

Appendix 4D Half Yearly Report

Name of Entity: PWR Holdings Limited
ABN: 85 105 326 850

1. Reporting Period

Reporting Period:	Half year ended 31 December 2018 (“current period”)
Previous Reporting Period	Half year ended 31 December 2017 (“previous corresponding period”)

2. Results for Announcement to the Market

A\$'000

Revenues from ordinary activities	Up	21.6%	to	24,762
Profit / (loss) from ordinary activities after tax attributed to members	Up	52.5%	to	3,139
Net profit / (loss) for the period attributed to members	Up	52.5%	to	3,139

Dividends (distributions)	Amount per security	Franked amount per security
<i>Current period</i> Interim dividend	1.60 cents	100%
<i>Previous corresponding period</i> Interim dividend	1.10 cents	100%
Record date for determining entitlements to the dividend		28 March 2019

Brief explanation of revenue, net profit and dividends (results commentary)

Revenue of the Group for the six months ended 31 December 2018 was \$24.76 million (31 December 2017: \$20.37 million), an increase of 21.6%. The Group achieved organic growth of 16.6% compared to the previous corresponding period, primarily arising from increased market penetration in the motorsport sector. This was further impacted by a favourable movement in exchange rates, resulting in total AUD revenue growth of 21.6%.

EBITDA¹ for 1H FY19 was \$5.04 million compared to \$3.83 million for 1H FY18, an increase of \$1.21m or 31.5%. The previous corresponding period results included provisions for the write down of assets held for sale at C&R of \$0.65 million (before tax). Adjusting 1H FY18 for this amount, EBITDA would have increased by 12.5% on the previous corresponding period.

The statutory net profit after tax of the Group for the six months ended 31 December 2018 was \$3.14 million (31 December 2017: \$2.06 million), an increase of 52.5%. Adjusting the previous corresponding period results for the above mentioned amount of \$0.65 million and the expense of \$0.18 million relating to the change in tax rate in the USA, would have resulted in a 15.7% increase in current period net profit after tax.

Operating cash flows for 1H FY19 were \$3.7m which was a 55% increase from the previous corresponding period.

Further information on results and operations is included in the Directors' Report.

Subsequent to the end of the reporting period, the directors declared a fully franked interim dividend for the half year ending 31 December 2018 of 1.6 cents per ordinary share to be paid on 5 April 2019, a total estimated distribution of \$1.6 million based on the number of ordinary shares on issue as at 25 February 2019 and representing 50% of NPAT.

3. Net Tangible assets per security

	Current period	Previous corresponding period
Net tangible assets per security	\$0.29	\$0.24

¹ Earnings before interest, tax, depreciation and amortisation (“EBITDA”) and underlying EBITDA are non-IFRS terms which have not been subject to audit or review but have been determined using information presented in the Group's interim financial report.

4. Details of entities over which control has been gained or lost during the period

Control gained over entities

Name of entities	Nil
Date(s) from which control was gained	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired.	N/A
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A

Loss of control of entities

Name of entities	Nil
Date(s) from which control was lost	N/A
Contribution to consolidated profit/(loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost.	N/A
Profit/(loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period.	N/A

5. Details of Individual and Total Dividends

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim Current period dividend	5 April 2019	1.60 cents	100%	-
Previous corresponding period	6 April 2018	1.10 cents	100%	-

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation

N/A
The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan
N/A

7. Details of Associates and Joint Ventures:

Name of associate or joint venture entity	Percentage holding	
	Current period	Previous corresponding period
Nil	Nil	Nil

Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

N/A

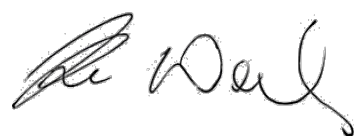
8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

N/A

9. Description of dispute or qualification if the accounts have been audited or subject to review

N/A

This report is based on: Accounts that have been subject to review



Kees Weel
Managing Director
25 February 2019



**PWR Holdings Limited
and its controlled entities**

ACN:105 326 850

Interim Financial Report

For the six months ended 31 December 2018

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**PWR Holdings Limited
and its controlled entities**

