transaction expenses		**3,286,758**	**4,752,259**
Net gain on disposal of property, plant and equipment	2	4,238,986	–
Depreciation expenses		(2,467,356)	(2,116,173)
Finance costs		(2,020,941)	(1,805,547)
Project and transaction expenses	2	(2,143,724)	(877,731)
Gain on bargain purchase	2	–	999,656
Profit before income tax expense		**893,723**	**952,464**
Income tax expense	3	(106,711)	(46,333)
Profit for the year		**787,012**	**906,131**
Other comprehensive income			
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		**787,012**	**906,131**
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	20(a)	0.75	0.89
Diluted earnings per share (cents)	20(b)	0.72	0.86

- The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

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 2020

	Notes	31 MARCH 2020 $	31 MARCH 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		3,449,108	664,763
Trade and other receivables	4(a)	2,547,883	1,463,910
Inventories		4,100,485	5,362,657
Other current assets		262,377	122,070
Total current assets		**10,359,853**	**7,613,400**
Non-current assets			
Property, plant and equipment	5	18,311,845	37,651,690
Deferred tax assets	3(c)	402,617	293,003
Right-of-use assets	7	24,128,944	-
Intangible assets	6	1,816,075	1,816,075
Other non-current assets		298,391	29,508
Total non-current assets		**44,957,872**	**39,790,276**
Total assets		**55,317,725**	**47,403,676**
LIABILITIES			
Current liabilities			
Trade and other payables	4(b)	6,155,852	3,806,318
Lease liabilities	7	1,423,065	-
Borrowings	4(c)	966,000	8,302,748
Employee benefit obligations		774,239	429,310
Current tax liabilities		193,382	–
Total current liabilities		**9,512,538**	**12,538,376**
Non-current liabilities			
Lease liabilities	7	22,875,272	1,191,829
Borrowings	4(c)	6,402,000	18,019,000
Employee benefit obligations		87,009	515,187
Total non-current liabilities		**29,364,281**	**19,726,016**
Total liabilities		**38,876,819**	**32,264,392**
Net assets		**16,440,906**	**15,139,284**
EQUITY			
Contributed equity	8(a)	20,266,704	19,976,954
Other reserves	8(b)	434,141	165,500
Accumulated losses		(4,259,939)	(5,003,170)
Total equity		**16,440,906**	**15,139,284**

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 2020

		ATTRIBUTABLE TO OWNERS OF WINGARA AG LIMITED			
		CONTRIBUTED EQUITY	SHARE-BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL
	Notes	$	$	$	$
Balance at 1 April 2018		17,984,954	15,000	(5,909,301)	12,090,653
Profit for the year		–	–	906,131	906,131
Total comprehensive loss for the year		**–**	**–**	**906,131**	**906,131**
Transactions with owners in their capacity as owners:					
Issue of shares from private placement	8(a)	50,000	–	–	50,000
Vesting of share-based payments	8(b)	–	150,500	–	150,500
Issue of shares from conversion of convertible notes	8(a)	1,942,000	–	–	1,942,000
		1,992,000	**150,500**		**2,142,500**
Balance at 31 March 2019		**19,976,954**	**165,500**	**(5,003,170)**	**15,139,284**
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)	21(a)	–	–	(43,781)	(43,781)
Restated total equity at the beginning of the financial year		**19,976,954**	**165,500**	**(5,046,951)**	**15,095,503**
Profit for the year		–	–	787,012	787,012
Total comprehensive income for the year		**–**	**–**	**787,012**	**787,012**
Transactions with owners in their capacity as owners:					
Issue of shares	8(a)	289,750	–	–	289,750
Vesting of share-based payments	8(b)	–	268,641	–	268,641
		289,750	**268,641**	**–**	**558,391**
Balance at 31 March 2020		**20,266,704**	**434,141**	**(4,259,939)**	**16,440,906**

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 2020

	Notes	FOR THE YEAR ENDED 31 MARCH 2020 $	FOR THE YEAR ENDED 31 MARCH 2019 $
Cash flows from operating activities			
Receipts from customers		34,167,004	28,233,697
Payments to suppliers, employees and others		(30,633,924)	(26,264,819)
Interest received		4,911	21,026
Interest paid & finance costs		(2,020,941)	(1,805,547)
Net cash from operating activities	9	**1,517,050**	**184,357**
Cash flows from investing activities			
Purchase of plant and equipment		(2,043,966)	(25,342,623)
Proceeds from sale of property, plant and equipment		21,033,320	–
Payments for business acquisition and related deposits		–	(2,738,895)
Net cash used in from investing activities		**18,989,354**	**(28,081,518)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	8(a)	–	50,000
Proceeds from borrowings		5,810,000	40,394,000
Repayment of borrowings		(21,560,756)	(21,157,269)
Repayment of lease liabilities		(1,397,959)	–
Net cash (used in)/from financing activities		**(17,148,715)**	**19,286,731**
Net increase/(decrease) in cash and cash equivalents		3,357,689	(8,610,430)
Cash and cash equivalents at the beginning of the financial year		91,419	8,701,849
Cash and cash equivalents at end of year (including bank overdraft)		**3,449,108**	**91,419**
Reconciliation of cash and bank overdraft:			
Cash and cash equivalents as per the consolidated statement of financial position		3,449,108	664,763
Bank overdraft	4(c)	–	(573,344)
		3,449,108	**91,419**

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

Notes to the Financial Statements

31 March 2020

1 Segment information

(a) Description of segments and principal activities

During the financial year ended 31 March 2020, the Group operated 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 2020, revenue from exporting to Asia and domestic sales contributed to 74% and 26% 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 62% and from cold storage segment amounted to 38% of total revenue.

