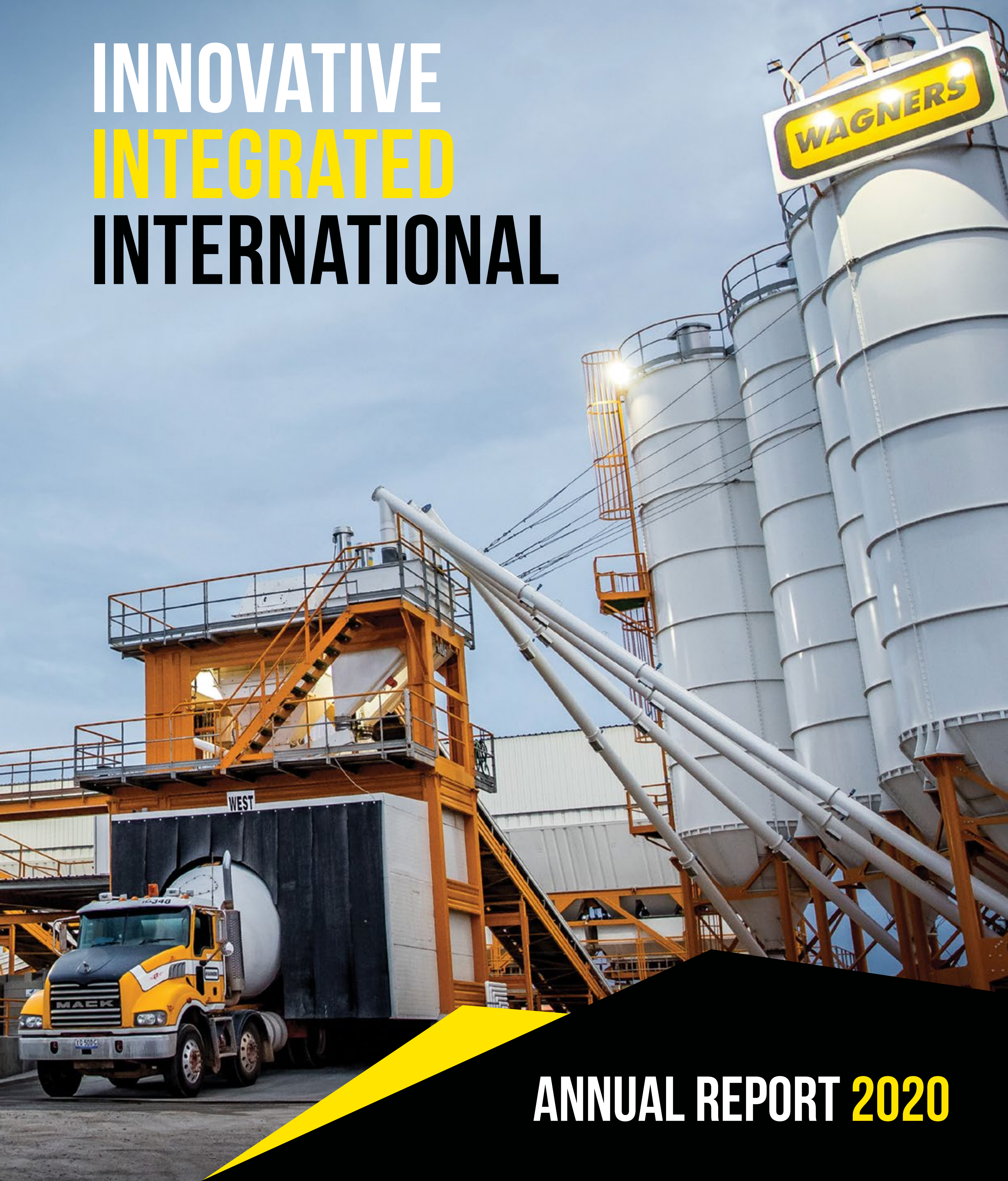
WAGNERS

INNOVATIVE
INTEGRATED
INTERNATIONAL



ANNUAL REPORT 2020

CONTENTS

This annual report has been prepared with reference to the International Integrated Reporting (IR) Framework. The voluntary framework focuses on reporting how strategy, governance, performance and outlook, in the context of external environment, contribute to the creation of value for an organisation. Wagners will continue to evolve its integrated reporting processes over time, based on the principles outlined in the framework (www.theiirc.org). The Board of Directors and Senior Management Team have been closely involved in the preparation of this report, and are satisfied with the accuracy of material issues and reported detail.

This annual report gives an overview of Wagners' business activities and financial results for FY20. It also includes background to the current business environment in our sector and explains our ongoing strategies for the future. It is designed to inform our shareholders and other stakeholders who are interested in the company's policies, achievements and corporate responsibility.

INNOVATION SHAPES GLOBAL AND LOCAL GROWTH.

INNOVATIVE

At Wagners, we foster innovation to differentiate our business and improve our efficiency, safety and environmental responsibility.

INTEGRATED

One of Wagners' key competitive strengths is integration – working together across our business divisions to achieve great outcomes for our people, customers, community and shareholders.

INTERNATIONAL

With a presence in eight countries, Wagners continues to expand its international operations, bringing our excellence in the construction materials and services industries to exciting new markets.

GUIDING PRINCIPLES

At Wagners we strive for intrepid progress to achieve beneficial outcomes and we will:

I – Deal with **INTEGRITY**

T – Work **TOGETHER** to overcome challenges

S – Work in a **SAFE** environment

F – Be **FAMILY** conscious

A – Encourage and **ACKNOWLEDGE** success

I – Foster **INNOVATION**

R – **REQUIRE** quality and excellence

ABOUT **WAGNERS**

Wagners is a leading producer of construction materials and services for Australian and international markets. Established in 1989 in Toowoomba, Queensland, the company is an ASX-listed business.

We are innovative, integrated and operate internationally.

Our Construction Materials and Services (CMS) include cement, concrete, aggregates, bulk haulage services, precast concrete and reinforcing steel. Our New Generation Building Materials (NGBM) business creates higher-performing, more sustainable materials that reduce the impact on the environment, and is delivering projects globally. Our specialist in-house engineering and maintenance workshop provides innovative maintenance and engineering solutions across both the CMS and NGBM divisions, further enhancing Wagners' vertical integration of its businesses.

Our Guiding Principles underpin everything we do. They push us to strive for intrepid progress to achieve beneficial outcomes for all stakeholders – our people, our customers, our community and our shareholders. We confront and overcome challenges that others will not. We innovate, seek value and growth, and create rewarding roles that encourage employees to deliver quality products and services.

Safety is our number one commitment. Regardless of where in the world we operate, we will never compromise on this commitment to safety, our people and the community.

VALUE DRIVERS

- Highly skilled team with innovative and entrepreneurial experience
- Integrated supply chain for reliability and competitive pricing
- Agility and responsiveness
- Lean manufacturing and continuing process improvement
- Reputation for delivering quality products and services
- Strong relationships with customers and suppliers
- Innovative products that better meet market needs

BUSINESS STRENGTHS

- Innovation – continued investment into research and development, particularly in our New Generation Building Materials, a range of industry-leading, environmentally sustainable building materials and technologies
- Vertically integrated business
- International presence – proven ability to operate globally, with diverse domestic and international market opportunities
- High-performing safety culture
- Targeted capital investment in facilities, people, plant and equipment to enable strategic growth
- Our people – committed, skilled teams with shared culture founded on our Guiding Principles
- Sustainable approach to finance, community and environment with well-developed control mechanisms
- Internal research laboratory and development facilities

BUSINESS DEPENDENCIES

EXTERNAL

- Global economic challenges arising from COVID-19 impacts
- Supply chain inputs and costs
- Suitable domestic and global infrastructure projects
- International demand for our NGBM products, Composite Fibre Technologies and Earth Friendly Concrete® (EFC®)
- Exchange rates
- Environmental legislation and community expectations to support demand for NGBM products
- Building code reform and international certification for EFC®

INTERNAL

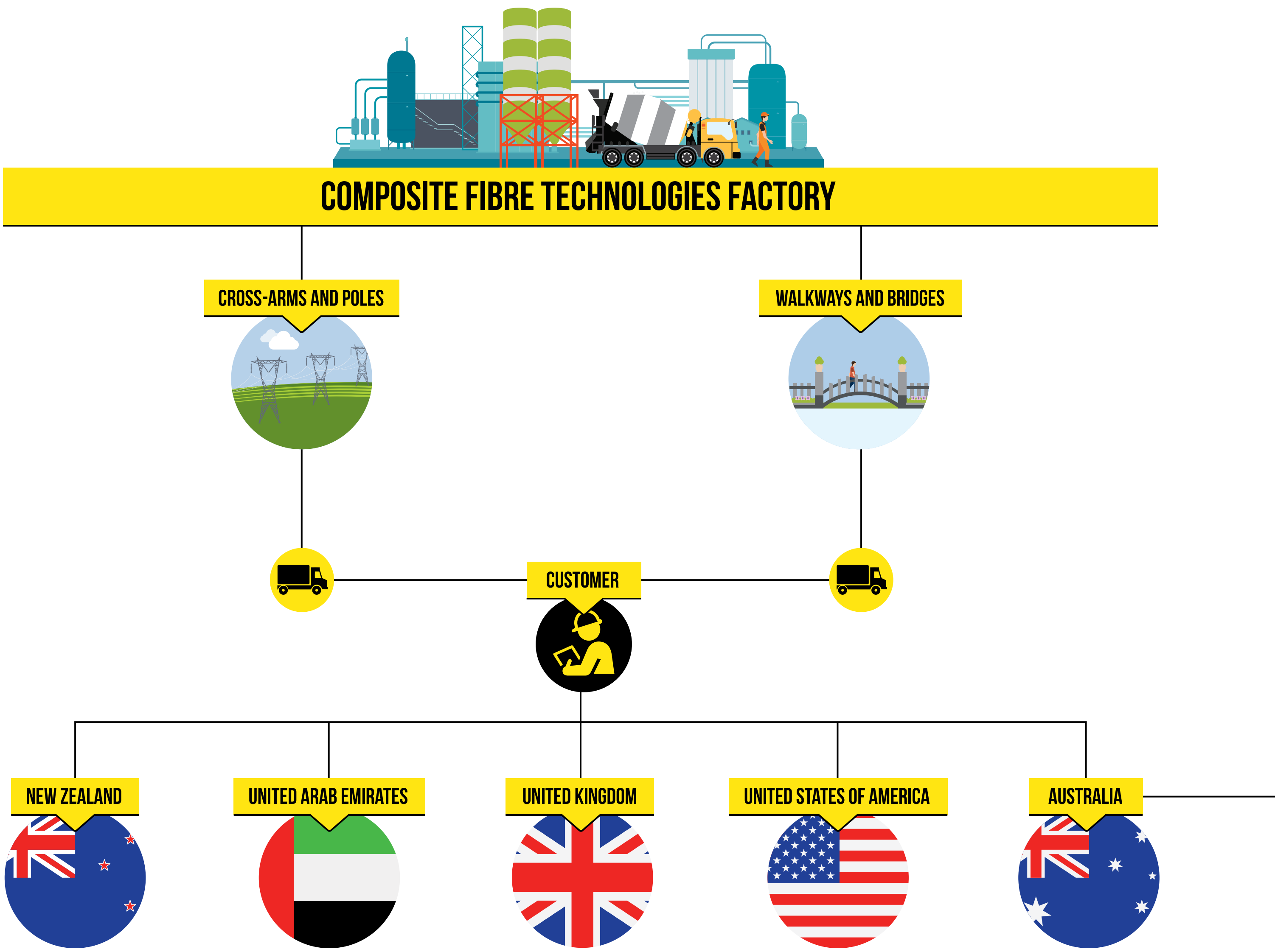
- Skilled, flexible workforce – in Australia and internationally
- Protection and enhancement of corporate and business knowledge
- Research and development in all aspects of business
- Production costs
- Safety, quality and environmental controls
- Ability to leverage and sustain infrastructure/mining development cycles
- Workforce culture and commitment to Guiding Principles
- Reputation – quality, safety, environmental responsibility, good corporate citizen
- Policies and structures to support great customer and supplier relationships
- Capital investment
- High corporate and financial governance standards

Lizard Island CFT boardwalk, QLD.

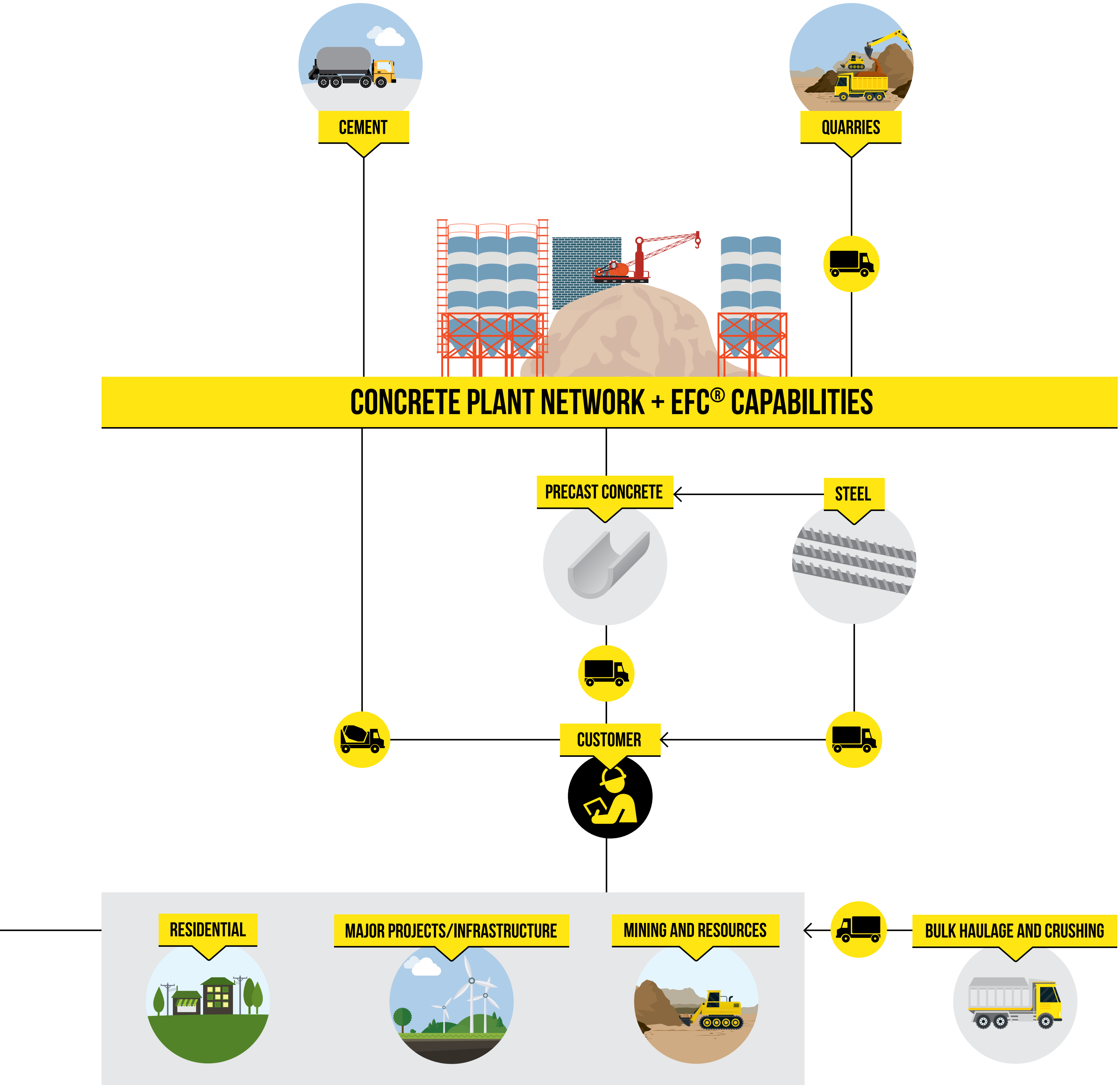
OUR BUSINESS **MODEL**

The Wagners business model has two main business units – New Generation Building Materials (NGBM) and Construction Materials and Services (CMS) – with separate specialist divisions vertically integrated to support each other.