Directors Report

For six months ended 31 December 2018

The directors present their report together with the financial report of PWR Holdings Limited (the “Company”) and its controlled entities (the “Group”) for the six months ended 31 December 2018 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are:

Director	Commencement Date
Teresa Gayle Handicott <i>Independent, Non-Executive Director and Chairman</i>	1 October 2015
Kees Cornelius Weel <i>Managing Director</i>	30 June 2003
Jeffrey Ian Forbes <i>Independent, Non-Executive Director</i>	7 August 2015
Roland Dane <i>Independent, Non-Executive Director</i>	1 March 2017

The Company’s registered office and principal place of business is 103 Lahrs Road, Ormeau, Queensland 4208.

Operating and financial review

During the half year, the group has completed the majority of its capital investment program with implementation largely completed. This has expanded the operations at PWR allowing for higher volumes. In addition, the transformation of C&R into a second manufacturing base has progressed during the period with initial production for selected European customers now also being sourced from C&R. Micro matrix sales have commenced and volume production capability is in the process of being established.

Net profit after tax of the Group for the six months ended 31 December 2018 was \$3.14 million (31 December 2017: \$2.06 million).

Earnings per ordinary share of 3.14c was an increase of 52.5% on the previous corresponding period earnings per ordinary share of 2.06c.

The previous corresponding period result was after recognising the following charges in the previous corresponding period:

- \$0.18 million charge to income tax expense for the decrease in the net deferred tax balances in the USA following their reduction in their federal corporate tax rate from 35% to 21%; and
- \$0.65 million (before tax) for the reduction in the carrying value of assets held for sale in the USA to reflect current offers received for that non-core business.

A reconciliation of underlying EBITDA¹ to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is tabled below :

	1H FY19 A\$'000	1H FY18 A\$'000
Profit for the period before tax	4,404	3,072
Add : provision for reduction in value of assets held for sale	-	646
Add : net finance costs/(income)	(494)	102
Add : depreciation and amortisation	1,128	658
Underlying EBITDA ¹	5,038	4,478

¹ Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is a non-IFRS term which has not been subject to audit or review but has been determined using information presented in the Group’s interim financial report.

**PWR Holdings Limited
and its controlled entities**

Directors Report

For six months ended 31 December 2018

Operating and financial review (continued)

Revenue

The Group achieved overall revenue growth of 21.6% compared to the previous corresponding period revenue growth of 9.4%.

Organic revenue growth was driven primarily from Europe where the growth in GBP denominated sales was 42%. The relatively stable AUD/GBP exchange rate for the reporting period had a positive impact on this revenue growth. C&R revenue saw a 5.5% revenue increase driven by manufacturing for increased European sales. Excluding revenue from the discontinued C&R operations in the previous corresponding period, has resulted in an increase in revenue at C&R of 20%. AUD sales were slightly higher than the previous corresponding period.

EBITDA

The higher underlying EBITDA in 1H FY19 compared to the previous corresponding period was mainly due to:

- Economies of scale from higher volumes;
- Increased revenue;
- Overhead costs increasing at a similar rate to revenue increases; and
- No write down in assets held for sale in the current period.

The underlying EBITDA margin percentage decreased due to costs associated with employing additional staff in preparation for the additional growth expected in FY20. Staff numbers for the Group have increased from 219 FTE at 30 June 2018 to 265 at 31 December 2018; a 21% increase in 6 months.

Operating cash flow

The Group continued its strong conversion of earnings to cash and efficient working capital utilisation with an operating cash flow of \$3.7 million for the period which is an increase of 55% from the previous comparative period.

This strong operating cash flow has enabled the Group to fund revenue growth from cash resources whilst capital expenditure has been funded from a combination of cash resources and debt. The Group maintains its net zero debt position.