During the financial year ended 31 March 2020, sales to one major customer in fodder business and one major customer in blast freezing business contributed to 11% and 14% 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 and all of the Group's assets are held in Australia.

The Group has included certain non-IFRS measures including earnings before depreciation, finance costs, transaction costs and tax. These measures are used internally by management to assess the performance of the Group and segments, to make decisions on the allocation of resources and assess operational management.

(b) Financial breakdown

The segment information provided to the strategic steering committee for the reportable segments for the year ended 31 March 2020 and 31 March 2019 is as follows:

2020	FODDER BUSINESS	BLAST FREEZING	CORPORATE	TOTAL
	$	$	$	$
Total segment revenue	21,709,975	13,347,620	–	35,057,595
Segment adjusted EBITDA	**3,118,701**	**1,901,318**	**(1,733,261)**	**3,286,758**
Depreciation, finance and transaction cost	(2,088,128)	(2,877,665)	(1,666,228)	(6,632,021)
Net gain/(loss) on disposal of property, plant and equipment	(8,727)	4,247,713	–	4,238,986
Net profit/(loss) before tax	**1,021,846**	**3,271,366**	**(3,399,489)**	**893,723**
Income tax benefits/(expense)	9,379	13,460	(129,550)	(106,711)
Net profit/(loss) for the year	**1,031,225**	**3,284,826**	**(3,529,039)**	**787,012**
Total segment assets	**27,844,471**	**26,112,925**	**1,360,329**	**55,317,725**
Total segment liabilities	**(14,778,103)**	**(23,213,157)**	**(885,559)**	**(38,876,819)**

2019	FODDER BUSINESS	BLAST FREEZING	CORPORATE	TOTAL
	$	$	$	$
Total segment revenue	16,758,217	12,361,731	–	29,119,948
Segment adjusted EBITDA	**2,710,496**	**3,355,488**	**(1,313,725)**	**4,752,259**
Depreciation, finance and transaction cost	(2,263,398)	(1,768,290)	(767,763)	(4,799,451)
Gain on bargain purchase	–	–	999,656	999,656
Net profit/(loss) before tax	**447,098**	**1,587,198**	**(1,081,832)**	**952,464**
Income tax expense	–	–	(46,333)	(46,333)
Net profit/(loss) for the year	**447,098**	**1,587,198**	**(1,128,165)**	**906,131**
Total segment assets	**24,839,741**	**22,148,896**	**415,039**	**47,403,676**
Total segment liabilities	**(15,746,053)**	**(15,795,696)**	**(722,643)**	**(32,264,392)**

The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

2 Profit before income tax expense

	31 MARCH 2020	31 MARCH 2019
	$	$
Cost of Sales		
Fodder purchases	12,778,514	9,051,251
Labour costs	5,314,117	4,253,044
Other direct costs	693,666	985,810
	18,786,297	**14,290,105**
Operating Expenses		
Employee related expenses	3,820,268	2,675,995
Utilities	3,621,513	3,229,660
External consultancy and audit expenses	331,437	248,720
Plant expenses	2,175,770	1,423,596
Occupancy and administration expenses	612,887	710,937
	10,561,875	**8,288,908**

The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

Notes to the Financial Statements

Continued

Project and transaction expenses

Project and transaction expenses 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. Detail is as below:

	31 MARCH 2020	31 MARCH 2019
	$	$
Project and transaction expenses		
Transaction fees	610,467	468,504
Due diligence & project management	974,866	258,727
Share-based payments	558,391	150,500
	2,143,724	**877,731**
Other income		
Net gain/(loss) on disposal of property, plant and equipment (i)	4,238,986	–
Other income	184,730	144,013
Gain on bargain purchase (ii)	–	999,656
	4,423,716	**1,143,669**

(i) 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 are as follows:

	$
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 year ended 31 March 2020.

(ii) 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. The purchase consideration was $3,078,895 and the gain on purchase was $999,656.

3 Income tax expense

(a) Income tax expense

	31 MARCH 2020	31 MARCH 2019
	$	$
Current tax		
Current tax on profits for the year	188,904	–
Under/over provision from previous year	5,064	–
Total current tax expense	**193,968**	**–**
Total deferred tax (benefit)/expense	**(87,257)**	**46,333**
Income tax expense	**106,711**	**46,333**

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

	31 MARCH 2020	31 MARCH 2019
	$	$
Profit before income tax expense	893,723	952,464
Tax at the Australian tax rate of 27.5%	245,774	261,928
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible permanent differences	88,576	59,310
Temporary differences	(222,988)	–
Tax losses deducted	113,374	–
Gain on bargain purchase	–	(274,905)
Gain on sale of assets	(123,089)	–
Under provision of prior year income tax	5,064	–
Income tax expense	**106,711**	**46,333**

(c) Deferred tax assets

	31 MARCH 2020	31 MARCH 2019
	$	$
Deferred tax assets	402,617	293,003

In current year, deferred tax assets have been recognised in respect of timing differences mainly relating to provision for employee benefit obligations. The deferred tax assets, in respect of carry forward tax losses in prior years, have been fully utilised in current year.