This means that divisions can supply materials or services to other divisions on a timely and cost-competitive basis. With external and internal customers, a shared culture and strong cooperation, the business units are better able to control outcomes and manage fluctuations in the market.



SAFETY IS OUR NUMBER ONE COMMITMENT.
WHEREVER WE OPERATE IN THE WORLD, WE WILL NEVER COMPROMISE ON THIS COMMITMENT TO SAFETY, OUR PEOPLE AND THE COMMUNITY.



OUR STRATEGIC FOCUS 2020-22

PRODUCT, SERVICE OR FUNCTION	TWO-YEAR OUTLOOK/FOCUS
NEW GENERATION BUILDING MATERIAL MARKETS » Composite Fibre Technologies	» Manufacture and supply of innovative and environmentally sustainable construction materials and finished products globally » New product development and innovation » Increasing our in-house capabilities and production efficiencies » Continued focus on global markets and opportunities for CFT – USA, UK and Middle East » Establish USA manufacturing plant for CFT
» Earth Friendly Concrete®	» Commercialisation on a global scale » Invest in environmental credentials for EFC® internationally » Invest in business and development teams to achieve sales growth for EFC® in international and domestic markets » Establish international partnerships to support the distribution of EFC®
CONSTRUCTION MATERIALS AND SERVICES » Cement » Pre-mix concrete » Quarry materials » Precast and prestressed concrete » Reinforcing steel » On-site crushing » Transport and haulage services	» Provide long-term solutions to construction, infrastructure and resource industry projects » Target opportunities for growth and acquisition that enhance vertical integration or new geographic regions » Focus on production efficiencies » Competitive advantage over other suppliers
MAJOR PROJECTS – CONSTRUCTION MATERIALS AND SERVICES	» Focus on securing international and major infrastructure opportunities for the CMS business » Target resource sector revenue growth through on-site concrete batch plants, contract crushing and transport business
CAPITAL INVESTMENT	» Continued investment in fixed concrete plant network » Focused approach on investment in opportunities that deliver value to Wagners' vertically integrated business model » Product development and innovation » Investment in CFT facilities, pultrusion capacity, and productivity
SKILLS AND EXPERTISE	» Attract, retain and train highly qualified people » Continue to invest in our people, through training and development activities
CUSTOMER AND SUPPLIER RELATIONSHIPS	» Increased resources in sales team

Wagners' growth and strategic planning is focused on achieving good financial, human and environmental outcomes while remaining Innovative, Integrated and International.

This concise overview of our strategy shows some of the main areas of focus.

STRENGTHS AND DEPENDENCIES/ KEY SUCCESS FACTORS	OUTPUTS DETERMINING SUCCESS
» In-house capability in research and development, product development, laboratories, maintenance, engineering and fabrication » International demand for existing and new product lines	» Revenue-generating new product lines with increasing customer acceptance and demand » CFT manufacturing facility initial establishment in US, and servicing international market with further expansion of the facility to meet demand » Increased international demand for existing CFT products: – cross-arms – pedestrian infrastructure and short-span road bridges
» Acceptance and demand for EFC® internationally » Achieving standards certification in international jurisdictions to allow commercial application of EFC® and major infrastructure products	» EFC® – revenue generated from international markets » EFC® – increased demand for product throughout Australia
» Domestic infrastructure construction activity and timing of projects » Operational costs » Our strength is our ability to capitalise on infrastructure/ mining development cycles » Marketing and brand reputation	» Increased revenue and profit margins » Long-term contracts in the construction materials and resources sector across all business divisions » Consistent increases in concrete volumes
» Project start dates and availability of the opportunities » Successful negotiation of appropriate commercial terms » Wagners' strengths are: – entrepreneurial and opportunistic approach to domestic and international major infrastructure projects – dedicated business development team » Continued innovation in plant, equipment and processes to reduce costs to customers, and obtain a competitive advantage over other suppliers of similar services	» Increase in revenue and profitability in both domestic and offshore operations » Increased tendering activity
» Product demand in South-East Queensland » Timely completion of new automated cross-arm manufacturing cell » New range of products, particularly in CFT (e.g. poles) available to customers	» Increased sales and profitability across each business division » Increased revenue from new product lines » Increased profit margins through innovative production efficiencies
» People » Safety » Training	» Increased staff retention statistics » Best-possible safety performance » Productivity and process enhancements
» Ability to deliver quality product at the best value » Supply chain value	» Increased customer base through quality products that represent best value » Positive customer feedback metrics and Net Promoter Scores » Secure, long-term supply chain value

FY20 KEY
FACTS & FIGURES

Group revenue
$252 MILLION
5.1% increase

Quarry volumes
↑ 26%
increase

CFT pultrusion
394,086 M

Employee numbers
583

Concrete volumes
100%
increase

NGBM Aus/NZ
custom build
44% GROWTH

Tonnes hauled
12.3 MILLION

Lost-time
injuries
0

Innovation
NEW CFT PRODUCTS

WHAT WE PROMISED 2019 – **WHAT WE ACHIEVED 2020**

WHAT WE PROMISED 2019	WHAT WE ACHIEVED 2020
GLOBAL EXPANSION	
	Planned expansion, particularly in NGBM, not realised due to impacts of COVID-19
	Investment in business development team to pursue international opportunities
CONSTRUCTION MATERIALS AND SERVICES	
» Sales growth	Growth in sales in:
	Concrete through execution of SEQ Concrete Strategy – while we have experienced volume growth from the plants, the reduced selling price has impacted profitability of plants in start-up phase
	Quarries – 26% increase in quarry volumes compared to FY19
	Transport – currently operating nine bulk haulage projects across Queensland and the Northern Territory
» Target resources sector revenue growth through on-site concrete batch plants, contract crushing and transport business	Secured three new haulage projects in the resource sector in FY20
	Secured five new on-site crushing projects and associated haulage work, with some sites crushing more than one million tonnes on larger long-term projects
	Constructed airfield to service resource project in central Queensland
» Capital investment	Investment into fixed concrete plant infrastructure – Wagners now has six operational plants, of which five have EFC® capabilities
	Significant investment in haulage fleet – $8 million on three- and four-trailer road train combinations to service long-term haulage contracts in FY20
	Acquisition of Shepton Quarry which should deliver strong results in FY21 – business now has seven quarry operations from NSW border to far north Queensland
	Upgrades to plant and equipment in the quarry business to generate operational efficiencies and increase profitability across the business
	These investments made throughout FY20 will promote growth and enhanced vertical integration across the business providing channels to market for Wagners' Construction Materials and Services

WHAT WE PROMISED 2019	WHAT WE ACHIEVED 2020
NEW GENERATION BUILDING MATERIALS – CFT	
» New product development and innovation	Design of new profile allowing manufacture of new product line – circular poles suitable for replacing timber poles and use as light poles
» Focus on offshore manufacturing and export markets for CFT	Pultrusion machine manufactured and in USA awaiting commissioning post COVID-19
	Establishment of USA manufacturing plant delayed as a result of COVID-19 restrictions
	Supply to international markets during FY20, manufactured at Wellcamp facility and exported from Port of Brisbane
» Capital investment	Expansion of Wellcamp manufacturing facility providing increased capacity for CFT
	Manufacture and commissioning of a cross-arm manufacturing cell which will deliver significant production efficiencies
	New pultrusion machine built – dedicated for manufacture in USA
	Training and development of sales and technical personnel
NEW GENERATION BUILDING MATERIALS – EFC®	
» Invest in environmental credentials for EFC®	Product Carbon Footprint declaration obtained detailing the level of embodied carbon in EFC®
» Sales growth in project work and domestic markets	Increase in EFC® batched and delivered
	Use in aircraft taxiway project and residential construction
	EFC® batched and delivered in London and other international locations
» Integrated supply chain – target opportunities that enhance vertical integration	Investment in a quarry, in-house capabilities and expansion of concrete network (with EFC® capabilities) enhances vertical integration across the business providing channels to market for Wagners' Construction Materials and Services
» Skills and expertise	Continued investment in staff development – apprenticeships, traineeship and graduate programs in place
» Develop customer and supplier relationships	Supply chain risk analysis conducted across businesses to secure and enhance supply chain value, and assessing and managing modern slavery and COVID-19 risk

CHAIRMAN'S LETTER

To all shareholders of Wagners Holding Company Limited (WGN)

There is no doubt that this year was the most challenging year in Wagners' history. Despite this, Cameron and his team have continued to operate the business to set a strong base going forward.

We continue to have a focus on the safety of our people and operations. Each month the Board attends a group safety session with a diverse group of staff from across the business, from senior management to our people at the workface. We encourage everyone at Wagners to take responsibility for their own safety and the safety of others. This is driven by a positive culture based on our Guiding Principles, ensuring we protect our people, our environment, and the quality of our products.

Our financial results did not meet our initial expectations, however given the circumstances and challenges we faced through the year, we believe we now have a good platform for the business to improve in this changing world.

Needless to say, COVID-19 had an impact on our performance. Our team has adapted to the new way of doing business, which will ultimately deliver more efficiencies in our operations and improvement throughout the business.

The market conditions for our New Generation Building Materials division look strong into the future. This year the export opportunities for our Composite Fibre Technologies (CFT) business were impeded by the restrictions implemented in the markets where we sell products. We have not achieved our goal of establishing a production facility in the USA, primarily due to travel restrictions and the inability to get our people to the USA to commission the equipment. We see this as only a short-term impediment and have confidence this division will see significant growth in the export market in the future.

We are seeing all levels of government in Australia starting to develop plans to rescue the economy, primarily by increasing government spending on infrastructure. This should lead to more opportunities for our products and the infrastructure we build using our composite products. Our ability to deliver bridges, boardwalks, cross-arms and light poles quickly and efficiently should translate into increased revenue as government spend grows.

Much work has been done to progress our Earth Friendly Concrete® (EFC®) through Europe, India and Australia. These markets continue to seek more sustainable and environmentally responsible products, so this fits well for our EFC® technology.

Construction materials in the Queensland market faced some headwinds this year. We do expect both federal and state government spending on infrastructure to support this industry into the future. The industry has had a major reset, driven by the behaviour of some industry players. Our structure, our assets and our innovative products in the heavy construction materials markets in South-East Queensland place us in a position where we can handle this disruption better than any of our competitors. However, an industry restructure is likely to be the only real solution to what will be a long road to recovery.

Our view on the mining services areas of our business is that they should remain strong in the foreseeable future. We have enjoyed much success in this area and we have a forward order book for this sector.

The executive management team has met and handled the challenges well through the year. We do look forward to better conditions in FY21 and the team's work in streamlining the business will stand us in good stead. I would also like to thank all Board members for their contribution and resilience over the past year.

Regards

Denis Wagner

Denis Wagner
Chairman

WE LOOK FORWARD TO BETTER CONDITIONS IN FY21 AND THE TEAM'S WORK IN STREAMLINING THE BUSINESS WILL STAND US IN GOOD STEAD.

Wagners' one millionth CFT cross-arm manufactured.

CEO'S REPORT

INNOVATIVE, INTEGRATED, INTERNATIONAL

While FY20 presented significant challenges to the Wagners business with a disappointing financial result, we have experienced:

» continued global expansion in our New Generation Building Materials business (NGBM), and

» a year that will ensure we are well positioned for the future to capitalise on the imminent increase in activity in infrastructure projects.

FINANCIAL RESULTS

The overall group achieved a proforma EBIT result of $9 million, which was significantly below our expectations. While there was an overall increase in revenue, the growth predominantly came from sectors such as concrete that achieved lower EBIT margins, impacting the overall EBIT result.

In our Construction Materials and Services (CMS) business, we continued to see growth in our bulk transport haulage business servicing the resources sector. This was complemented by growth in our quarries business both from newly acquired sites and existing operations.

However, reduced volumes in our cement business negatively impacted the overall financial result. On a positive note, recent months have seen cement volumes return to that of prior periods and we expect this volume to continue throughout FY21.

Our NGBM business achieved a proforma EBIT result of $2.2 million. We have made significant capital investment in the global expansion of this business, however with lockdowns in various countries and travel restrictions in place, FY20 did not achieve the expected global financial contribution. The investment has positioned us to take advantage of the opportunities we expect FY21 will present as travel opens up and governments commit funding to generate jobs and industry, particularly in the construction sector.

In addition to investment overseas, our capital investment strategy through FY20 will allow us to deliver on our future plans for growth across the business. Targeted capital investment throughout FY20 included:

» Investment in our concrete plant infrastructure to support the growth of our fixed plant network throughout South-East Queensland, particularly as demand increases with the commencement of some large government-funded infrastructure projects. These plants provide a critical channel to market for many of our construction materials and services including cement, flyash, aggregates and haulage services – enhancing vertical integration of our businesses.

» Acquisition of a hard rock quarry outside of Emerald in Queensland, providing significant opportunities for the quarry and transport businesses in that region in FY21. Wagners' quarry business now consists of seven quarry locations.

» Expansion of our Composite Fibre Technologies (CFT) facility at Wellcamp, Queensland providing increased capacity for NGBM's CFT business.

» The manufacture and commissioning of a CFT cross-arm manufacturing cell, which is now operational, delivering significant production efficiencies for the NGBM business.

» Investment in plant and equipment in our quarries business that will drive production efficiencies, delivering more profitable operations.

» Acquisition of four-trailer road train combinations to service the bulk haulage contracts in place. In FY21, we expect to see high utilisation from these assets as they meet contract work demands, delivering increased margins as a result of this investment.

» Implementation of our new enterprise resource planning (ERP) system across all businesses.

» Recruitment and training of our people to ensure we are ready to capitalise on the opportunities in the CFT, EFC® and construction materials businesses.

SIGNIFICANT ACHIEVEMENTS FY20

Some of our key achievements during the year included:

CONTINUED GLOBAL EXPANSION OF OUR CFT BUSINESS

» Our fifth pultrusion machine was delivered to the USA, and is awaiting commissioning when travel restrictions lift. Once commissioned, we will be able to service US markets from a local manufacturing facility.

» We delivered projects in Australia, New Zealand, USA and UAE and now have sales teams on the ground in each of those locations. Wagners is now in a strong position to secure opportunities in the global market.