	1H FY19	1H FY18	Change
	A\$'000	A\$000	from prior
			period
Operating cashflow	3,693	2,387	55%

Foreign currency

The Group is exposed to movements in foreign exchange rates, with consolidated revenue generated in various currencies as outlined below:

	1H FY19	1H FY18
British pounds (GBP)	61%	50%
US dollars (USD)	24%	32%
Australian dollars (AUD)	15%	18%

**PWR Holdings Limited
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Directors Report

For six months ended 31 December 2018

Operating and financial review (continued)

Review of principal business

During the six months ended 31 December 2018, the Group focussed on implementing new capital machinery and equipment as well as recruiting and training additional staff resulting in higher staff costs and a higher depreciation expense.

Balance sheet management

The balance sheet remains strong with cash of \$6.8 million (30: June 2018: \$12.1 million) and a nil net debt position.

Working capital utilisation during the reporting period remains sound with increases mainly in inventory to support revenue growth of 22% and the expected increases in revenue for the remainder of calendar 2019.

Capital expenditure for the reporting period was \$4.7 million (1H FY18: \$3.9 million) with the successful completion of the investment program outlined in April 2018. This investment will ensure previously identified potential capacity constraints do not impede expected growth in calendar 2019.

Events subsequent to reporting date

The Board declared an interim dividend of 1.6 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2018.

Other than the matter noted above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future periods.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2018.

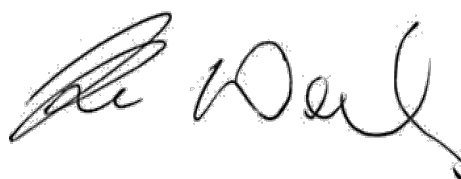
Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the directors:



Teresa Handicott
Chairman



Kees Weel
Managing Director

Brisbane
25 February 2019



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

To the Directors of PWR Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of PWR Holdings Limited for the half-year ended 31 December 2018 there have been:

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

A stylized, handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Jason Adams, written in black ink.

Jason Adams
Partner

Brisbane
25 February 2019

**PWR Holdings Limited
and its controlled entities**

**Consolidated Statement of Profit or Loss
and Other Comprehensive Income**

For the six months ended 31 December 2018

	<i>Note</i>	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Revenue		24,762	20,371
Other income		300	300
Raw materials and consumables used		(5,441)	(4,115)
Employee expenses		(11,960)	(9,916)
Occupancy expenses		(1,047)	(877)
Other expenses		(1,576)	(1,285)
Write down in value of assets held for sale		-	(646)
Profit before depreciation, net finance costs and income tax		5,038	3,832
Depreciation and amortisation		(1,128)	(658)
Profit before net finance costs and income tax		3,910	3,174
Finance income	<i>B2</i>	514	16
Finance costs		(20)	(118)
Net finance income/(costs)		494	(102)
Profit before income tax		4,404	3,072
Income tax expense	<i>B3</i>	(1,265)	(1,013)
Profit for the period		3,139	2,059
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		234	(139)
Total comprehensive income for the period		3,373	1,920
Basic and diluted earnings per share		3.14 cents	2.06 cents

The accompanying notes are an integral part of these interim financial statements.