4 Financial assets and liabilities

(a) Trade and other receivables

	31 MARCH 2020	31 MARCH 2019
	$	$
Trade receivables	2,547,883	1,463,910

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods and services provided 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 14 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 21(j).

(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 10.

Notes to the Financial Statements

Continued

(b) Trade and other payables

	31 MARCH 2020	31 MARCH 2019
	$	$
Trade payables	5,383,522	2,467,128
Other payables (*)	434,429	1,097,066
Payroll tax and other statutory liabilities	337,901	242,124
	6,155,852	**3,806,318**

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

(c) Borrowings

	31 MARCH 2020			31 MARCH 2019		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
	$	$	$	$	$	$
Secured						
Commercial bill & loan	966,000	6,402,000	7,368,000	6,990,000	18,019,000	25,009,000
Asset finance loan	–	–	–	193,172	1,191,829	1,385,001
Bank overdraft	–	–	–	573,344	–	573,344
Lease liabilities	–	–	–	186,232	–	186,232
Total secured borrowings	**966,000**	**6,402,000**	**7,368,000**	**7,942,748**	**19,210,829**	**27,153,577**
Unsecured						
Inventory Loan	–	–	–	360,000	–	360,000
Total unsecured borrowings	**–**	**–**	**–**	**360,000**	**–**	**360,000**
Total borrowings	**966,000**	**6,402,000**	**7,368,000**	**8,302,748**	**19,210,829**	**27,513,577**

(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 $2,368,000 (2019: $20,009,000)The facility is subject to BBSY rate plus a margin of 1.90% (2019: 1.73%) per annum and line fee of 1.00% (2019: 1.50%-2.50%) per annum. The duration of this facility is five (5) years. Interest to be paid monthly plus monthly principal reductions of $80,500.
- Revolving loan facility with a facility limit of $5,000,000 (2019: $5,000,000). This facility is subject to BBSY rate plus a margin of 1.46% (2019: 1.73%) per annum and a line fee of 1.00% (2019: 2.50%) per annum. The term of this facility is 18 months, subject to satisfactory annual review. Monthly repayment consists of interest and fees only. Total amount owing has to be paid on the last day of the term.

Asset finance loan:

- In 2019, Westpac asset finance loan with a facility 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.
- In current year, as a result of the adoption of AASB 16 Leases, the liabilities under asset financing arrangements have been reclassified into lease liabilities. Refer to Note 7.

(ii) Compliance with loan covenants

Wingara AG Limited has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

(iii) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 10.

5 Property Plant and Equipment

	31 MARCH 2020	31 MARCH 2019
	$	$
Property, plant and equipment	17,157,891	37,537,691
Capital work-in-progress (i)	1,153,954	113,999
	18,311,845	**37,651,690**

(i) Capital work-in-progress relates to works performed in upgrading the Groups hay press machinery.

	FREEHOLD LAND	FREEHOLD BUILDINGS	PLANT AND EQUIPMENT	FURNITURE, FITTINGS AND EQUIPMENT	MACHINERY AND VEHICLES	SPARE PARTS	TOTAL
	$	$	$	$	$	$	$
At 31 March 2019							
Cost of fair value	5,941,269	22,190,631	10,457,635	536,460	1,201,345	711,063	41,038,403
Accumulated depreciation	–	(412,047)	(2,271,359)	(124,780)	(389,708)	(302,818)	(3,500,712)
Net book amount	**5,941,269**	**21,778,584**	**8,186,276**	**411,680**	**811,637**	**408,245**	**37,537,691**
At 31 March 2020							
Cost	521,929	11,134,973	5,648,364	435,418	338,681	673,816	18,753,181
Accumulated depreciation	–	(288,840)	(683,065)	(87,245)	(170,795)	(365,345)	(1,595,290)
Net book amount	**521,929**	**10,846,133**	**4,965,299**	**348,173**	**167,886**	**308,471**	**17,157,891**
Year ended 31 March 2019							
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	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)
Closing net book amount	**5,941,269**	**21,778,584**	**8,186,276**	**411,680**	**811,637**	**408,245**	**37,537,691**
Year ended 31 March 2020							
Opening net book amount	5,941,269	21,778,584	8,186,276	411,680	811,637	408,245	37,537,691
Additions	–	763,648	1,149,642	12,808	55,693	62,175	2,043,966
Transfer to right-of-use assets AASB 16	–	–	(3,933,372)	(29,366)	(593,589)	(65,681)	(4,622,008)
Disposals	(5,419,340)	(11,337,422)	–	–	(48,193)	–	(16,804,955)
Depreciation charge	–	(358,677)	(437,247)	(46,949)	(57,662)	(96,268)	(996,803)
Closing net book amount at 31 March 2020	**521,929**	**10,846,133**	**4,965,299**	**348,173**	**167,886**	**308,471**	**17,157,891**

Notes to the Financial Statements

Continued

(i) Depreciation methods and useful lives

All land, buildings, property, plant and equipment are recognised at historical cost less depreciation.

During the year, Wingara has established a process and reviewed estimated useful lives of all assets. Management has determined that useful lives of some assets had been previously understated and those assets have now been updated to reflect more realistic remaining useful lives.