DIBT APPROVAL FOR EARTH FRIENDLY CONCRETE® (EFC®)

» Our EFC® secured DIBt approval, (German Standards Approval) enabling us to pursue opportunities for the application of EFC® in infrastructure projects in Europe.

» Following DIBt approval, some EFC® trials were performed in the UK. A number of companies are showing significant interest in using EFC® for projects in the UK as they learn and understand the environmental and performance benefits EFC® offers.

WE ARE WELL POSITIONED FOR THE FUTURE TO CAPITALISE ON THE IMMINENT INCREASE IN ACTIVITY IN INFRASTRUCTURE PROJECTS.

INCREASED VOLUMES FROM CONCRETE PLANT NETWORK

» Our fixed concrete plant network continued to grow, with six plants now operational. Although volumes are increasing at these plants as they establish in new markets, reduced concrete pricing in the industry has impacted profitability.

KEY CONTRACTS SECURED

» While we secured a number of contracts for the supply of materials and services across the Group throughout the year, some key contracts won for the CMS business in FY20 will also contribute to FY21 earnings, including:
  - The supply of precast concrete tunnel segments to Brisbane's Cross River Rail Project, valued at $40 million. Manufacture will commence in late 2020.
  - The quarry operation and haulage agreement for the Carmichael Mine Project, with a project value of over $35 million.
  - An extension of existing haulage contracts providing secure revenue for our bulk haulage business for a further four years.

» In CFT, we renewed a number of our long-term cross-arm supply contracts, securing volumes for FY21 and beyond.

CHALLENGES

The result for FY20 did not meet our expectations. Our businesses were presented with a number of challenges that contributed to the disappointing result, including:

» Significant reduction in cement volumes due to suspension of supply to one of our key contracted customers – supply has since resumed, however with a reduction in price that will continue to impact the financial performance.

» Demand and pricing pressure in the concrete industry, the effects of which have been compounded while working through the start-up phase of these plants.

» Increased operational costs, particularly in our bulk haulage business, necessary for maintaining business stability during COVID-19.

» Inability to achieve our aspirations internationally given travel and lockdown restrictions in various states and countries.

As an organisation, we are regularly confronted with challenges not dissimilar to those we experienced in FY20. However, the focus and determination shown by the team in managing these challenges and planning for the future assures me – with FY20 now behind us – that we are committed and well positioned to pursue new opportunities and growth, both in Australia and internationally.

FUTURE OUTLOOK

Although Wagners did not achieve expected results in FY20, our outlook for FY21 is positive. I remain confident that the targeted capital expenditure throughout FY20 and investment in our people stand us in good stead for FY21 and beyond.

We expect there to be increased demand for construction materials as a result of government-funded infrastructure and building projects commencing in FY21. Wagners is now well positioned to secure these as opportunities arise.

We remain committed to and are investing in business development activities around the world, following project opportunities in industries such as liquefied natural gas where we have a proven track-record of winning and executing large service contracts, particularly in remote locations.

Our investment, efforts and resourcing throughout FY20 will underpin a positive impact during FY21 for our global NGBM business, both in CFT and EFC®, as we continue to pursue opportunities worldwide.

Thank you to all the Wagners team who have shown great resilience and focus during a challenging year, maintaining an innovative and entrepreneurial mindset with the long-term growth of the business as the goal. I am proud of our continued relentless focus on safety, particularly in the uncharted waters of a pandemic.

The Board of Directors has provided guidance and valued advice, as always. My thanks to them.

Cameron Coleman
Chief Executive Officer

BUSINESS ENVIRONMENT

In the context of the sudden and extreme impact of the COVID-19 pandemic on the global economy in the last few months of FY20, and a range of Australian market conditions affecting volumes, pricing and the commencement of new projects, it was a disappointing year for Wagners financially.

Challenges notwithstanding, we continued to focus on executing our strategy, innovation, and development of the expertise of the Wagners team, and integration. We are energised by the many opportunities our investment and global expansion in the New Generation Building Materials (NGBM) sector are presenting, although our ability to capitalise on the growing interest internationally was restricted due to travel restrictions and lockdowns worldwide this year. We are also confident an uplift in major infrastructure and resources work at home in Australia will deliver significant contracts and growth for both NGBM and Construction Materials and Services (CMS) from FY21.

OPPORTUNITIES

Commitments from state and federal governments to construction and infrastructure projects will provide many opportunities for both our NGBM and CMS business in FY21 and beyond. Significant capital investment during FY20 has positioned us to service these projects through availability of efficient plant and equipment, highly trained people and innovative, cost-effective solutions. Our flexible resourcing abilities, allowing us to 'ramp up' and 'ramp down' quickly, are a core strength of the Wagners business and mean we can competitively manage market fluctuations.

Our NGBM business remains the greatest growth opportunity with a strong focus on international markets. With clients seeking environmentally sustainable outcomes for projects, we see exceptional opportunities for our EFC®, particularly now with European DIBt certification paving the way for EFC®'s commercial application in infrastructure projects across a number of international markets.

CHALLENGES AND RISKS

While government funding commitments will provide a number of future opportunities, there was little activity in large project and infrastructure work during FY20. Commitment from infrastructure owners around execution and timing of projects remains a significant challenge for our business. Again, our flexible resourcing ability allows us to effectively manage and mitigate the uncertainties project work presents.

Market and competitive pressures – which can impact pricing, margins and our ability to secure new work – remain critical challenges, particularly in our core CMS business. Our innovative culture to drive client solutions, brand reputation and commitment to delivering quality products and services will allow us to remain competitive and retain profitability.

Security of supply and pricing for raw materials is a potential risk, and is always a key focus for our business managers. These challenges are managed through long-term contracts and longstanding relationships with our supply network, the members of which have a thorough and accurate understanding of our business requirements. This approach ensures our supply chain provides us the best value and service.

OUR NGBM BUSINESS REMAINS THE GREATEST GROWTH OPPORTUNITY WITH A STRONG FOCUS ON INTERNATIONAL MARKETS.

Newcastle Boardwalk, NSW.

OUR PEOPLE
& COMMUNITY

In a challenging year, the strength of the Wagners culture has shone through – our people have shown admirable adaptability and resilience and have continued to deliver great results in changing circumstances.

As a company, our Guiding Principles are a genuine framework for decision-making, with safety of our people and the community as the core commitment for all divisions. This commitment demonstrated its worth in abundance this year – with the pandemic unfolding at the end of the summer of natural disasters, the health and wellbeing of everyone played a prominent role in planning and our operational response.

Continuing our tradition of supporting community events and fundraising across our operating regions, our team proudly contributed to and participated in a range of events and fundraising campaigns.

FY20 AT A GLANCE

- 583 employees (includes Australia, Malaysia, USA, NZ)
- 11 new apprentices and two trainees
- Seven enterprise agreements approved
- Improved employee engagement survey participation – 397 participants
- Employee-led projects and social activities actioned through focus groups
- Over $2m raised for prostate cancer research – Wagners' *It's a Bloke Thing* luncheon
- Zero lost-time injuries – fourth year running
- Diversity reflected in more than 15 languages being spoken at home

Dennis Higgins at Pfeiffer Big Sur trail bridge in California, USA.

INVESTING IN OUR PEOPLE AND OUR CULTURE AND BUILDING THE RESILIENCE THAT WILL HELP US **THRIVE THROUGH UNCERTAIN TIMES**.

ACHIEVEMENTS FY20

COPING WITH COVID-19

The urgent response to the COVID-19 pandemic created challenges across the business, and has also provided learnings that are shaping our 'new normal'. In these situations, the reliance on company values as a decision-making framework is invaluable, and our Guiding Principles were the foundation of our COVID planning.

A COVID-19 Response Team was established at the outset to monitor the evolving situation and develop our COVID-19 Management Plan, which covered health and safety procedures for all worksites.

Our technology systems supported us well, efficiency and productivity were maintained, and we ramped up frequency of learning opportunities with more webinar offerings. Some of the 'work from home' flexibility is continuing as restrictions ease.

Operational adjustments at all worksites were also carefully and quickly implemented to comply with physical distancing and other required safety procedures.

For those working on site at client projects, we worked closely with our client on risk management to ensure operations could continue with wellbeing and safety of our people as the paramount consideration. This required changes on short notice to rosters, transport and accommodation arrangements. The Human Resources team maintained close contact with these employees, conducting regular wellbeing and health check-ins.

Wagners gratefully acknowledges the efforts made by everyone to adapt, particularly those who experienced a significant change in personal routines and family arrangements.

GOING GLOBAL

As Wagners continues to expand in global markets, the Human Resources team has continued to grow its skills in managing the complexities of recruiting, onboarding and supporting new employees in overseas locations. With many late night and early morning meetings given different timezones, the team has navigated employment laws and processes in various countries, set up payroll, and organised visas for key personnel moving from Australia to take up opportunities in Wagners' subsidiary companies. New US and New Zealand arrangements are in place, and the learnings mean Wagners now has a well-established process for human resources planning in its new markets. Set-up of the UK operation is the next focus.

CEO Cameron Coleman presents apprentice Jarrod Cook with his personalised toolbox.

ENHANCING EMPLOYEE EXPERIENCE

In such a diverse business with people in so many regions and locations, our annual employee survey is a valued and vital tool for helping us to shape our future with input from our teams.

After last year's survey, the work of focus groups saw a range of employee-led initiatives introduced – including ideas such as each apprentice receiving their own personalised toolbox and improved mentoring through a buddy system, a new internal bulletin to give more regular updates on company news, tool policy and storage improvements at Pinkenba, Wacol and Workshop, shared Toolbox Talks to improve cross-team information flow, a best-practice recognition email to share improvements and beneficial practices with other areas, and more staff social events to build camaraderie.

The high survey participation rate of nearly 70 per cent this year gave us a clear picture of improvements and areas for further focus. For the first time, we could make data comparisons with last year's survey and provide detailed interpretation of results to divisions.

Feedback shows improvements in training and development, as well as recruitment and promotion, with employees feeling satisfied and valued. More than 90 per cent said they are looking forward to their continued employment with Wagners. Topics for ongoing development include teamwork and cooperation across the business, underpinned by communication. Team focus groups to work through the results and develop action plans were slightly delayed due to COVID-19 impacts, but are now under way.

These results clearly show the link between continued development of employee experience initiatives and our strong performance in attraction and retention.

OUR PEOPLE & COMMUNITY (CONTINUED)

ACHIEVEMENTS FY20 (CONTINUED)

ENTERPRISE AGREEMENTS APPROVED

The completion of seven Enterprise Agreements (EAs) during the year gives certainty and stability for our teams and the company. The EAs represent a significant achievement given the diversity of each division, the complexity of different underlying award structures, and the associated configuration changes to and testing for human resources systems. The contribution from employee representatives to the negotiation process was appreciated, helping to provide insight into potential areas for change and incorporation into agreements.

LONG SERVICE AND RETENTION PART OF OUR CULTURE

A true feature of Wagners' culture is the long and loyal service of many employees, and the deep knowledge and commitment that those careers contribute to our success. This year, more than a quarter of our staff had five years' service, with 13.5 per cent clocking up more than 10 years. Retention rates also continued to improve this year, with a reduction in employee-initiated turnover across all categories, and a reduction from 16.7 per cent last year to 13.6 per cent for permanent staff.

COMMITMENT TO NEW GENERATION WORKFORCE

Ensuring we have a pipeline of skilled people trained to our high standards in safety, quality and environment is a major part of Wagners' strategy. Our apprenticeship program is one of the foundations, with 12 new apprentices in 2020 bringing our current total to 30 at different stages of training in different parts of the business. We also welcomed new trainees and internships – some as part of the government's Transfutures program, which advocates for employment in the transport and logistics industry.

Our new Graduate Program launched during the year with plans to expand the program in FY21, along with the introduction of a construction material traineeship program.

GENDER REPORTING IMPROVEMENTS

We maintained our Workplace Gender Equality Agency compliance with the Gender Equality Act, and each year we endeavour to improve equality. In FY20, 20 per cent of promotions were awarded to women. Women currently represent 10.2 per cent of our employees.

Adriana Luther and Gemma Poole celebrate International Women's Day.

FUTURE FOCUS

Being an employer of choice is a genuine commitment, and our future focus is firmly on continuing to invest in our people, our culture and building the resilience that will help us thrive through uncertain times.

We are always seeking innovative ways to attract new talent, including ensuring we have a leadership role in promotion of our sector and an ongoing profile in key government workforce initiatives. Recruitment and onboarding timeframes and efficiencies will improve, with streamlined services to our business units. Learning and development is also high on the agenda, succession plans will be incorporated, and more internships and work experience opportunities will be offered.

We are also excited about the opportunities that will come with significant growth in our NGBM division both in Australia and internationally, where Wagners will expand into new product markets and sectors.

INTERNATIONAL SAFETY MANAGEMENT CERTIFICATION ENDORSES OUR SAFETY ACHIEVEMENTS IN AUSTRALIA AND GLOBALLY.

COMMUNITY

INCREDIBLE $2M RAISED FOR *IT'S A BLOKE THING*

We continued our role as major sponsor for the Wagners *It's a Bloke Thing* Luncheon and Education Roadshow, held in Toowoomba in September. This year, the event raised a truly extraordinary $2,049,600 for prostate cancer research. Thanks to everyone who donated and made it such a success.

Singer Ronan Keating revs up the crowd at this year's *It's a Bloke Thing* lunch.

SPONSORSHIPS, STAFF CONTRIBUTIONS AND RECOGNITION EVENTS

- Major sponsor of Downs Rugby – encouraging regional participation in rugby union
- Supporters of the Loads of Love Appeal – staff helping to collect food and gift cards for families in need at Christmas- time across southern Queensland
- Major sponsor of the Townes Contracting Charity Fundraiser event – raising just under $32,000 for the Westpac Rescue Helicopter
- Participation in R U OK? events and wellbeing initiatives
- International Women's Day event – acknowledging the contribution and equality of women in our workforce and overall diversity within Wagners
- Recognition functions for staff celebrating service anniversaries with Wagners.

SAFETY, ENVIRONMENT AND QUALITY (SEQ)

SAFETY RECORD MAINTAINED

Wagners' employee Lost Time Injury (LTI) record remains at zero for the fourth year running. Thanks to our SEQ team and the policies and procedures we have in place, safe worksites are always at the forefront of our planning and execution.

MANAGING CONSTRUCTION DUST POLICY

Proactive identification and management of all risks and hazards is vital, given the nature of our worksites and the work we do. Construction materials dusts are generated by high-energy processes such as crushing, cutting, sawing, and grinding, and via the handling of various construction materials such as concrete, clinker, and rock. To ensure effective control of construction dusts, the SEQ team has developed a Managing Construction Dust Policy for all Wagners' sites and operations. Each site has also developed a customised management plan adhering to the policy and framework.

INTERNATIONAL SAFETY MANAGEMENT CERTIFICATION ACHIEVED

Wagners is proud to have transitioned its safety management certification to achieve international accreditation. Previously, we adhered to AS/NZS 4801, the Australian and New Zealand standard for safety management. This year, we successfully achieved the international standard, ISO 45001. This will help the business to remain at the forefront of health and safety management within Australia and for our various projects and business ventures globally.