**PWR Holdings Limited
and its controlled entities**

Consolidated Statement of Financial Position

As at 31 December 2018

	<i>Note</i>	31 Dec 2018	30 June 2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,781	12,110
Trade and other receivables		4,335	4,054
Inventories		8,111	6,785
Current tax assets		924	-
Other assets		2,317	1,734
Total current assets		<u>22,468</u>	<u>24,683</u>
Non-current assets			
Property, plant and equipment	<i>B4</i>	15,420	11,573
Intangible assets		14,232	14,102
Deferred tax assets		2,176	2,114
Total non-current assets		<u>31,828</u>	<u>27,789</u>
Total assets		<u>54,296</u>	<u>52,472</u>
Liabilities			
Current liabilities			
Trade and other payables		4,591	3,397
Loans and borrowings		119	155
Employee benefits		1,720	1,624
Current tax liabilities		-	278
Provisions		122	115
Total current liabilities		<u>6,552</u>	<u>5,569</u>
Non-current liabilities			
Loans and borrowings	<i>B5</i>	3,876	328
Employee benefits		121	100
Total non-current liabilities		<u>3,997</u>	<u>428</u>
Total liabilities		<u>10,549</u>	<u>5,997</u>
Net assets		<u>43,747</u>	<u>46,475</u>
Equity			
Issued capital	<i>C1</i>	25,921	25,921
Reserves		798	465
Retained earnings		17,028	20,089
Total equity		<u>43,747</u>	<u>46,475</u>

The accompanying notes are an integral part of these interim financial statements.

**PWR Holdings Limited
and its controlled entities**

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**Consolidated Statement of Changes in Equity
For the six months ended 31 December 2018**

<i>Note</i>	Share capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	25,921	340	125	20,089	46,475
Total comprehensive income for the period					
Profit for the period	-	-	-	3,139	3,139
Other comprehensive income	-	234	-	-	234
Total comprehensive income	-	234	-	3,139	3,373
Transactions with owners, recorded directly in equity					
Dividends paid C2	-	-	-	(6,200)	(6,200)
Employee share based payments	-	-	99	-	99
Total transactions with owners	-	-	99	(6,200)	(6,101)
Balance at 31 December 2018	25,921	574	224	17,028	43,747
Balance at 1 July 2017	25,921	103	49	14,888	40,961
Total comprehensive income for the period					
Profit for the period	-	-	-	2,059	2,059
Other comprehensive income	-	(139)	-	-	(139)
Total comprehensive income	-	(139)	-	2,059	1,920
Transactions with owners, recorded directly in equity					
Dividends paid C2	-	-	-	(4,700)	(4,700)
Employee share based payments	-	-	20	-	20
Total transactions with owners	-	-	20	(4,700)	(4,680)
Balance at 31 December 2017	25,921	(36)	69	12,247	38,201

The accompanying notes are an integral part of these interim financial statements.

**PWR Holdings Limited
and its controlled entities**

Consolidated Statement of Cash Flows

For the six months ended 31 December 2018

	<i>Note</i>	31 Dec 2018	31 Dec 2017
		\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		24,717	19,370
Cash paid to suppliers and employees		(21,024)	(16,983)
Cash generated from operations		3,693	2,387
Interest paid		(20)	(15)
Income tax received/(paid)		(1,613)	126
Net cash from/(used in) operating activities		2,060	2,498
Cash flows from investing activities			
Interest received		28	16
Proceeds from sale of property, plant and equipment		11	16
Payments for property, plant and equipment		(4,713)	(3,900)
Net cash used in investing activities		(4,674)	(3,868)
Cash flows from financing activities			
Dividends paid	<i>C2</i>	(6,200)	(4,700)
Proceeds from borrowings	<i>B5</i>	3,503	320
Payment of finance lease liabilities		(97)	(155)
Net cash used in financing activities		(2,794)	(4,535)
Net increase/(decrease) in cash and cash equivalents		(5,408)	(5,905)
Cash and cash equivalents at 1 July		12,110	9,064
Effect of exchange rate fluctuations on cash held		79	9
Cash and cash equivalents at 31 December		6,781	3,168

The accompanying notes are an integral part of these interim financial statements.

**PWR Holdings Limited
and its controlled entities**

Notes to the consolidated interim financial statements

For the six months ended 31 December 2018

Section A About this report

A1 Reporting entity

PWR Holdings Limited (the “company”) is a company domiciled in Australia.

These consolidated interim financial statements of the Company as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group Entities”).

The Group is involved in the design, engineering, production, testing, validation and sales of customised cooling products and solutions to the motorsports, automotive original equipment manufacturing, automotive aftermarket, emerging technologies and industrial industries for domestic and international markets.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available from the Company’s website (www.pwr.com.au) or upon request from the Company’s registered office at 103 Lahrs Road, Ormeau, Queensland 4208.