The revised estimated useful lives of its property, plant and equipment are disclosed below and the change in estimated useful lives are applied prospectively, effective from 1 April 2019, which is the date of revision.

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:

	31 MARCH 2020	31 MARCH 2019
• Buildings and capital improvement	40 years	40 years
• Plant and equipment	2 – 20 years	2 – 10 years
• Furniture, fittings and equipment	2 – 20 years	3 – 5 years
• Motor vehicles	5 – 7 years	5 – 7 years
• Others	3 – 20 years	3 – 10 years

Land is not depreciated because land is assumed to have an unlimited useful life. See note 21(m) for the other accounting policies relevant to property, plant and equipment.

6 Intangible assets

	GOODWILL	EXPORT LICENSE	TOTAL
	$	$	$
At 31 March 2019			
Cost	31,711	1,784,364	1,816,075
Accumulated amortisation and impairment	–	–	–
Net book amount	**31,711**	**1,784,364**	**1,816,075**
At 31 March 2020			
Cost	31,711	1,784,364	1,816,075
Accumulated amortisation and impairment	–	–	–
Net book amount	**31,711**	**1,784,364**	**1,816,075**

(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) 15.11% post-tax discount rate (2019: 15.44%); (b) 5.00% per annum projected revenue growth rate (2019: 8.00%); (c) 49% gross margin (2019: 49%); (d) 2.50% per annum terminal value growth rate (2019: 2.50%).

- 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 be 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 5.00% 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 2.5% (2019: 2.5%).

There were no other key assumptions.

(ii) Sensitivity

As disclosed in note 21(a)(iv), 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.

7 Leases

(i) Amounts recognised in the statement of financial position

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

	31 MARCH 2020	31 MARCH 2019
	$	$
Right-of-use assets		
Property, plant and equipment	23,987,606	–
Cars	141,338	–
	24,128,944	**–**
Lease liabilities		
Current	(1,423,065)	–
Non-current	(22,875,272)	–
	(24,298,337)	**–**

Notes to the Financial Statements

Continued

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

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

	31 MARCH 2020	31 MARCH 2019
	$	$
Depreciation charge of right-of-use assets		
Property, plant and equipment	1,440,587	–
Cars	29,966	–
	1,470,553	**–**
Interest expense (included in finance cost)	977,012	–

The total cash outflow for leases in 2020 was $1,397,959.

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

The Group has adopted AASB 16 *Leases* during the year ended 31 March 2020 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.

In September 2019, the Group entered into a three-year commercial lease on the Hawthorn property and ceased the lease on the office in Kew in February 2020.

During the year ended 31 March 2020, the Group reclassified motor vehicles, office plant and equipment, factory plant and equipment, and spare parts under finance lease arrangements from property, plant and equipment to right of use assets.

	PROPERTY, PLANT AND EQUIPMENT	CARS	TOTAL RIGHT-OF-USE ASSETS
	$	$	$
Year ended 31 March 2020			
Opening net book amount – initial adoption AASB 16	249,269	–	249,269
Transfer to right-of-use assets AASB 16	4,506,397	115,611	4,622,008
Additions	20,672,527	55,693	20,728,220
Depreciation charge	(1,440,587)	(29,966)	(1,470,553)
Closing net book amount at 31 March 2020	**23,987,606**	**141,338**	**24,128,944**

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.

In current year, as a result of the adoption of AASB 16 Leases, the liabilities under asset financing arrangements have been reclassified into lease liabilities. Below are the key terms and conditions for asset financing arrangements:

- Elect Performance: Westpac asset finance loan with a facility limit of $1,408,397. 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 $27,550 to be paid on a monthly basis.
- Elect Performance: Westpac asset finance loan with a facility limit of $2,250,000. 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 $42,784 to be paid on a monthly basis.
- Austco Polar: Westpac asset finance loan with a facility limit of $300,000. This facility is subject to an interest rate equal to market rates. The duration of this facility is up to four (4) years. Monthly principal and interest, total of $6,919 to be paid on a monthly basis.

8 Contributed equity

	31 MARCH 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	Shares	Shares	$	$
Ordinary shares				
Fully paid	106,055,335	105,105,335	20,266,704	19,976,954
Total share capital	**106,055,335**	**105,105,335**	**20,266,704**	**19,976,954**

Movements in ordinary shares:

Details	Number of shares	$
Balance 1 April 2018	96,790,361	17,984,954
Shares issued to director for cash	142,857	50,000
Share issued from conversion of convertible notes	8,172,117	1,942,000
Balance 31 March 2019	**105,105,335**	**19,976,954**
Share issued to senior management under employee share scheme	950,000	289,750
Balance 31 March 2020	**106,055,335**	**20,266,704**

Notes to the Financial Statements

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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 2020	31 MARCH 2019	31 MARCH 2020	31 MARCH 2019
	Options	Options	$	$
Options over ordinary shares	5,450,000	3,000,000	434,141	165,500
	5,450,000	**3,000,000**	**434,141**	**165,500**
Total issued options	**5,450,000**	**3,000,000**	**434,141**	**165,500**

Options over ordinary shares are calculated as per the companies significant accounting policies on share based payments under note 21(w).