FUTURE FOCUS

In FY21, the SEQ team's focus is on developing a formalised strategy with defined targets and objectives to drive continuous improvement. The goal is to improve visibility and reporting of risks and simplifying safety-related documents and processes for operational workers. Improving the training and competence framework to provide greater transparency of mandatory training requirements, training completion, and the pathway for skill development through to competency verification are also strategic objectives. A monthly SEQ program will also be introduced, aimed at helping operational staff with the completion of critical safety tasks such as calibration, training, competence, and maintenance.

OUR INNOVATION

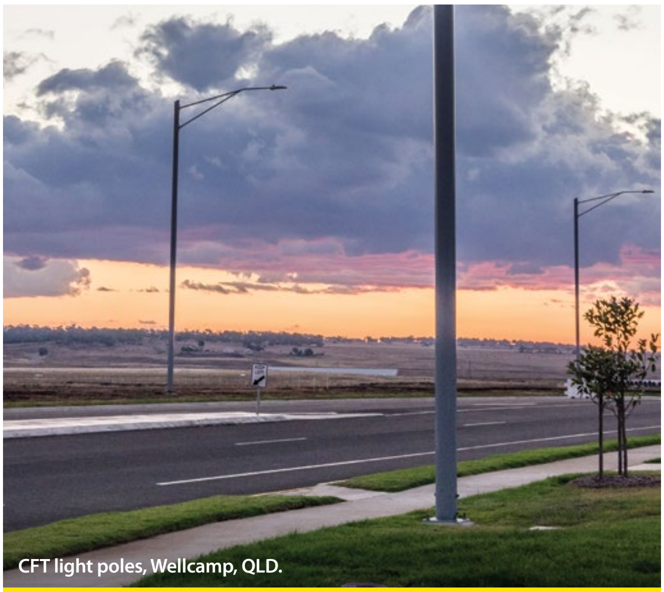
'Fostering Innovation' is one of Wagners' Guiding Principles and has been at the forefront of planning and investment across the business for many years. We prove time and again that our approach gives us a strong competitive advantage and helps us to respond proactively to increasing community expectations about sustainability.

Research and development are key drivers, focusing not only on new products and new markets, but embedding innovation in every aspect of production and services. We constantly look for win-win opportunities – to differentiate our business while at the same time being more efficient, safer and more environmentally responsible.

While innovation is reflected throughout this report, here we focus on two of our major research and development initiatives for FY20.

Construction of pultrusion machine.

INNOVATION IS EMBEDDED IN EVERY ASPECT OF PRODUCTION AND SERVICES.



CFT light poles, Wellcamp, QLD.

NEW MULTI-USE CFT PRODUCT

Wagners' CFT light poles are uniquely suited to provide a long-lasting, aesthetic lighting solution to any residential, commercial or industrial project. The lightweight, rust-proof nature of using a CFT light pole results in quicker, safer and more efficient installation.

Our light poles are traditionally square, but this year the CFT team developed a profile that enables our pultrusion machines to manufacture circular poles. Circular poles create less drag than square profiles, improving the efficiency for taller poles as they allow for greater 'outreach arms' than previously manufactured. We supplied this new design for use as light poles at the Qantas Group Pilot Academy at Wellcamp Airport. Circular poles also work in our pedestrian structure product range and will be fantastic marine piles as an improved alternative to wood piles that can rot, and steel piles that can rust.

This is a great example of the innovation across our business, finding new ways to improve and diversify our existing products.

Keltbray EFC® pour in London, UK.

SUCCESSFUL EFC® TRIALS IN UK

Trials and a plant demonstration of EFC® at UK-based Capital Concrete were a success this year. Leading UK construction engineering specialist Keltbray also attended the demonstration and invited Wagners to join them in a specialist piling development program, aimed at introducing a new type of low carbon, high-performance pile. The ability to physically demonstrate production of EFC® in a real batch plant sets our technology apart from other competing low carbon concrete products in these markets.

Following the UK trials, London's first-ever EFC® geopolymer concrete pile was supplied and installed at Nova East, London Victoria project in January 2020. A 900mm diameter, 25m deep anchor pile was constructed using premixed EFC® supplied from Capital Concrete, and installed by Keltbray.

In 2019, the UK legislated the pledge to achieve net-zero carbon emissions by 2050, motivating many companies to adopt the same ambitions at corporate level. In the construction field, producing concrete with the lowest-possible carbon emission is a significant step forward and is driving the interest in Wagners' EFC® in this market.

OUR SUSTAINABILITY

Wagners is proud of the role its New Generation Building Materials (NGBM) business plays in leading the shift to more sustainable construction materials.

Our product innovation goes hand-in-hand with our commitment to applying environmental, social and economic sustainability principles to all our strategic decision-making and operations. A review of our sustainability policy has identified opportunities for innovation and improvement, and we are incorporating the United Nation's Sustainability Development Goals into our approach so we have a clear picture of where we can be most effective. Active community membership and support, modern slavery, our contribution to reducing emissions, and providing education and training opportunities for our people are key focus areas.

Regular review and assessment of our commitments, compliance, and sustainability performance gives us a platform for continual improvement. We have a robust reporting system, using risk management processes to ensure beneficial strategies and controls are implemented, and by setting measurable targets and objectives.

For a standard four-bedroom house requiring 120M^3 of concrete,

EFC® WILL SAVE 28T OF CARBON DIOXIDE EMISSIONS,

which is equivalent to taking 10 cars off the road for a year.

Cairns Botanic Gardens, QLD.

WHEN EFC® IS USED IN PLACE OF ORDINARY CONCRETE FOR A TYPICAL MAJOR INFRASTRUCTURE PROJECT REQUIRING 50,000M^3 OF CONCRETE, IT WILL SAVE 12,216T CO_2 EMISSIONS – EQUIVALENT TO 4,500 CARS OFF THE ROAD FOR A YEAR OR 814 TREES IN A TYPICAL CARBON OFFSET PROGRAM.

Placement of EFC® at Wellcamp Airport, QLD.

EFC® ACHIEVES CARBON FOOTPRINT DECLARATION

Our NGBMs are leading the way in environmentally sustainable construction materials. We are continuing to invest in developing Earth Friendly Concrete® (EFC®) and promoting its carbon credentials. This investment included completing a project to develop a Product Carbon Footprint declaration, detailing the level of embodied carbon in EFC®. Using scientific research methods to study the lifecycle of EFC®, we are now able to promote the actual carbon savings EFC® delivers, compared to ordinary concrete.

EFC® produces only 32 per cent of CO_2 emissions compared to ordinary concrete – a remarkable achievement. The built environment has a vital role to play in achieving a greener world by focusing on embodied carbon. Embodied carbon refers to the amount of emissions released during the manufacturing of building and infrastructure products.

As concrete makes up a considerable portion of buildings and infrastructure, EFC® has the potential to be a game-changer for our industry. When EFC® is used in place of ordinary concrete for a typical major infrastructure project requiring 50,000m^3 of concrete, it will save 12,216t CO_2 emissions, which is equivalent to 4,500 cars off the road for a year[1] or 814 trees in a typical carbon offset program[2].

1 Source: Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2018.

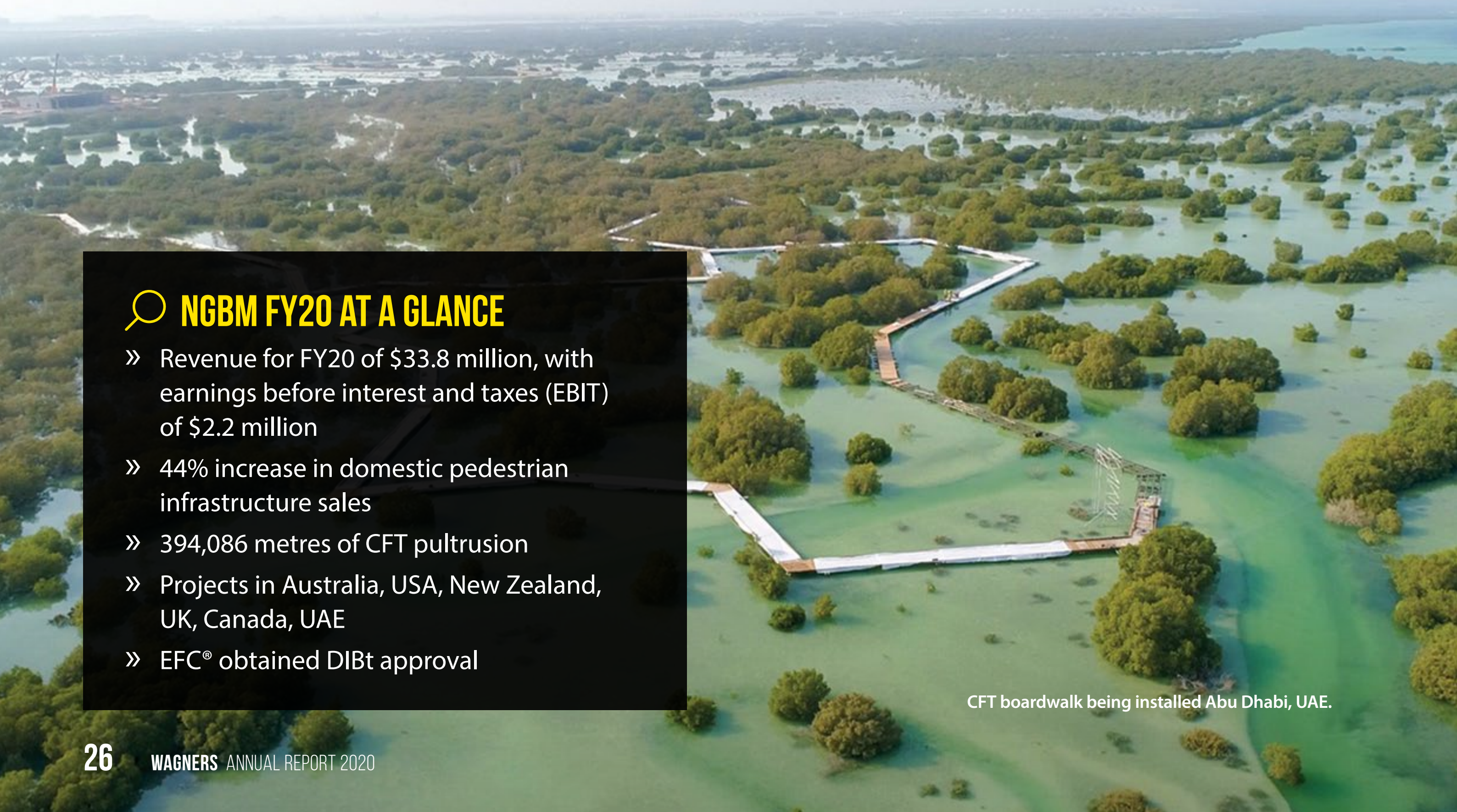
2 Source: carbonneutral.com.au.

NEW GENERATION BUILDING MATERIALS REPORT

Wagners' New Generation Building Materials (NGBM) division is a world-leader in high-strength, lightweight, low-carbon alternatives to traditional construction materials. Our Earth Friendly Concrete® (EFC®) and Composite Fibre Technologies (CFT) are pioneering more sustainable solutions for concrete and hardwood. We operate in Australian and overseas markets, with EFC® now fully certified for European and many Middle Eastern countries.

GLOBAL AND LOCAL GROWTH FUEL SUCCESSFUL YEAR

Our NGBM businesses took on new markets this year, and expanded significantly both in Australia and internationally. EFC® became the world's first commercial geopolymer technology to secure international certification, giving us a substantial competitive boost in international markets. This achievement sets us up to continue our global growth and reaffirms our position as a world-leader in innovation. The CFT business took on two major overseas projects in the USA and the UAE.



NGBM FY20 AT A GLANCE

- Revenue for FY20 of $33.8 million, with earnings before interest and taxes (EBIT) of $2.2 million
- 44% increase in domestic pedestrian infrastructure sales
- 394,086 metres of CFT pultrusion
- Projects in Australia, USA, New Zealand, UK, Canada, UAE
- EFC® obtained DIBt approval

CFT boardwalk being installed Abu Dhabi, UAE.

OUR NGBM BUSINESSES EXPANDED SIGNIFICANTLY BOTH IN AUSTRALIA AND INTERNATIONALLY.

EARTH FRIENDLY CONCRETE® (EFC®)

WHAT IS EFC®?

EFC® is a new class of concrete based on geopolymer technology developed by Wagners. The geopolymer binder system is based on the chemical activation of industrial waste by-products flyash (from coal-fired power stations) and slag (from the production of steel). This year, we finalised a study on EFC® which confirmed concrete produced through this process significantly reduces carbon emissions compared to concrete produced with ordinary Portland cement. EFC® has better performance and durability than conventional concrete, particularly in demanding applications such as corrosive sewerage and chloride environments along with heavy load-bearing pavement applications. As this product continues to develop, it will be a major disrupter to the traditional concrete market internationally. EFC® will be available from all Wagners' concrete plants across South-East Queensland.

FY20 ACHIEVEMENTS

In-house production of raw material

Throughout the year we developed our in-house skills and equipment, enabling us to manufacture one of the key raw ingredients used to produce EFC®, rather than import this material from offshore. This is an important step for Wagners, further protecting our intellectual property and reducing our cost base of this exciting technology.

International success

Wagners became a genuine world-leader in commercial production of low-emission concrete and binder technologies this year, achieving approval from Deutsches Institut für Bautechnik (DIBt) in Germany to use EFC® across Europe and many Middle Eastern countries. EFC® is the world's first commercial geopolymer technology to achieve this international certification.

In the UK, we secured our first international order for EFC® from Capital Concrete, and commenced operations supplying EFC® specialist binder materials. The first-ever pile using EFC® was installed at the Nova East project at London Victoria in January 2020, stimulating a range of positive media coverage and many new opportunities for the establishment of an EFC® business in the UK.

In India, we set up a joint-venture supply chain initiative with JSW Cement Limited to develop the country's market for zero-cement concrete.

Wagners' Russell Genrich (left) and John Day (right) with Dr Niraj Lal from ABC's *Catalyst* program.

EFC® CREATES "THE GREENEST AIRPORT IN THE WORLD"

In May 2020, ABC science program *Catalyst* featured Wagners' EFC® in its Building Greener Cities episode. The EFC® product and our team members John Day and Russell Genrich played starring roles, demonstrating the sustainability credentials EFC® offers compared to ordinary concrete. Filmed mostly at the Qantas Group Pilot Academy at Wellcamp Airport, the episode showcased the construction of the heavy-duty aircraft pavements. The program stated Wagners EFC® and Wellcamp Airport have partnered to create "the greenest airport in the world" – a great testament to Wagners' culture of innovation and our commitment to sustainability.

NEW GENERATION BUILDING MATERIALS REPORT

EARTH FRIENDLY CONCRETE® (EFC®) (CONTINUED)

Award-winning team
At the Queensland Major Contractors Association's (QMCA) 2019 Innovation and Excellence Awards – held in September 2019 – Wagners was presented the QMCA Sub-contractor and Supplier Award for the Pinkenba wharf site. This project was constructed and commissioned in FY19 to give us better access to seafaring vessels for both incoming and outgoing cargo.


Pinkenba wharf.