A2 Basis of preparation

(a) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2018.

Apart from the first time adoption of AASB9 and AASB15 as described below, the accounting policies applied in these interim financial statements are the same applied in the Group’s consolidated financial statements as at and for the year ended 30 June 2018.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Interim Financial Report and Directors’ Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

These interim financial statements were approved by the Board of Directors on 25 February 2019.

(b) Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2018 other than the application of AASB 9 and AASB 15 which are described below.

**PWR Holdings Limited
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Notes to the consolidated interim financial statements

For the six months ended 31 December 2018

(c) New accounting standards

Changes in accounting policies

From 1 July 2018, the Group has applied AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. The nature and effect of these changes are disclosed below.

AASB 9 Financial Instruments (AASB 9)

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments, a new ‘expected credit loss’ (“ECL”) model for calculating impairment on financial assets and new general hedge accounting requirements.

As the Group does not hold complex financial instruments or long dated receivables, there was no material impact of adopting AASB 9 on the Group’s financial statements in the current or comparative period.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue* (AASB 118). AASB 15 is a significant change from the revenue recognition requirements under AASB 118 and will involve more judgements and estimates as it requires revenue to be recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations, which replaced the previous recognition concept of transfer of risks and rewards.

The application of AASB 15 has not had a material impact on the Group in the current or comparative period including the timing of recognition of the Group’s key revenue streams. For the sale of manufactured products, revenue will be recognised at the point in time that the performance obligation is satisfied which is generally on shipment of the goods to the customer from the Group’s warehouse. For services, including wind tunnel testing and freight, revenue is recognised over time as those services are provided.

New accounting standards not yet effective

The Group has not early adopted any of the new accounting standards and amendments effective for annual reporting periods beginning after 1 July 2018. The new standards and amendments relevant to the Group include AASB 16 *Leases*. The potential impacts on the Group’s financial statements of adopting AASB 16 were described in its consolidated financial statements for the year ended 30 June 2018. The Group is continuing its work on performing a more detailed assessment on its arrangements that may be impacted and expects to disclose additional quantitative information before AASB 16 is adopted.

**PWR Holdings Limited
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Notes to the consolidated interim financial statements

For the six months ended 31 December 2018

Section B Business performance

B1 Operating segments

The Group determines its operating segments based on information presented to the Managing Director being the chief operating decision maker. Intersegment pricing is determined based on cost plus a margin.

	PWR Performance Products		C&R		Total	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from sale of manufactured products	19,245	14,562	5,126	5,523	24,371	20,085
Revenue from services	193	199	198	87	391	286
External revenues	19,438	14,761	5,324	5,610	24,762	20,371
Inter-segment revenues	932	1,496	1,135	80	2,067	1,576
Segment revenue	20,370	16,257	6,459	5,690	26,829	21,947
Operating EBITDA ¹	5,278	5,184	(318)	(1,101)	4,960	4,083
Depreciation	(608)	(488)	(520)	(170)	(1,128)	(658)
Segment profit/(loss) before interest and tax	4,670	4,696	(838)	(1,271)	3,832	3,425

¹ Operating EBITDA is the segment's profit from operations before interest, taxation, depreciation and amortisation.

	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Reconciliation of reportable segment profit or loss		
<i>Profit before tax</i>		
Profit before tax for reportable segments	3,832	3,425
Write down of assets held for sale	-	(646)
Net finance income/(costs)	494	(102)
Elimination of inter-segment profit	78	395
Consolidated profit before tax	4,404	3,072

Geographic information

The Group operates manufacturing facilities and/or sales offices in Australia, the UK and the USA and sells its products to customers in various countries around the world. Below is an analysis of the Group's revenue on the basis of the location of the Group's customers.