Movements in options:

Details	Number of options	$
Opening balance 1 April 2018	2,000,000	15,000
Options issued during the year	1,000,000	150,500
Balance 31 March 2019	**3,000,000**	**165,500**
Opening balance 1 April 2019	3,000,000	165,500
Options issued in the previous year	–	18,000
Options issued during the year	2,450,000	250,641
Balance 31 March 2020	**5,450,000**	**434,141**

On 23 December 2019, the Group issued a total of 2,450,000 options over ordinary shares (expiring in 36 months from grant date, exercisable at $0.36 per option) under the Employee Share Option Plan 2019. These options were issued to Zane Banson, Gavin Xing, Kellie Barker, Mark Hardgrave, Roger Prezens and Oliver Carton.

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 $0.48 per option) to Roger Prezens and Zane Banson under the Employee Share Option Plan 2016.

Please refer to Note 18 for assumptions used in the calculation for option valuation.

9 Cash flow information

	FOR THE YEAR ENDED 31 MARCH 2020	FOR THE YEAR ENDED 31 MARCH 2019
	$	$
Profit for the year	787,012	906,131
Adjustment for		
Depreciation expenses	2,467,356	2,116,173
Non-cash employee benefits expense – share based payments	268,641	150,500
Gain on bargain purchase	-	(999,656)
Issuance of shares to senior management	289,750	–
Net gain on disposal of property, plant and equipment	(4,238,986)	–
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,030,898)	(566,059)
Decrease/(increase) in inventories	1,262,173	(4,137,827)
(Increase)/decrease in deferred tax assets	(109,614)	40,604
(Increase)/decrease in other current assets	(258,258)	240,992
Increase in trade and other payables	1,996,624	2,280,738
Decrease in employee benefits obligation	83,250	152,761
Net cash inflow (outflow) from operating activities	**1,517,050**	**184,357**

10 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:

(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 2020, the Group held $7,368,000 in variable borrowing rates (2019: $25,009,000). Should the market interest rates fluctuate by 50 basis points, the impact to the Group's profit or loss is approximately $36,840 (2019: $123,045).

Notes to the Financial Statements

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(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. 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 trade receivables and cash at bank that are denominated in United States Dollar (US$), other than the functional currency, Australian Dollar (A$). As at 31 March 2020, the Group has

$1,838,397 (2019: $703,290) worth of trade receivables and cash at bank of $639,505 (2019: $488,627) that were denominated in US$.

The Group engages in international transactions and is exposed to foreign currency risk arising from US$. The Group does not make use of derivative financial instruments to hedge foreign exchange risk. The Group is primarily exposed to changes in US$/A$ exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US$ denominated financial instruments and there is no impact on other components of equity.

Based on the financial instruments held at 31 March 2020, had the Australian dollar weakened/strengthened by 12.87% (2019: 7.54%) against the US$ with all other variables held constant, the Group's post-tax profit for the year would have been $121,601 higher/lower (2019: $89,871 higher/lower).

As at 31 March 2020, 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 2020, the Group has $627,345 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 2020. For outstanding balance greater than the normal term at 31 March 2020 and 31 March 2019, 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 2020	31 MARCH 2019
	$	$
Commercial bill & loan (non-redrawable)		
Facility limit	2,368,000	20,009,000
Less: amount used	(2,368,000)	(20,009,000)
Undrawn amount	**–**	**–**
Commercial bill & loan (redrawable)		
Facility limit	5,000,000	5,000,000
Less: amount used	(5,000,000)	(5,000,000)
Undrawn amount	**–**	**–**
Asset finance (i)		
Facility limit	–	1,585,845
Less: amount used	–	(1,559,418)
Undrawn amount	**–**	**26,427**
Overdraft		
Facility limit	600,000	600,000
Less: amount used	–	(573,653)
Undrawn amount	**600,000**	**26,347**
Bank guarantee		
Facility limit	1,940,661	97,500
Less: amount used	–	(97,500)
Undrawn amount	**1,940,661**	**–**
Corporate card		
Facility limit	80,000	40,000
Less: amount used	–	–
Undrawn amount	**80,000**	**40,000**
Total facilities (excluding bank guarantee)		
Facility limit	8,048,000	27,234,845
Less: amount used	(7,368,000)	(27,142,071)
Undrawn amount	**680,000**	**92,774**
Lease liabilities	**(24,298,337)**	**(1,191,829)**

(i) Asset finance in current year has been reclassified into lease liabilities after adoption of AASB 16 Leases, refer to Note 7.

(ii) In current year total facility limit does not include bank guarantee facility limit.

Notes to the Financial Statements

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Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for 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 $
At 31 March 2020					
Trade receivables	1,920,538	627,345	–	–	2,547,883
Trade payables	(3,025,137)	(2,358,385)	–	–	(5,383,522)
Borrowings	(80,500)	(402,500)	(483,000)	(6,402,000)	(7,368,000)
Lease liabilities	(118,589)	(592,945)	(711,531)	(22,875,272)	(24,298,337)
At 31 March 2019					
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)

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 Group 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 ratios:

(i) Net debt to equity ratio

$$\frac{\text{Total liabilities}}{\text{Total equity at market value (*)}}$$

(ii) Borrowings to equity ratio

$$\frac{\text{Total borrowings}}{\text{Total equity at market value (*)}}$$

(*) total fully paid ordinary shares at market value as of 31 March 2020 and 31 March 2019 less other reserves and accumulated losses

	31 MARCH 2020	31 MARCH 2019
	$	$
Total liabilities	38,876,819	32,264,392
Total equity at market value	22,688,034	21,964,190
Net debt to equity ratio	171.0%	147.0%
Total borrowings	7,368,000	27,513,577
Total equity at market value	22,688,034	21,964,190
Borrowings to equity ratio	33.0%	125.0%

(b) Dividends

During the year ended 31 March 2020, no dividends were declared or paid by the Company.