FUTURE FOCUS

We look forward to establishing EFC® as a leader in overseas markets and progressing its commercialisation on a global scale. Following the DIBt certification, our portfolio across Europe will expand, centred on Germany. We also have product development in the pipeline with JSW Cement Limited in India to work towards Bureau of Indian Standards approval.

Closer to home, a priority will be establishing EFC® in the South-East Queensland concrete market for leading builders working in the green space. Not only are we innovating in low carbon construction, but we are also innovating manufacture of our key inputs through our integrated supply chain. The creation of strategic partnerships nationwide, where EFC® forms part of manufactured construction solutions and is used in sustainable projects, is also on the agenda.

COMPOSITE FIBRE TECHNOLOGIES (CFT)

WHAT IS COMPOSITE FIBRE TECHNOLOGY?

CFT products, designed by Wagners, are durable construction materials that can be used to replace timber and steel in many outdoor applications. As well as saving hardwood resources, CFT products are lightweight and resistant to rust, corrosion and chemical attack. They are increasingly being specified in Australia and overseas for boardwalks, bridges, walkways, marinas and as cross-arms for electrical distribution networks.

FY20 ACHIEVEMENTS

Research and development fuels innovation
We invest significant resources in research and development to inform and facilitate our innovation. This year, we designed a profile that enables our pultrusion machines to manufacture circular poles that can be used as light poles and driven piles. Circular poles create less drag than square profiles, improving the efficiency for taller poles as they allow for greater 'outreach arms' than previously manufactured. These have been installed at the Qantas Group Pilot Academy at Wellcamp Airport as light poles. Further research and development is being undertaken to enable use of the circular poles as distribution poles, with anticipated supply to electrical distribution networks in FY21.

We also commenced production of plastic inserts for cross-arms on site, increasing our in-house capabilities and supply chain value.

Automated cross-arm line
Significant investment was made in the design, construction and commissioning of an automated robotic cross-arm line, installed in a new purpose-built shed at our Wellcamp CFT facility. This robotic production cell doubles our cross-arm production, giving us additional capacity to service a growing market. It also significantly lowers production costs, enabling us to penetrate new markets.

International custom-build projects
We worked on a number of international custom-build projects for the supply of CFT for pedestrian infrastructure and short-span road bridges.

Pfeiffer Big Sur trail, USA
When wildfire swept through the giant redwood forest at Pfeiffer Big Sur State Park in 2008, much of the trail's infrastructure was destroyed.

WAGNERS' NGBM DIVISION IS A WORLD-LEADER IN HIGH-STRENGTH, LIGHTWEIGHT, LOW-CARBON ALTERNATIVES TO TRADITIONAL CONSTRUCTION MATERIALS.

Completed pultrusion machine leaving Toowoomba for USA.

The California Department of Parks and Recreation (CAPR) spent many years planning and obtaining permission to rebuild the steep and difficult track. Wagners designed and fabricated a 21.5 metre x 2 metre underslug truss, multi-section bridge solution to facilitate the movement of equipment via highline through the redwoods. CAPR is using the slack to rebuild critical infrastructure while the travel restrictions imposed due to COVID-19 mean there are no visitors to the park. Wagners has been on site supporting CAPR to ensure the rigging and installation team has the technical support they need to get the job done.

Abu Dhabi boardwalk

With manufacture commencing in FY19, the supply of CFT for a 2.2 kilometre boardwalk through mangroves, with six education nodes, was completed in FY20.

Corniche project, UAE

We secured the contract for and commenced manufacture of four over-water viewing platforms, described as 'nodes' for the Corniche project in Abu Dhabi. The first node was shipped from our Wellcamp facility at the end of FY20 with the remainder of the project to be completed early FY21.

Pultrusion machine for USA

A pultrusion machine – used for creating continuous lengths of our composite material – was manufactured in-house at our Toowoomba facility and shipped to Dallas, Texas. Due to COVID-19 travel restrictions, the machine's installation and commissioning was postponed. When it is safe to travel again, a team of our Toowoomba-based staff will head to our USA CFT manufacturing facility to establish and commission the machine. We look forward to the further international growth of the composites business once this unit is commissioned, and we have a growing number of successful projects to demonstrate our high-quality, sustainable solutions in challenging environments.

Home-grown projects take shape

Our CFT products are increasingly in demand for projects that improve community facilities and provide safe and enjoyable access to recreational spaces in locations with harsh weather or environmental conditions. This year, we designed and installed the new cliff-face staircase at the iconic Steps and Boobs Surf Beach on Victoria's surf coast and the beautiful new Back Creek Bridge footbridge in South West Rocks (NSW), and supplied materials for repurposing the Toogoolawah to Moore section of the Brisbane Valley Rail Trail and the new Tench Reserve Jetty on the Nepean River (NSW). Refurbishment of Brisbane City Council's Mariners Reach Boardwalk also features our CFT product, and we designed, supplied and installed the boardwalk for the new North Queensland Stadium and pedestrian bridges for the Airlie Beach Golf Course.


First pack of cross-arms on automated robotic line.

FUTURE FOCUS

- Expansion into USA will remain a strong focus for the business. The commissioning of USA pultrusion machine will give impetus to the growth potential in the US market.
- Intention to increase production capacity with in-house design and manufacture of additional pultrusion machines.
- Further investment in research and development to enhance product lines and improve operational efficiencies.
- The Middle East will be a key focus with a number of projects now undertaken in the region, showcasing the performance benefits of our products.
- Continued focus on team skills and development.

CONSTRUCTION MATERIALS & SERVICES REPORT

Wagners' Construction Materials and Services (CMS) division manufactures and sells cement, concrete, flyash, reinforcing steel and aggregates.

With a growing network of concrete plants, Wagners is a convenient source of pre-mixed concrete for projects, also providing mobile and on-site concrete batching, crushing and haulage services. Underlining the efficiencies achieved by vertical integration and cross-division collaboration, our dedicated maintenance and fabrication workshop supports other divisions on projects and ensures the efficient operation of all machinery and transport.

Our revenue for the FY20 year was $217.1 million. Earnings before interest and taxes (EBIT) were $18 million.

Toowoomba laboratory, QLD.

WE CONTINUED TO EXPAND OUR SOUTH-EAST QUEENSLAND CONCRETE NETWORK.

CONCRETE

FY20 ACHIEVEMENTS

Concrete network expansion continues
We continued to expand our South-East Queensland concrete network, with operations at six concrete batching sites up and running. Thanks to this expansion, we have almost doubled our production volume from our plant network. These plants also provide a critical channel to market for many of our other construction materials and services that we manufacture or provide at Wagners, including cement, flyash, aggregates from our quarry operations, and haulage services. A number of the plants also have EFC® capabilities, allowing customers the option of either EFC® or conventional concrete from our plants.

Volumes across the sector in FY20 were impacted by a lack of major infrastructure projects in the South- East Queensland region, which has resulted in a reduction in selling prices. However, improvements are expected in FY21 with increased demand for concrete anticipated as large government-funded infrastructure projects commence.

Concrete projects
Wagners operates a number of mobile batching plants, supplying concrete for major construction projects, particularly in remote and regional locations. Unfortunately, through the lack of activity in the sector, we were unsuccessful in securing any new concrete projects. With increased wind farm construction and other activity in large infrastructure and resource projects, we are expecting increased demand in FY21.

Our new fleet of agitator trucks.

FUTURE FOCUS

- Identification of expansion and production increase opportunities with the growth of our fixed and mobile concrete plant network.
- Expected increased demand for concrete, both from our concrete plant network and major construction and resource projects commencing.
- Targeting efficiency and innovation will continue to reduce costs and build our customer-base.
- Investment in business and personnel development allows us to identify and win great project work.
- Focusing marketing and brand positioning on demonstrating the quality of our products and services, and our ability to deliver regardless of a project's location.


Narangba concrete batch plant, QLD.

CONSTRUCTION MATERIALS & SERVICES REPORT (CONTINUED)

CEMENT

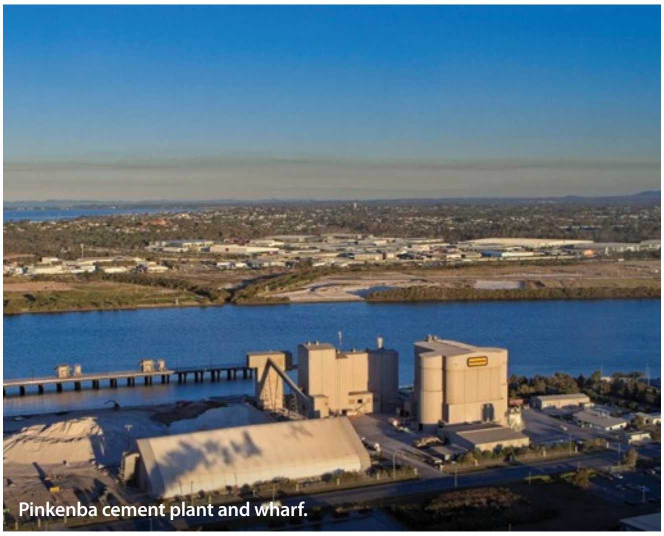
FY20 ACHIEVEMENTS

Vertical integration
The expansion of Wagners' fixed concrete plant network servicing South-East Queensland has meant an increase in our own internal cement requirements. This is expected to increase throughout FY21 as volumes through the concrete plants increase and they become more established in their respective markets.

Unfortunately, these increased internal volumes were not sufficient to off-set the significant reduction in cement volumes for FY20 as a result of the suspension of supply to a key customer. Recent months have seen volumes return to that of prior periods, which is expected throughout FY21.

Townsville Distribution Facility
Our Townsville Distribution Facility experienced a 28 per cent increase in bulk cement sales compared to FY19. This increase came both from new customers and growth in our existing customer base.

Secure raw materials supply chain
Throughout the year we secured a number of longer-term contracts with suppliers for our key raw materials consumed at the Pinkenba Cement production facility, most notably for clinker and slag. Our slag supply arrangement will also assist EFC® by allowing that business access to a secure supply chain for slag, a key constituent in EFC®'s manufacture.


Pinkenba cement plant and wharf.

Round-the-clock to meet demand
Our cement production team moved to a 12-hour shift for a 24-hour operation this year, in order to meet the demand for our highly sought-after bagged cement products. Our bagging team and two new operators started the new roster in July 2019, moving the cement production team to four operational units. Since all our operators have worked on different shifts, they are now multi-skilled operators who ensure our site runs to its full capacity.

FUTURE FOCUS

- Sales growth in both bulk and bagged supply remains a focus, with increased demand expected for construction materials and services in FY21.
- As volumes increase from our fixed concrete plant network, the integration of our business will ensure increased cement volumes with the increased concrete demand.

OUR COMMITMENT TO SUPPORTING LOCAL COMMUNITIES IS BOTH PART OF OUR HERITAGE AND AN ONGOING FOCUS FOR OUR FUTURE.

QUARRIES AND CONTRACT CRUSHING

Wagners' quarries supply concrete aggregates, crusher dust, sealing aggregates, pavement material asphalt aggregates, construction fills, road base, railway ballast and other fine crushed rock. Customers include builders, pre-mix concrete plants, road builders and regional councils, as well as Wagners' own concrete and project operations.

FY20 ACHIEVEMENTS

Supporting our staff

Wagners has supported a number of our long-term quarry and contract crushing employees to gain formal Quarry Manager qualifications, increasing our reputation for professional and efficient operations and giving them additional skills and opportunities.

Fostering regional growth

Across the Wagners business, our commitment to supporting local communities and contributing to regional economic prosperity is both part of our heritage and an ongoing focus for our future. With quarries located across regional Queensland, the team has focused its efforts on local employment and engaging the local community through procurement of products and services, and training and development opportunities.

New quarry

The purchase of Shepton Quarry, a hard rock quarry north of Emerald, brought our quarry locations to seven. Shepton Quarry complements our other permanent quarries and project sites. It is strategically located and well-positioned to service the Central Queensland resource industry and our civil and infrastructure projects and customers. The quarry adds significant capacity to our production and enables production and supply of the full suite of quarry products including road base, concrete and main road aggregates and rail ballast aggregates.

FUTURE FOCUS

- Seeking opportunities to expand fixed operations for the quarries and contract crushing team through establishment or acquisition of sites.
- Optimisation of processing equipment to increase efficiency and reduce production costs is also a focus.
- As part of our commitment to innovation, we are experimenting with processed materials to reduce waste generated, and look forward to continuing this research.

Shepton Quarry.

Castlereagh Quarry

The Castlereagh Quarry at Cloncurry produced and delivered a large portion of the cover aggregate for reseal works in North-West Queensland. Reseal works are seasonal and call for a high specification of material that the team at Castlereagh can consistently produce. The team crushed around the clock to meet the program schedule, completing the 22,000-tonne campaign in November 2019. The overall sales outputs from this quarry also grew in its first full year of operations.

South Back Creek Quarry

The South Back Creek Quarry (SBCQ), about 130 kilometres outside Clermont, will supply quarry materials for the development of roads, camps, pads, dams and mine civil works over a period of up to five years.

The SBCQ was established by Wagners in December 2019, with earthworks and building construction commencing in January 2020. The site is now operational and is set to supply the Carmichael Coal Project with materials for an upgrade to 90 kilometres of gravel road to bitumen. From the Gregory Downs Highway to the Adani Mine site at Labona, 1.5 million tonnes of road base and associated material is required.

CONSTRUCTION MATERIALS & SERVICES REPORT (CONTINUED)

TRANSPORT

Our transport division gives us a major advantage in controlling delivery of our materials to customers and to project sites, boosting integration across our supply chain. Our versatile fleet of prime movers and trailers also has contracts for haulage throughout the Australian mainland.

FY20 ACHIEVEMENTS

In FY20, the transport team hauled 5.5 million tonnes of product and the fleet travelled more than 6.8 million kilometres.

Resource projects
The resource sector provided many opportunities for our transport team this year. We executed a new contract with long-term client MMG for concentrate haulage from the Dugald River Mine, and secured haulage works for Glencore from Round Oak Minerals Barbara Operations, and for Malaco Resources for the Mt Cuthbert Mine. Our contract with Glencore at its George Fisher and Lady Loretta haulage projects was also extended.

Vertical integration
Transport continued to work with Wagners' quarry and contract crushing team to provide crushing services for the Malaco projects. Haulage services were also provided for other Wagners' quarry sites, mostly at Castlereagh.

FUTURE FOCUS

- Safety and minimum environmental harm are key objectives for the Transport division in the coming year.
- Emissions reduction goals will see us continue to employ the latest technology, particularly for engines and power trains.
- We are also working on innovative combinations that allow increased payloads to reduce the required fleet number.

Lady Loretta Mine.

OUR VERSATILE FLEET OF PRIME MOVERS AND TRAILERS HAS CONTRACTS FOR HAULAGE THROUGHOUT THE AUSTRALIAN MAINLAND.

PRECAST

Our precast concrete and prestressed concrete products such as bridge girders, deck units and parapets are manufactured at our Wacol facility, which also has one of the only high-volume tunnel segment production lines in Queensland. Because most precast concrete products contain reinforcing steel, the integration of our businesses ensures that precast provides a channel to market for our steel business.