	\$'000	\$'000
Australia	3,173	3,021
USA	4,637	5,837
UK	7,200	4,697
Italy	4,464	2,379
Other	5,288	4,437
	24,762	20,371

**PWR Holdings Limited
and its controlled entities**

Notes to the consolidated interim financial statements

For the six months ended 31 December 2018

B2 Finance income and finance costs

	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Interest income	32	16
Net foreign exchange gain	482	-
Finance income	514	16
Interest expense	20	15
Net foreign exchange loss	-	103
Finance costs	20	118
Net finance income/(costs)	494	(102)

B3 Income tax expense

The Group's consolidated effective tax rate for the six months ended 31 December 2018 was 28.7% (2017 : 33.0%) The increase in the effective tax rate in the previous corresponding period was due to the decrease in the corporate income tax rate in the USA from 35% to 21% effective from 1 January 2018. This reduced the net deferred tax assets recognised by the Group's USA operations with the decrease being reflected as a charge to income tax expense in the previous corresponding period. Excluding the impact of this adjustment in the previous corresponding period, the effective tax rate in the previous corresponding period was 27.2%.

B4 Property, plant and equipment

During the half year ended 31 December 2018, the Group continued to execute its capital investment program announced in April 2018. Capital expenditure of \$4.7 million during the reporting period has been funded by a combination of a long term loan of £2 million (refer note B5) and the Group's cash reserves.

B5 Loans and borrowings

During the reporting period, the Group restructured its debt facilities to align with anticipated growth plans through to 2023 when this facility expires. This included replacing a USD4 million debt facility with a AUD\$10 million multi-currency facility. At 31 December 2018, £2 million had been drawn down from this facility which has been used to partially fund capital investments. Interest on this loan is linked to GBP Libor plus a margin.

B6 Seasonality of operations

The Group's operations are subject to seasonal fluctuations as a result of motorsports seasons operating on a calendar year basis, with the majority of motorsports team spend occurring in the second half of the financial year. As a result, the Group typically has lower revenues and profits in the first half of the financial year.

Section C Capital structure

C1 Capital and reserves

	31 Dec 2018		31 Dec 2017	
Share capital	No. of shares	\$'000	No. of shares	\$'000
<i>Ordinary shares</i>				
Balance at 1 July	100,000,000	25,921	100,000,000	25,921
Balance at 31 December	100,000,000	25,921	100,000,000	25,921

C2 Dividends

Dividends recognised in the current and prior period by the Company are:

**PWR Holdings Limited
and its controlled entities**

Notes to the consolidated interim financial statements

For the six months ended 31 December 2018

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
2018 Final Dividend	6.20	6,200	Franked	14 September 2018
Total amount		<u>6,200</u>		

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
2017 Final Dividend	4.70	4,700	Franked	15 September 2017
Total amount		<u>4,700</u>		

Subsequent to half year end, the Company declared the following dividends:

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
2019 Interim Dividend	1.60	1,600	Franked	5 April 2019
Total amount		<u>1,600</u>		

Section D Other information

D1 Subsequent events

The Board declared an interim dividend of 1.6 cents per share. The financial effect of the interim dividend has not been brought to account in the consolidated financial statements for the half-year ended 31 December 2018.

Other than the matter noted above, there has not arisen in the interval since the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

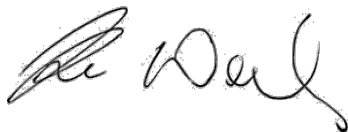
In the opinion of the directors of PWR Holdings Limited (the "Company"):

- (a) the consolidated financial statements and notes, set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Teresa Handicott
Chairman
Brisbane
25 February 2019.



Kees Weel
Managing Director
Brisbane
25 February 2019.



Independent Auditor's Review Report

To the shareholders of PWR Holdings Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of PWR Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of PWR Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes A1 to D1 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of PWR Holdings Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

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

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature of Jason Adams, rendered in black ink.

Jason Adams
Partner

Brisbane
25 February 2019