The Group had no contingent assets or liabilities at 31 March 2020 (2019: nil), other than the bank guarantee as disclosed in note 10.

13 Commitments

(a) Capital commitments

The Group did not have any capital commitment as at 31 March 2020 (2019: Nil).

(b) Non-cancellable operating leases

In 2019, 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 has ended in January 2020.

The Group has adopted AASB 16 Lease from 1 April 2019 and the impact of adoption is disclosed in Note 21(a). All non-cancellable operating leases have been accounted for under the new standards except for leases that classified under short-term leases and leases of low-value assets.

There is no other operating lease contract entered during the year ended 31 March 2020.

	31 MARCH 2020	31 MARCH 2019
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	–	171,464
Later than one year but not later than five years	–	130,500
Later than five years	–	-
	–	**301,964**

During the year, an amount of $36,507 (2019: $230,212) was charged to the profit and loss in-respect of its operating leases and is classified as an administration expense.

Notes to the Financial Statements

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14 COVID-19 impact on business

Despite the Challenges faced by various sectors in the economy, Wingara has implemented the necessary risk management procedures to minimise disruption to the Company. To date COVID-19 has had a limited impact on the Company with the most significant being the slowdown at ports. This has seen the export team working around the clock to get orders on ships without significant delays, but we are seeing increasing disruptions and schedule changes from global shipping liners which may impact our working capital going forward.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

As of the date of report, the impact of COVID-19 remains minimal to the Group's operation.

(a) Summary financial information

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

	31 MARCH 2020	31 MARCH 2019
	$	$
Assets and liabilities		
Current assets	873,340	323,147
Non-current assets	12,631,696	12,429,263
Total assets	**13,505,036**	**12,752,410**
Current liabilities	(6,030,279)	(2,360,438)
Non-current liabilities	(118,546)	(16,366)
Total liabilities	**(6,148,825)**	**(2,376,804)**
Shareholders' equity		
Issued capital	20,266,704	19,976,954
Reserves		
Other equity reserves	434,141	165,500
Accumulated losses brought forward	(9,815,599)	(7,685,360)
Total equity/net assets	**10,885,246**	**12,457,094**
Loss for the year	**(3,529,035)**	**(2,081,488)**
Total comprehensive loss	**(3,529,035)**	**(2,081,488)**

(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 2020 or 31 March 2019. 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 2020 or 31 March 2019.

(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 21.

(f) Events occurring after the reporting period

No matters or circumstances have arisen since 31 March 2020 that have significantly affected the Company operations, results or the state of affairs, or may do so in future years.

The Group's principal subsidiaries at 31 March 2020 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 2020	OWNERSHIP INTEREST HELD BY THE GROUP 2019	OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS 2020	OWNERSHIP INTEREST HELD BY NON-CONTROLLING INTERESTS 2019	PRINCIPAL ACTIVITIES
		%	%	%	%	
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 in 2019

17 Related party transactions

(a) Parent entities

Key management personnel are all listed in the remuneration report on pages 19 to 25.

(b) Subsidiaries

Interests in controlled entities is set out in note 16.

(c) Key management personnel compensation

	31 MARCH 2020	31 MARCH 2019
	$	$
Short-term employee benefits	800,521	734,646
Post-employment benefits	69,207	65,648
Share-based payment	207,255	106,000
	1,076,983	**906,294**

Notes to the Financial Statements

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(d) Transactions with other related parties

The following transactions occurred with related parties:

	31 MARCH 2020	31 MARCH 2019
	$	$
Payments for office rental (*)	–	(15,055)
Payment of interest on Convertible Note (*)	–	(10,932)
Inventory loan agreement (**)	–	250,000
Shares issued to a director for cash (***)	–	50,000
Shares issued to directors	187,500	–

(*) 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.

18 Share-based payments

Employee Option Plan

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

	2020		2019	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 April	**0.42**	**3,000,000**	0.39	2,000,000
Granted during the year	**0.36**	**2,450,000**	0.48	1,000,000
Exercised during the year *	**–**	**–**	–	–
Forfeited during the year	**–**	**–**	–	–
As at 31 March	**0.39**	**5,450,000**	0.42	3,000,000
Vested and exercisable at 31 March	**0.39**	**3,827,702**	0.42	1,710,122

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 2020	SHARE OPTIONS 31 MARCH 2019
31 October 2017	30 October 2020	0.395	2,000,000	2,000,000
13 June 2018	12 June 2021	0.480	500,000	500,000
13 August 2018	12 August 2021	0.480	500,000	500,000
23 December 2019	23 December 2022	0.360	2,450,000	–
			5,450,000	**3,000,000**

Weighted average remaining contractual life of options outstanding at end of year	1.68

Fair value of options granted

The model inputs for options granted during the year ended 31 March 2020 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
	$						$
23-Dec-19	0.36	2,450,000	57%	3	Nil	0.86%	0.10
		2,450,000					