FY20 ACHIEVEMENTS

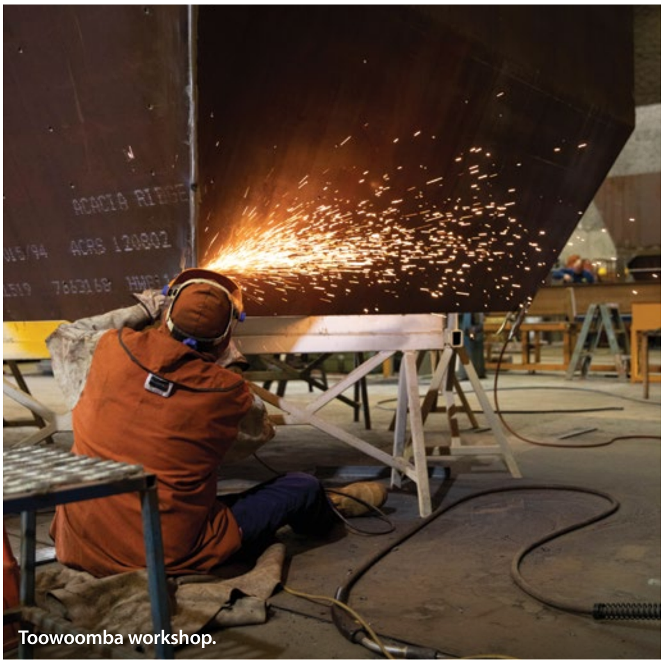
Due to a lack of infrastructure projects requiring our precast products, operations from our precast facility remained suspended for the majority of the year. Operations have now recommenced to service the contract for the supply of precast concrete tunnel segments to the Cross River Rail's tunnel project. Our scope of works requires manufacture of all the precast concrete tunnel segments for the twin tunnels, with all segments to be manufactured locally at our precast manufacturing facility in Wacol. Manufacturing is due to commence late 2020 with first supply to the project expected in January 2021.

STEEL AND WORKSHOP

To support our larger businesses, Wagners' reinforcing steel business in Toowoomba provides steel for building foundations to our concrete and building customers. Additionally, it services the steel requirements of our precast business.

Our engineering and maintenance workshop is also located in Toowoomba. This site is responsible for fabricating new equipment required across the business and maintaining our large fleet of plant and equipment. Our centralised purchasing team also operates from this site.

Wacol precast facility.



Toowoomba workshop.

GOVERNANCE

The Board is responsible for the overall corporate governance of Wagners, monitoring financial position and corporate performance, and overseeing business strategy, with a commitment to protecting and optimising performance and building value.

A Board Charter and governance principles provide the framework for the Board's conduct. Appropriate internal controls, risk management processes, and corporate governance policies and practices are designed to promote the responsible management and conduct of Wagners. The Board currently has a number of committees, including:

» Audit and Risk Management Committee
» Remuneration Committee
» Nomination Committee.

Wagners has also established a Risk Management Subcommittee. The primary objective of the committee is to review and make recommendations to the Board in relation to the risk management policies and processes of Wagners.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at https://investors.wagner.com.au/corporate-governance/.

BOARD FOCUS AREAS: ADVANCING STRATEGY AND VALUE

The Board recognises that strategy, good governance and risk management are what drives performance and value creation in our business. During the year, in addition to responsibilities set out in the charter documents, the Board and its committees reviewed and discussed the following matters specifically focused on future value and delivery of strategy.

VALUE CREATION	MATERIAL ISSUE	BOARD DELIBERATION/ACTION
Growth	» Revenue growth: – acquisition of businesses to provide revenue growth – expansion into international markets – continued vertical integration to promote growth in construction materials and services business.	» A number of acquisition opportunities were investigated and considered. Board considered and approved: – the purchase of the Shepton Quarry – continued investment into implementation of the CFT US Strategy – investment in commercialisation of EFC internationally.
Innovation	» Investment into research and development – CFT and EFC® products.	» Board approval was given to the continued investment into research and development in product development particularly in the NGBM business and opportunities for operational efficiencies across each of the businesses.
Safety, quality, environment	» Ability to operate safely across all operations and projects.	» Board engagement in safety, quality and environment sessions conducted monthly.
People	» Positive employment culture and turnover.	» Regular engagement between Board and employees. Board endorsement of implementation of focus group initiatives.

RISK MANAGEMENT

The Wagners business is subject to specific and general risk factors, which might affect the future operating performance of the organisation, and the value of an investment in Wagners. Through the company's governance structure of Board members, Risk Management Committee and senior management, risks are assessed, categorised and monitored as part of a regular strategic and operational planning cycle. Appropriate mitigation responses are actioned as needed, including through ongoing investment in systems and training, and implementation of new processes as required.

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
Decreases in capital investment and construction activity in the Australian infrastructure sector	» Reduced demand for Wagners' products and services resulting from reduction in or delays in current levels of capital investments and construction activity in the Australian and international infrastructure sector may materially and adversely affect Wagners' revenue, profitability and growth.	» Multi-disciplinary exposure to a broad range of revenue sectors – residential, commercial, infrastructure, resources, oil and gas, renewable energy, defence.
Manufacturing and product quality	» Failure to continuously comply with applicable regulatory requirements or to take satisfactory action in response to an adverse inspection could result in enforcement actions such as shutdowns of, or restrictions on, manufacturing operations, delay in the approval of products, refusal.	» Recruitment of qualified personnel. » Investment in NATA-accredited laboratory and highly skilled laboratory team. » Safety, Environment and QA system embedded. » Internal auditors conduct scheduled compliance checks. » Insurance coverage.
Workplace health and safety	» Workplace accidents and incidents resulting in employee injury may result in penalties under relevant work health and safety legislation, and harm reputation and financial performance.	» SEQ compliance system. » Ongoing safety training and communication.
Supplier contracts	» Disruption in local and international supply contracts (electricity, shipping, raw materials) could cause product delays and potential loss of profitability.	» Long-term contracts secured. » Strong relationships with suppliers. » Multiple supply sources from various geographical locations.
Operational	» Failure to sell products or meet production demand. » Unanticipated manufacturing problems, plant breakdowns or mechanical failures. » Cost and availability of raw material. » Adverse weather conditions. » All of the above may have an adverse effect on Wagners' profitability and ability to service customers.	» Commitment to implementation of business strategy. » Multiple product lines, agility to enter into new markets/products. » Maintain surplus capacity beyond contractual obligations. » Back-up plant and machinery to deal with breakdowns, with regular repairs and maintenance programs. » Securing long-term fixed-price supply contracts. » Force Majeure clauses in contracts.

GOVERNANCE (CONTINUED)

RISK MANAGEMENT (CONTINUED)

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
Environmental claims	» Environmental issues may potentially delay contract performance or result in a shutdown of a project, causing a deferral or preventing receipt of anticipated revenues. » Environmental risks may give rise to remediation obligations, civil claims and criminal penalties. » Any potential liability or penalty could result in a significant financial loss.	» Strong focus on and commitment to the environment. » SEQ compliance. » Environment Manager with specialist skills. » Internal audits ensure each site complies with authorities to operate; external audits. » Strong reporting culture – potential environmental hazards reported monthly.
People, training and skills	» Ability to attract and retain qualified key personnel, including key members of Wagners' senior management team, and maintain a motivated, engaged workforce.	» Continued investment in the recruitment, training and development of our people to attract, retain and grow the best people. » Industry-based training is provided through internal and external programs for all personnel. » Enterprise Agreements with employees.
Remote locations	» Difficulties of remote area operations for plant, equipment and materials and related inherent risk to personnel.	» Demonstrated ability to mobilise quickly and efficiently – large mobile operations successfully completed globally. » Proven track-record of safe operation in harsh/remote locations.
Competition	» Intense competition in Australia and internationally means other companies may be pursuing or have existing products/services that target the same markets as Wagners.	» Strong business model and growth underpinned by continued investment in research and development across new/existing divisions. » Diverse range of products and services to limit exposure in extremely competitive markets.
Relationships with related parties may deteriorate	» Wagners has various related party arrangements with Wagner Corporation (leases, licences, wharf services agreement) of key operational sites. Breakdown of relationships could destabilise harmony between parties leading to less than optimal usage and occupancy of site.	» Secure long-term leases of sites on market terms.

RISK MANAGEMENT (CONTINUED)

RISK	DETAIL OF POTENTIAL RISK	MITIGATION
Debt covenants may be breached if performance declines	» Factors such as a decline in Wagners' operational and financial performance could lead to a breach of its banking covenants. » If a breach occurs, Wagners' financiers may seek to exercise enforcement rights under the debt facilities, including requiring immediate repayment, which may have a materially adverse effect of Wagners' future financial performance and position.	» Compliance system ensures covenants are maintained, with auditing/reporting to the Board monthly. » Work well within Board-approved operational/capital budgets to ensure covenants are not breached.
Growth	» There is a risk that the Company may be unable to manage its future growth successfully, and no guarantee Wagners can maintain or grow project volume or pipeline – including potential negative impacts from factors beyond Wagners' control (e.g. decline in industry growth, lack of/ slow market acceptance of NGBM products, lack of available sites to establish ready-mix concrete plants, inability to obtain requisite approvals for quarry operations).	» Diversify business so that there are multiple revenue streams through a broad range of industry sectors.
Reliance on third parties	» Problems caused by third parties may affect Wagners' financial performance and prospects. » No guarantee that current operations will be carried out or managed in accordance with its preferred direction or strategy, subject to inability to control the actions of third parties.	» Due diligence/appropriate contractual documentation setting out key responsibilities/ expectations for subcontractors.
Financial risk	» Credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk – see pages 91 to 94 for further detail and analysis.	» See pages 91 to 94 for detail on mitigation strategies to manage these risks.

Wagners' senior management and those charged with governance regularly assess material matters. A matter is considered material if they believe it could significantly impact the value created and delivered in the short, medium and long term. Wagners manages material matters through:

» capturing feedback through engagement and research during the financial year from key external stakeholders including investors, analysts and other relevant groups

» engagement with the Board

» ensuring the business strategy and trends influencing strategic direction are aligned with and relevant to the information collected above.

DIRECTORS

DENIS WAGNER

Non-executive Chairman

» Co-founder of Wagners – involved in the business since its inception
» Instrumental in developing Wagners into one of the leading construction materials producers in South-East Queensland
» Over 30 years' experience in the construction materials industry
» Fellow of the Australian Institute of Company Directors

JOHN WAGNER

Non-executive Director

» Co-founder of Wagners – involved in the business since its inception
» Instrumental in developing Wagners into one of the leading construction materials producers in South-East Queensland
» Over 30 years' experience in the construction materials industry
» Inaugural Chair of Darling Downs Tourism
» Inaugural Chair of the Toowoomba and Surat Basin Enterprises

ROSS WALKER

Independent Non-executive Director

» Appointed as part of Wagners' Initial Public Offering
» Specialises in working with small to medium sized companies
» Currently a Non-executive Director of RPM Global
» Over 30 years' public accounting experience as a partner at Pitcher Partners, Brisbane
» Bachelor of Commerce – University of Queensland
» Fellow of the Institute of Chartered Accountants in Australia and New Zealand

LYNDA O'GRADY

Independent Non-executive Director

» Appointed as part of Wagners' Initial Public Offering
» Previous senior roles at Executive/Managing Director level at Telstra, including as Chief of Product
» Prior roles include as Commercial Director of Australian Consolidated Press (the publishing subsidiary of PBL), and General Manager of Alcatel Australia
» Inaugural Chairman of the Aged Care Financing Authority (retired 30 April 2018)
» Non-executive Director of Domino's Pizza Enterprises Ltd
» Member of the Advisory Board of Jamieson Coote Bonds, and Council of Southern Cross University
» Previous service on the Council of Bond University, boards of Screen Queensland, National Electronic Health Transition Authority (NEHTA) and TAB Queensland, and on the IT&T Board of Advisors to the New South Wales Treasurer
» Bachelor of Commerce (Hons) degree – University of Queensland
» Fellow of the Australian Institute of Company Directors

JOE WAGNER

» Appointed alternate Director to John Wagner
» Instrumental in developing Wagners into one of the leading construction materials producers in South-East Queensland
» Over 20 years' experience in the construction materials industry

EXECUTIVE TEAM

CAMERON COLEMAN

Chief Executive Officer

- Appointed Chief Executive Officer in July 2012
- Employed by Wagners for 25 years
- Experience across all areas of the business
- Oversees more than 500 employees
- Integral in Wagners' journey, and has created a culture that has enabled Wagners to differentiate itself from its competitors
- Completed the General Management Program at Harvard Business School in 2012

JOHN STARK

General Manager, Australian Projects

- Appointed General Manager of Construction Materials and Services in January 2013
- Over 25 years' experience in management roles at Wagners, including as Chief Executive Officer of Wagners' Joint Venture with Wood Group
- Oversees performance of Wagners' quarries and contract crushing, concrete projects, transport and maintenance workshops
- Mechanical trade qualification
- Completed AICD Company Directors Course

FERGUS HUME

Chief Financial Officer

- Joined Wagners in February 2016 as Chief Financial Officer
- Over 20 years' experience in chartered accounting and corporate financial roles
- Previously Financial Controller at Caltex Australia Ltd and Namoi Cotton Co-operative Ltd
- Chartered Accountant
- Bachelor of Commerce – University of Queensland

ANTHONY FREER

General Manager, South-East Queensland Construction Materials

- Appointed General Manager of Cement in October 2016
- 19 years' experience in management positions
- Prior to General Manager appointment, assisted with Wellcamp Airport and Business Park construction for Wagners, coordinating utility services and contract administration
- Bachelor of Financial Administration – University of New England

KAREN BROWN

Company Secretary and General Counsel

- Appointed Company Secretary and General Counsel in November 2017
- Over 20 years' experience in the legal sector
- Solicitor of the Supreme Court of Queensland
- Bachelor of Laws and Bachelor of Commerce – University of Queensland
- Graduate Diploma in Applied Corporate Governance

EXECUTIVE TEAM (CONTINUED)

MICHAEL KEMP

General Manager – New Generation Building Materials

- Appointed General Manager of CFT in March 2017 and New Generation Building Materials in January 2020
- Employed by Wagners for over 16 years
- Over 20 years' experience in the construction materials industry, including management/design/installation of the first composite fibre road bridge in Australia (Grafton NSW), as well as the first in Queensland (Blackbutt – Daguilar Highway)
- Bachelor of Engineering – University of Adelaide

RACHEL ALLAN

Group Human Resources Manager

- Appointed Human Resources Manager in August 2010
- Employed by Wagners for 12 years
- Oversees recruitment, training and payroll functions
- Over 15 years' experience in human resources – manufacturing, industrial relations, and hospitality prior to joining Wagners

JASON ZAFIRIADIS

General Manager – Earth Friendly Concrete®

- Joined Wagners as General Manager of EFC® in March 2020
- 18 years' experience across industrial markets in the areas of sales, marketing, strategy and leadership
- Bachelor of Business (Marketing and Economics) – Queensland University of Technology
- Currently completing an Executive MBA from Queensland University of Technology

HUGH STONE

Head of Safety, Environment and Quality

- Joined Wagners as Head of Safety, Environment & Quality in February 2020
- Over 20 years' experience as a Health, Safety, & Environment professional
- Previous roles include Risk & Systems Manager with Energy Queensland and Ergon Energy, Operations & Protection Manager with Forests NSW
- Bachelor of Science (Forestry) – Australian National University, Graduate Certificate Health Science (Health & Safety) – Queensland University of Technology

MATT GRULKE

General Manager – Concrete, Reinforcing Steel and Precast

- Appointed General Manager in 2019
- Employed by Wagners for over 16 years in roles throughout Australia and internationally in the global division in Russia, New Caledonia and Papua New Guinea
- Experience in technical/laboratory, project management and internationally as Country Manager

FINANCIAL REPORT

CFT Bridge, Zealey Road, Nambour.

DIRECTORS' REPORT

The Directors of Wagners Holding Company Limited (Wagners, the 'Company') and its controlled entities (the 'Group'), present their report together with the consolidated financial statements for the year ended 30 June 2020.

DIRECTORS

The following persons were directors of the Group during the period and until the date of this report, unless otherwise stated:

DIRECTOR	ROLE	DATE OF APPOINTMENT	DATE OF RETIREMENT
Denis Wagner	Non-executive Chairman	2 November 2017	
John Wagner	Non-executive Director	2 November 2017	
Lynda O'Grady	Non-executive Director	8 November 2017	
Ross Walker	Non-executive Director	2 November 2017	
Peter Crowley	Non-executive Director	9 November 2017	24 September 2019
ALTERNATE DIRECTOR	**ROLE**	**DATE OF APPOINTMENT**	
Joseph Wagner	Non-executive Director	13 March 2018	

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of construction materials and services and new generation building materials.

Construction materials and services supplies a large range of construction materials and services to customers in the construction, infrastructure and resources industries. Key products include cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel. Services include project specific mobile and on-site concrete batching, contract crushing and haulage services.

New generation building materials provides innovative and environmentally sustainable building products and construction materials through Composite Fibre Technologies (CFT) and Earth Friendly Concrete® (EFC®).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2019 the Group made a decision with respect to the 'Cement Supply Agreement' with Boral Limited to suspend supply of cement following the issue of a pricing notice. The following points are noted:

» The Group commenced proceedings against Boral regarding a dispute over the interpretation of a pricing clause in the Cement Supply Agreement seeking declarations that a series of Pricing Notices issued by Boral were invalid and to the extent that any valid suspension of supply of cement had commenced following receipt of those notices, that those suspensions had ended. The Company issued ASX announcements regarding this dispute on 18 March 2019 and 23 April 2019.

» Judgment on the matter was delivered on 10 June 2020 which determined that the both the Pricing Notices issued by Boral on 1 March 2019 and 1 April 2019 were not valid, however that a period of suspension had commenced from 18 March 2019 and ended on 18 September 2019. Boral recommenced purchasing cement on 22 October 2019.

» Both the Group and Boral have appealed the decision and the matter will be heard by the Court of Appeal on 22 October 2020.

» The Group remains confident in its position in relation to the matters the subject of the appeal and asserts that any suspension of cement products was either of no effect, due to the invalidity of the Pricing Notices issued, or ended earlier than the date determined by the Supreme Court of Queensland.

» Given there are so many possible outcomes, a potential positive result from the appeal cannot be quantified at this time.

» Regardless of the outcome of the appeal, the Cement Supply Agreement remains binding on the parties until 2031, requiring Boral to take a contracted volume of cement in the form of a take-or-pay arrangement, on an annual basis.

On 19 June 2020, the Group acquired the Shepton Quarry from Central Highlands Regional Council. The quarry is located in Capella, Central Queensland and enables the Group to expand its presence in the Central Queensland minerals province.

DIRECTORS' REPORT

DIVIDENDS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
No final fully franked dividend paid during period (2019: 3.5 cents per share)	–	5,648
No interim dividend paid during period (2019: 2.2 cents per share)	–	3,550
	–	**9,198**

OPERATING AND FINANCIAL REVIEW

GROUP FINANCIAL RESULTS

Statutory net loss after tax (NPAT) of $17,000 (30 June 2019: $12,779,000 profit) decreased by 100.13% compared to the 2019 result. Wagners recorded a pro forma NPAT result of $3,992,000, allowing for fair value adjustments in derivatives and pre AASB 16 treatment of rental payments.

Non-IFRS measures

Throughout this report, Wagners has included certain non-IFRS financial information, including Earnings before Interest, Depreciation & Amortisation (EBITDA), and pro forma equivalents of IFRS measures such as net profit after tax. Wagners believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of the Group.

Pro forma and statutory results

Pro forma results are provided for the financial year ended 30 June 2020 to allow shareholders to make a meaningful comparison with the pro forma results for the year ended 30 June 2019 and to make an assessment of the Group's performance as a listed company. Pro forma and statutory results are summarised in table 1 below.

Pro forma adjustments have been made on a consistent basis with those made in the prior year, and adjustments for the AASB 16 treatment of rental payments. A reconciliation of the pro forma results to the statutory results is provided in table 2 on the following pages.

Table 1: Pro forma and statutory results actual compared to the prior financial year

	FY2020 PRO FORMA ACTUAL $'000	FY2019 PRO FORMA ACTUAL $'000	FY2020 STATUTORY ACTUAL $'000	FY2019 STATUTORY ACTUAL $'000
Revenue	249,668	236,888	249,668	236,888
Direct material and cartage costs	(108,073)	(89,184)	(108,073)	(89,184)
Gross profit	**141,595**	**147,704**	**141,595**	**147,704**
Other income	2,311	2,898	2,311	2,898
Operating expenses	(120,740)	(111,922)	(116,292)	(112,709)
EBITDA	**23,166**	**38,680**	**27,614**	**37,893**
Depreciation & amortisation	(14,166)	(13,043)	(18,987)	(13,043)
EBIT	**9,000**	**25,637**	**8,627**	**24,850**
Net finance costs	(5,204)	(5,992)	(8,840)	(5,992)
Net profit before tax	**3,796**	**19,645**	**(213)**	**18,858**
Income tax expense	196	(6,079)	196	(6,079)
NPAT	**3,992**	**13,566**	**(17)**	**12,779**

OPERATING AND FINANCIAL REVIEW (CONTINUED)

GROUP FINANCIAL RESULTS (CONTINUED)

Pro forma results 2020 vs 2019

Increased CFT sales, bulk haulage, increased quarry volumes and increased concrete volumes have contributed to the higher revenue in 2020, these have partially been offset by the decreased cement volume as a result of the Company's decision to suspend supply to Boral impacting the first half of FY20 volumes. These increases have resulted in higher direct material and cartage costs, and increased operating expenses reflecting the nature of the work involved.

Depreciation expense has been impacted by accelerated depreciation rates on bulk haulage equipment in line with the increased utilisation of these assets.

Statutory results 2020 vs 2019

The major variances have been discussed in the previous section of Pro forma results compared to last year. Items included in the statutory results that are not included in the Pro forma 2020 results include:

» Fair value loss on derivative instruments, being $1.1m
» AASB 16 Rental Payments, being $5.5m
» AASB 16 Right of use depreciation, being $4.8m; and
» AASB 16 Finance costs on lease liabilities, being $3.6m.

Table 2: Reconciliation of pro forma results to statutory results

GROUP RESULTS ($'000)	NOTE	FY2020	FY2019
Statutory EBIT		**8,627**	**24,850**
Reversal of fair value on derivative instruments (gain)/loss	1	1,065	787
AASB 16 – Rental Payments	2	(5,513)	–
AASB 16 – Right of Use Depreciation	3	4,821	–
Pro forma EBIT		**9,000**	**25,637**
Statutory NPAT		**(17)**	**12,779**
Reversal of fair value on derivative instruments (gain)/loss	1	1,065	787
AASB 16 – Rental Payments	2	(5,513)	–
AASB 16 – Right of Use Depreciation	3	4,821	–
AASB 16 – Finance Costs Lease Liabilities	4	3,636	–
Pro forma NPAT		**3,992**	**13,566**

Operating results by segment

	PRO FORMA FY2020		PRO FORMA FY2019		CHANGE	
SEGMENT ($'000)	REVENUE	EBIT	REVENUE	EBIT	REVENUE	EBIT
Construction Materials and Services	217,054	17,989	209,902	30,104	7,152	(12,115)
New Generation Building Materials	33,835	2,143	29,266	1,760	4,569	383
Other/Eliminations	(1,221)	(11,132)	(2,280)	(6,227)	1,059	(4,905)
Total	**249,668**	**9,000**	**236,888**	**25,637**	**12,780**	**(16,637)**

OPERATING AND FINANCIAL REVIEW (CONTINUED)

GROUP FINANCIAL RESULTS (CONTINUED)

Construction Materials and Services

Construction Materials and Services revenue growth has been driven by increased revenues across bulk haulage, concrete and quarry operations, partially offset by lower revenues in cement as a result of lower volumes.

Cement volumes have been impacted by the Company's decision to suspend supply of cement to Boral, as reported to the ASX on 18 March 2019.

Transport revenue increased from long term bulk haulage contracts in the North West mineral province of Queensland and Northern Territory in the resources sector.

Concrete revenues have increased due to the expansion of the South-East Queensland fixed plant network and growth in volumes.

Increased supply of quarry materials, as a result of the commencement of project at the Carmichael mine, the acquisition of the Shepton Quarry near Emerald in June 2020 together with the continued supply from the Wellcamp and Castlereagh quarries.

EBIT reduction in the year was driven by the higher activity in lower margin areas such as contract haulage and fixed plant concrete, and delays in major project work.

New Generation Building Materials

New Generation Building Materials revenue is predominantly CFT as EFC® continues to develop its market with negligible sales to date.

A 16.4% increase in revenue is all due to increased CFT sales of pedestrian infrastructure, short span road bridge and marine infrastructure. The pedestrian infrastructure, road bridge and marine structure division of business enjoyed a 48% increase in revenue in FY20, with a 44% increase in domestic and 68% increase in international markets. Whilst sales in the USA declined there was a large increase in sales to UAE and Europe.

EBIT was impacted by increased business development spend in USA, UK, Middle East and New Zealand and an increased spend on research and development in both CFT and EFC® in the 2020 year.

Other/Eliminations

2019 results included a higher profit on sale of assets, mainly due to the sale and leaseback of concrete batch plant assets and the recognition of contract assets relating to the contracts to fabricate, construct and install concrete batch plants, this amounted to a reduction in EBIT of $3.1m.

The remainder of the difference in EBIT is mainly due to increased legal costs associated with the Boral matter as well as increased insurance costs during the 2020 financial year.

Financial position

	CONSOLIDATED GROUP			
	30 JUN 20 POST AASB 16 $'000	30 JUN 20 PRE AASB 16 $'000	30 JUN 19 PRE AASB 16 $'000	CHANGE PRE AASB 16 $'000
Current assets	84,552	84,552	69,124	15,428
Non-current assets	245,438	152,949	131,707	21,242
Total assets	329,990	237,501	200,831	36,670
Current liabilities	64,295	61,923	53,251	8,672
Non-current liabilities	163,288	70,227	84,975	(14,748)
Total liabilities	227,583	132,150	138,226	(6,076)
Net assets/(liabilities)	**102,407**	**105,351**	**62,605**	**42,746**

The Group increased its Net asset position in 2020 following the successful rights issue in November 2019 which included 1 new ordinary share for every 6.25 existing ordinary share held, at a price of $1.55.

Increased trade receivables as a result of timing at 30 June 2020, together with increased inventory due to the timing of a cement raw material shipment have driven the increase in current assets.

Non-current assets have increased due to the investment in plant and equipment utilised for the increased bulk haulage work, contract crushing work and the purchase of the Shepton Quarry.

Total liabilities have decreased as funds received from the rights issue was partly used to reduce debt.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (CONTINUED)

STRATEGY AND FUTURE PROSPECTS

Wagners remains focused on delivering future growth through the following principal strategies:

- **New Generation Building Materials:** the Group will continue its growth focus in international markets for its Composite Fibre Technologies (CFT) and Earth Friendly Concrete® (EFC®) products, with significant opportunities for a broad range of applications, particularly in the US, UK, New Zealand, Europe and Middle Eastern markets. Revenue growth is expected as a result of:
  - **CFT –** the increased investment in our CFT international sales team and the establishment of a physical present in the US.
  - **EFC® –** DIBt approval having now been obtained allowing the commercialisation of the product in Europe and increased sales focus given the capabilities of the concrete batch plant network to supply EFC® throughout South-East Queensland.
- **Increased efficiency of production:** the Group is investing in automation and increased capacity of CFT and EFC® production facilities to allow for higher productivity and lower cost of production for these New Generation Building Materials.
- **Continued expansion of ready-mix concrete plants:** the Group is continuing to establish its ready-mix concrete plant network. These plants will provide the Group's cement and quarry business with a secure and growing sales channel, and provide additional exposure to the expected increased activity in South-East Queensland's construction materials and services market. The Group had six plants operational as 30 June 2020 with two additional sites secured. We expect continued pressure on profitability during FY21, due to market conditions.
- **Quarries:** continued growth expected in the quarry business following the recent acquisition of the Shepton Quarry and contracts secured for the Group' contract crushing services. The Group's fixed quarry operations and available mobile crushing equipment position the Group well to capitalise on increased activity in the construction materials and services market as a result of the expected increase in public spend on infrastructure and construction.
- **Transport:** growth in the Group's bulk haulage business is expected following significant investment in assets to service existing contracts and positions the Group to capitalise on the increase in activity in the resources sector.
- **Cement:** Boral have recommenced purchasing cement with requirements to take contracted volumes through until 2031. The Group will continue to expand its customer base in South-East Queensland and look to develop new products and markets.

ENVIRONMENT REGULATION

The Group is subject to particular and significant environmental regulations. All relevant authorities have been provided with regular updates, and to the best of the directors' knowledge all activities have been undertaken in compliance with or in accordance with a process agreed with the relevant authority.

Wagners recognises and accepts that proper care of the environment is a fundamental part of its corporate business strategy and concerns for the environment must be integrated into all management programs. Wagners employs a number of substantial internal environmental policies, procedures and monitoring processes, including the Board participation in monthly Environmental Quality and Safety reviews with a large number of employee participants from throughout the Group.

Wagners believes that it must conduct business in an environmentally responsible manner that leaves the environment healthy, safe and does not compromise the ability of future generations to sustain their needs. Our environmental performance is assured annually by SAI Global through our compliance to ISO 14001:2015. Wagners is also subject to the *National Greenhouse and Energy Reporting Act 1997* and is required to report on the energy consumption and greenhouse gas emissions of its Australian operations.

CORPORATE GOVERNANCE

Wagners Holding Company Limited is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.

A description of Wagners Holding Company Limited's current corporate governance practices is set out in the Wagners Holding Company Limited's corporate governance statement, which can be viewed on the Wagners website at https://investors.wagner.com.au/corporate-governance/.

INDEMNITIES AND INSURANCE OF OFFICERS AND AUDITORS

INDEMNIFICATION

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has not entered into any agreement to indemnify their auditor, BDO Audit Pty Ltd for any liabilities to another person (other than the Company) that may arise from their position as auditor.