19 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 2020	31 MARCH 2019
	$	$
Audit and other assurance services		
Audit and review of financial statements	69,000	63,000
Other assurance services		
Due diligence services	59,580	36,256
Total remuneration for audit and other assurance services	**128,580**	**99,256**
Total remuneration of William Buck	**128,580**	**99,256**

20 Earnings per share

(a) Basic earnings per share

	31 MARCH 2020	31 MARCH 2019
	Cents	Cents
Basic earnings per share	0.75	0.89

(b) Diluted earnings per share

	31 MARCH 2020	31 MARCH 2019
	Cents	Cents
Diluted earnings per share	0.72	0.86

(c) Reconciliation of profit used in calculating earnings per share

	31 MARCH 2020	31 MARCH 2019
	$	$
Basic & diluted earnings per share		
Profit attributable to the ordinary equity holders of the Group used in calculating basic & diluted earnings per share:	787,012	906,131

Notes to the Financial Statements

Continued

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

	31 MARCH 2020	31 MARCH 2019
	No. of shares	No. of shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	105,363,005	102,044,327
Adjustments for calculation of diluted earnings per share:		
Options	3,664,521	2,715,659
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**109,027,526**	**104,759,986**

21 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.

The Group has reclassified certain expenditure items in prior year comparatives in order to be consistent with the current year classification and presentation.

(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).

This financial report may also include certain non-IFRS measures including earnings before depreciation, finance costs, transaction costs and tax. These measures are used internally by management to assess the performance of the Group and segments, to make decisions on the allocation of resources and assess operational management.

(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 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:

1. 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.

2. 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 April 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
Current lease liabilities (AASB 16)	(166,337)
Non-current lease liabilities (AASB 16)	(126,713)
Reduction in opening retained profits as at 1 April 2019	**43,781**

3. 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.

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.

4. 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.

Notes to the Financial Statements

Continued

(iv) 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.
- *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.
- *Shared-based payments transactions:* The Group measures the cost of equity-settled transactions with employees by reference to the value of the equity instruments as at the date on which they are granted. Management has determined the fair value by using Black-Scholes pricing model.
- *Employee benefit obligation:* The Group's provision for employee benefits are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Change in accounting estimates

In accordance with AASB 108, Wingara has established a process where the effective life of depreciating assets is reviewed prior to the finalisation of each financial year. The estimated useful life of all assets is carefully reviewed and should any adjustment to the effective life be required it is updated in the current period for both the current period and prospective periods. Upon review of assets, it was determined that effective life of some assets had been previously understated and those assets have now subsequently had their effective life updated to realistically reflect the asset's remaining useful life.

The revised estimated useful lives of its property, plant and equipment are disclosed in note 5 and the change in estimated useful lives are applied prospectively, effective from 1 April 2019, which is the date of revision.

(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 21(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.

The Group has included certain non-IFRS measures including earnings before depreciation, finance costs, transaction costs and tax. These measures are used internally by management to assess the performance of the Group and segments, to make decisions on the allocation of resources and assess operational management.

(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 services transfer to the customer.

(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.

Notes to the Financial Statements

Continued

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) 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.

(h) 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.

(i) 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.

(j) 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.

(k) Inventories

Hay is stated at the lower of cost and net realisable value. Cost comprise of costs incurred by the company to purchase hay, 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.

(l) Financial Instruments

AASB 9 introduced requirements for:

- The classification and measurement of financial assets and financial liabilities, and
- Impairment of financial assets.

Details of these requirements as well as their impact on the Group's consolidated financial statements are described below.

(i) Investments and other financial assets

Classification

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.

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

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.

Notes to the Financial Statements

Continued

(m) 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.

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 21(h)).

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 its useful life begins.

(n) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 21(g). 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) Earnings per share

Basic earnings per share is calculated by dividing:

(i) Basic earnings 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) 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.

(w) 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).

Notes to the Financial Statements

Continued

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.

(x) Parent entity financial information

The financial information for the parent entity, Wingara AG Limited, disclosed in note 15 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.

22 Events occurring after the reporting period

As of the date of report, the impact of COVID-19 remains minimal to the Group's operation.

No other matters or circumstances have arisen since 31 March 2020 that have significantly affected the Group's operations, results or the state of affairs, or may do so in future years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 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 2020 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 21(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
29 May 2020

Independent Auditor's Report

to the members of Wingara AG Limited

William Buck

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 2020, 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 2020 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 (including Independence Standards)* (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.

Emphasis of Matter – COVID-19

We draw attention to Note 14 of the financial report, which describes the circumstances relating to the material event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financial report. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS
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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.

INVENTORY	
Area of focus **Refer also to note 21**	**How our audit addressed it**
The Group's inventory of $4.1 million is significant to the financial statements. 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.	Our audit procedures included: — Performing physical inventory sample counts to ensure the existence of inventory and its condition, including cut-off procedures; — Evaluating management's judgement and assumptions in determining the valuation of the hay at balance date; — 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 We have also assessed the adequacy of disclosures in the notes to the financial report.

ACQUISITION OF PLANT AND EQUIPMENT	
Area of focus **Refer also to notes 5 and 21**	**How our audit addressed it**
During the financial year the Group continued to acquire significant amounts of plant and equipment. 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. The Group's accounting policy for depreciating such plant and equipment is over the term of the useful life of the asset, from when it is held ready for use. During the year management has made changes to its estimation of useful life of some of their assets to ensure they reflect changes in the expected use of the assets.	Our audit procedures included: — Reviewing the purchase documentation and independent valuation reports (where applicable) associated with the purchase of assets; — Performing audit procedures around other directly attributable costs capitalised in conjunction with the purchases; — Assessing the classification of plant and equipment between categories, including capital-work-in progress; and — Reviewing the reasonableness and consistency of the reassessed useful lives; — Recalculating the arithmetic accuracy of the depreciation charge expensed for the year; — Performing an assessment of the ongoing depreciation policy in respect of the assets; and We have also assessed the adequacy of disclosures in the notes to the financial report.

Independent Auditor's Report

Continued

SALE AND LEASE BACK OF PROPERTY	
Area of focus **Refer also to notes 2 and 21**	**How our audit addressed it**
During the financial year the Group sold the Austco Polar Cold Storage Land for a consideration of approximately $21 million. This was then leased back to the Group with a term of 15 years and two further 10-year options. There have been no changes to the Groups operations as a result of the sale. The proceeds of the sale were used to repay a significant portion of their outstanding debt. The Group has adopted AASB 16 Leases (AASB 16) during the year using the modified retrospective approach. At the start of the accounting period, property leases were all taken up as right of use asset and on sale date the lease associated with the Austco property was recognised and a right of use asset addition.	— Reviewing the sale agreement to determine the appropriate accounting for the sale; — Reviewing lease agreements at application date to determine which leases are required to be taken up per AASB 16; Reviewing the calculations for all leases taken up per AASB 16 ensuring, assumptions are reasonable and the classification of liabilities between current and non-current is appropriate; and We have also assessed the adequacy of disclosures in the notes to the financial report.

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 2020 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

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

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 2020.

In our opinion, the Remuneration Report of Wingara AG Limited, for the year ended 31 March 2020, 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.

William Buck

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

A. A. Finnis
Director
Melbourne, 29 May 2020

Shareholder Information

The shareholder information set out below was applicable as at 9 July 2020.

A. Distribution of equity securities

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

RANGE	TOTAL HOLDERS	UNITS
1 – 1,000	28	2,211
1,001 – 5,000	49	162,355
5,001 – 10,000	72	666,367
10,001 – 100,000	184	8,017,412
100,001 and over	82	97,206,990
Total	**415**	**106,055,335**

B. Equity security holders

Twenty largest quoted equity security holders

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

		ORDINARY FULLY PAID SHARES	
RANK	NAME	UNITS	% UNITS
1	NATIONAL NOMINEES LIMITED	31,100,782	29.33
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,151,691	13.34
3	MR GAVIN XING	10,300,000	9.71
4	MS KELLIE ANNE BARKER	10,250,000	9.66
5	JANE SUPERANNUATION PTY LTD <JANE SUPER FUND A/C>	2,857,143	2.69
6	PRIME VALUE ASSET MANAGEMENT LIMITED <PVA AGRICULTURAL A/C>	2,501,691	2.36
7	F & L DIAMANTE PTY LTD <F&L DIAMANTE SUPER FUND A/C>	2,056,187	1.94
8	AVZATH PTY LTD <DIAMANTE FAMILY A/C>	1,780,249	1.68
9	AUSNOM PTY LTD <THE J & K CHEGS SHARE A/C>	1,545,937	1.46
10	DAVID GAZAL + JACLYN GAZAL <DAVID GAZAL FAMILY A/C>	1,500,000	1.41
11	MR ERIC HUA JIAN JIANG	1,442,000	1.36
12	YUEN SOON JUENG + JOEN HING JENNY <CW & CA SUPER FUND A/C>	1,000,000	0.94
13	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	897,000	0.85
14	MRS MELINDA PENSINI	714,285	0.67
15	AVZATH PTY LTD <M & D DIAMANTE S/F A/C>	592,322	0.56
16	ADDERSTONE HOLDINGS PTY LTD <NC SHOOBERT FAMILY A/C>	535,000	0.50
17	O'DONNELL FAMILY PTY LTD <J ODONNELL FAMILY SMSF A/C>	531,767	0.50
18	MR BENJAMIN JOHN THOMPSON	467,600	0.44
19	BCPC PROPERTIES PTY LTD	450,000	0.42
20	MR ZANE KYLE BANSON	444,500	0.42
Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)		**85,118,154**	**80.26**
Total Remaining Holders Balance		**20,937,181**	**19.74**

C. Substantial holders

Substantial holders in the company are set out below:

RANK	NAME	UNITS	% UNITS
1	NATIONAL NOMINEES LIMITED	31,100,782	29.33
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,151,691	13.34
3	MR GAVIN XING	10,300,000	9.71
4	MS KELLIE ANNE BARKER	10,250,000	9.66
Total		**65,802,473**	**62.05**

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

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 2020 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

Zane Banson
Executive Director & Chief Financial Officer

Mark Hardgrave (Resigned 9 June 2020)
Non-Executive Director

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

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) and
+61 8 9323 2000 (overseas)

Auditor

William Buck

Level 20, 181 William Street
Melbourne Victoria 3000

Solicitors

QR Lawyers

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

Stock exchange listings

ASX: WNR

Website

www.wingaraag.com.au


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