INSURANCES

During the reporting period and since the end of the reporting period, the Company has paid premiums in respect of a contract insuring directors and officers of the Group in relation to certain liabilities. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of liabilities insured against and the amounts of premiums paid are confidential.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 53 and forms part of the Directors' Report for financial year ended 30 June 2020.

NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. This assessment has been confirmed to the Board by the Audit & Risk Committee.

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 firms:

	2020 $	2019 $
Tax compliance, advisory and other services	13,000	–
Due diligence services	–	–
	13,000	**–**

ROUNDING

The Company is a kind referred to in *Australian Securities & Investment Commission (ASIC) Legislative Instrument 2016/191*, and in accordance with that instrument all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

EVENTS OCCURRING AFTER THE REPORTING DATE

The directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in the period subsequent to the financial year ended 30 June 2020.

In addition, while the COVID-19 situation remains concerning, between 30 June 2020 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

CONSTRUCTION MATERIALS AND SERVICES

The Group is in a strong position to benefit from the large pipeline of infrastructure work in South-East Queensland which is scheduled to commence in the 2021 financial year and continue for four to five years. This will provide significant benefit to the construction materials and services offered by the Group, and will also provide opportunities for the use of the New Generation Building Materials.

The establishment of permanent concrete plants in South-East Queensland, with six currently operational, with two additional sites identified, delivers on the strategy outlined in the prospectus. This, together with the development of a greenfield quarry site acquired in South-East Queensland, which, unless the market improves is not expected to be operational within the next 2 years, strengthens the Group's position as a preferred supplier of construction materials in this market. We expect continued pressure on profitability during FY21, due to market conditions.

COMPOSITE FIBRE TECHNOLOGIES

Increased production capacity through the commissioning of an automated cross-arm production line in Australia will enable CFT to continue to meet the growing domestic demand for both electrical cross-arms and pedestrian infrastructure, short span road bridge and marine infrastructure construction supply.

The international expansion of CFT into USA, UK and New Zealand is expected to further increase the demand for CFT products, with the first installation of pedestrian infrastructure into the USA performed in late 2018, together with further installations in the USA, the first installations in Canada, UK and United Arab Emirates, and further installations in New Zealand. A contract for supply of cross-arms in New Zealand was entered into in 2018 and is being joined by further contracts. Cross-arm trials currently underway in the UK are expected to lead to supply into this market. The increased production capacity as a result of the automation will allow the Group to tender for international supply into Asia and USA as well.

EARTH FRIENDLY CONCRETE®

Third party verification of the carbon reductions as a result of using EFC® compared to a traditional ordinary Portland cement based concrete will allow the Group to have EFC® entered into third party models that are used to determine a projects carbon savings. These models are used by large multi-national construction companies as they try to reduce the carbon emissions from projects both ongoing and embodied.

The receipt of Deutsches Institut für Bautechnik (DIBt) approval for Earth Friendly Concrete® (EFC®) in Germany now gives EFC® approval across Europe and many Middle Eastern countries. This approval along with advanced discussion with several major parties for joint ventures or licencing agreements in UK and Germany will provide a launch platform for a staged and measured commercialisation throughout Europe.

Continued work on the opportunities in India with cement, power and steel manufacturers as well as the development of the international opportunities for the use of EFC® will see increased international acceptance and increased international commercialisation of this technology.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Name	**Denis Wagner**
Title	Non-executive Chairman
Qualifications	FAICD
Experience and expertise	Denis is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South-East Queensland. Denis brings over 30 years' experience in the construction materials industry and is a Fellow of the Australian Institute of Company Directors.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	Chair of Nomination Committee and Member of Remuneration Committee
Interests in shares	36,324,048 Ordinary shares
Interests in options	None
Interests in rights	None
Contractual rights to shares	None

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

Name	**John Wagner**
Title	Non-executive Director
Experience and expertise	John is one of the co-founders of Wagners and has been involved in the business since its inception and has been instrumental in developing Wagners into one of the leading construction materials producers in South-East Queensland. John brings over 30 years' experience in the construction materials industry and was the inaugural Chair of both Darling Downs Tourism and Toowoomba and Surat Basin Enterprises boards.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	Member of Audit and Risk Committee
Interests in shares	36,614,431 Ordinary shares
Interests in options	None
Interests in rights	None
Contractual rights to shares	None
Name	**Ross Walker**
Title	Independent, Non-executive Director
Qualifications	BCom, FCA
Experience and expertise	Ross is a Chartered Accountant, with more the 30 years' corporate and accounting experience, and a former managing partner of accounting and consulting firm, Pitcher Partners Brisbane.
Other current directorships	RPM Global Limited (ASX: RUL) (Appointed in 2008)
Former directorships (last 3 years)	None
Special responsibilities	Chair of Audit and Risk Committee and Member of Nomination Committee
Interests in shares	117,713 Ordinary shares
Interests in options	None
Interests in rights	None
Contractual rights to shares	None
Name	**Lynda O'Grady**
Title	Independent, Non-executive Director
Qualifications	BCom(Hons), FAICD
Experience and expertise	Lynda has held Executive/Managing Director roles at Telstra, including Chief of Product. Prior to this Lynda was Commercial Director of Australian Consolidated Press (PBL) and General Manager of Alcatel Australia. She was Chairman of the Aged Care Financing Authority until her retirement effective 30 April 2018 and is a member of the Advisory Board of Jamieson Coote Bonds and Council of Southern Cross University.
Other current directorships	Domino's Pizza Enterprises Limited (ASX: DMP) (Appointed in 2015)
Former directorships (last 3 years)	National Electronic Health Transition Authority – NEHTA
Special responsibilities	Member of Nomination Committee and Audit and Risk Committee and Chair Remuneration Committee
Interests in shares	50,000 Ordinary shares
Interests in options	None
Interests in rights	None
Contractual rights to shares	None

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (CONTINUED)

Name	**Karen Brown**
Title	Company Secretary
Qualifications	LLB, BCom
Experience and expertise	Karen is a solicitor of the Supreme Court of Queensland and was appointed as General Counsel and Company Secretary to Wagners in December 2017. Karen has over 20 years' experience in the legal sector, and is a former partner of Carter Newell Lawyers.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	None
Interests in shares	15,808 Ordinary shares
Interests in options	None
Interests in rights	None
Contractual rights to shares	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the financial report.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	FULL BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Denis Wagner	11	11	–	–	3	3	–	–
John Wagner*	11	7	3	3	–	–	–	–
Ross Walker	11	11	3	3	3	3	–	–
Lynda O'Grady	11	11	1	1	3	3	–	–
Peter Crowley	2	2	1	1	1	1	–	–
Joseph Wagner*	11	3	–	–	–	–	–	–

* John Wagner appointed Joseph Wagner as his alternate Director for an interim period where he could not attend to his full duties as a Director of the Company.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF WAGNERS HOLDING COMPANY LIMITED

As lead auditor of Wagners Holding Company Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wagners Holding Company Limited and the entities it controlled during the period.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane

25 August 2020

REMUNERATION REPORT (AUDITED)

The Directors of Wagners Holding Company Limited are pleased to present the Remuneration Report (the 'Report') for the Company and its subsidiaries (together, the 'Group') for the financial year ended 30 June 2020.

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

The Report consists of the following sections:

1. Remuneration report overview
2. Remuneration governance
3. Executive remuneration policy and practices
4. Non-executive Director remuneration policy and practices
5. Overview of Group performance
6. Employment contracts of key management personnel
7. Details of remuneration
8. Equity instruments held by key management personnel
9. Other transactions with key management personnel.

1 REMUNERATION REPORT OVERVIEW

For the purposes of this Report, the Group's key management personnel ('KMP') are its Non-executive Directors and executives who have been identified as having authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of Wagners and their movement during the financial year end 30 June 2020:

NAME	ROLE	TERMS AS KMP
NON-EXECUTIVE DIRECTORS		
Denis Wagner	Non-executive Chairman	Full financial year
John Wagner	Non-executive Director	Full financial year
Peter Crowley	Non-executive Director	From 1 July until resignation on 24th September 2019
Lynda O'Grady	Non-executive Director	Full financial year
Ross Walker	Non-executive Director	Full financial year
SENIOR EXECUTIVES		
Cameron Coleman	Chief Executive Officer ('CEO')	Full financial year
Fergus Hume	Chief Financial Officer ('CFO')	Full financial year

2 REMUNERATION GOVERNANCE

Ultimately, the Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee (the 'Committee') is to assist the Board to ensure that appropriate and effective remuneration packages and policies are implemented within the Company and Group in relation to the KMP and those reporting directly to the CEO.

Wagners has several policies to support a strong governance framework. These policies include a Diversity Policy, Continuous Disclosure Policy, Whistle-blower Policy and Securities Trading Policy, and they have been implemented to promote responsible management and conduct. Further information is available on the Group's website https://investors.wagner.com.au/corporate-governance/

The Remuneration Committee's functions include:

» Review and evaluation of market practices and trends on remuneration matters;
» Recommendations to the Board about the Group's remuneration policies and procedures;
» Recommendations to the Board about remuneration of senior management; and
» Reviewing the Group's reporting and disclosure practices in relation to the remuneration of senior executives.

The Committee's Charter allows the Committee access to specialist external advice about remuneration structure and levels, which it intends to utilise periodically in support of its remuneration decision making process.

3 EXECUTIVE REMUNERATION POLICY AND PRACTICES

The Group's remuneration framework is designed to attract, retain, motivate and reward employees for performance that is competitive and appropriate for the results delivered. The framework aligns remuneration with the achievement of strategic goals and the creation of value for shareholders.

The key criteria supporting the Group's remuneration framework are:

» Competitiveness and reasonableness;
» Acceptability to shareholders;
» Performance linkage/alignment of executive compensation; and
» Transparency.

Wagner's Executive KMP remuneration consists of fixed remuneration, short-term incentives and long-term incentives plans. Executive KMP remuneration includes both fixed and variable components, with variable rewards consisting of short and long term incentives that are based on Group performance outcomes.

(A) FIXED REMUNERATION

Fixed remuneration for employees reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is regularly undertaken, and fixed remuneration levels are set with regards to comparable market remuneration.

Fixed remuneration is comprised of base salary, salary sacrificed items and employer superannuation contributions, in line with statutory obligations.

Fixed remuneration is reviewed annually, taking into consideration the performance of the individual, business unit, and the Group as a whole.

(B) SHORT-TERM INCENTIVE PLAN

The Company has adopted a short-term incentive (STI) plan for key employees, and is designed to motivate and align employees with the Group's financial and strategic objectives.

Non-executive Directors are not entitled to participate in the STI. Key employees identified by the Board are entitled to receive STI payments, calculated as a percentage of base salary, subject to achieving performance targets against key performance indicators agreed with the Board.

The Group's proforma Earnings before Interest and Taxes (EBIT) has been assessed as the most suitable measure of financial performance for the STI.

The following table outlines the key features of the STI Plan for the financial year ended 30 June 2020:

Participants	All KMP executives and senior management	
Performance period	Financial year ending 30 June 2020	
Opportunity	**Disclosed executives**	**On target**
	CEO	25% of base salary
	CFO	25% of base salary
Performance target	Performance was measured against a proforma reported EBIT as described above and ratified by the Board.	
Performance results	The Group did not achieve the proforma reported EBIT result for the financial period, not satisfying the Group STI performance target.	
Payment method	100% of STI earned will be payable by way of cash in two equal tranches, over one year. Other than in certain circumstances, if the employee ceases employment with the Group, any tranches earned that have not yet been paid will be forfeited.	

3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

(C) LONG-TERM INCENTIVE PLAN

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Options are issued under the LTI, and it provides for KMP to receive a number of options, as determined by the Board, over ordinary shares. Options issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as KMP only receive a benefit when there is a corresponding direct benefit to shareholders.

Details of Key Management Personnel performance options issued, vested and expired during the financial year are set out below:

				MOVEMENTS				
VESTING DATE	TRANCHE	VESTING CONDITIONS	PERFORMANCE PERIOD[1]	1 JULY 2019	ISSUED	EXERCISED	EXPIRED/ FORFEITED	30 JUNE 2020
31 August 2022	3	EPS	3 years	–	74,075	–	–	74,075
31 August 2021	2	EPS	2 years	–	74,074	–	–	74,074
31 August 2020	1	EPS	1 year	–	74,074	–	–	74,074
				–	**222,223**	**–**	**–**	**222,223**

1 Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

Vesting Conditions

1. Vesting Dates	Tranche 1 – 31 August 2020 Tranche 2 – 31 August 2021 Tranche 3 and Remainder Options – 31 August 2022
2. Vesting Conditions	**Offer Earnings Per Share (EPS)** Reported EPS as at 30 June 2019 of 7.9c **Tranche 1** On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2020 (**Tranche 1 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Options shall vest; or (b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest. **Tranche 2** On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 2 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Options shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Options shall Vest; or (c) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Options shall Vest. **Tranche 3** On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 3 EPS**) is: (d) at least 10% (but less than 12.5%) higher than Tranche 2 EPS, 50% of the Tranche 3 Options shall Vest; or (e) at least 12.5% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Options shall Vest; or (f) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Options shall Vest. **Additional vesting terms** Any Tranche 1 or 2 Options which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Options**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.
3. Expiry Date	5 years from the date the Options were issued.

3 EXECUTIVE REMUNERATION POLICY AND PRACTICES (CONTINUED)

(C) LONG-TERM INCENTIVE PLAN (CONTINUED)

Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

Details of performance rights over ordinary shares in the company provided as remuneration to each of the key management personnel of the Group are set out below. When exercisable, each performance right is convertible into one ordinary share of Wagners Holding Company Limited.

The value of the performance rights were calculated using the inputs shown below:

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	\$0.00	\$0.00	\$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	\$2.10	\$2.10	\$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	\$1.88	\$1.83	\$1.78

4 NON-EXECUTIVE DIRECTOR REMUNERATION POLICY AND PRACTICES

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee, and reflects the market salary for a position and individual of comparable responsibility and experience whilst considering the Group's stage of development.

Non-executive Directors' fees were fixed, and they did not receive any performance based remuneration. Under the Company's Constitution the amount paid or provided for payments to Directors as a whole must not exceed the maximum aggregate amount of \$750,000. The current Independent Non-executive Directors fees are \$100,000 per annum (inclusive of superannuation where applicable) and Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties. Non-executive Chairman fees are \$200,000 per annum.

5 OVERVIEW OF GROUP PERFORMANCE

Since the Company was not a disclosing entity prior to the financial year ended 30 June 2018, the relationship between remuneration policy and Group performance is only assessed for the prior two and the current financial year.

	2020 STATUTORY	2020 PRO FORMA	2019 STATUTORY	2019 PRO FORMA	2018 STATUTORY	2018 PRO FORMA
Revenue (\$'000)	249,668	249,668	236,888	236,888	231,530	231,530
EBITDA (\$'000)	27,614	23,166	37,893	38,680	48,824	50,305
EBIT (\$'000)	8,627	9,000	24,850	25,637	38,005	39,486
NPAT (\$'000)	(17)	3,992	12,779	13,566	24,807	23,226
Dividends paid (cents per share)	0.0	0.0	5.7	5.7	1.5	1.5
Basic Earnings per share (cents)	(0.0)	2.3	7.9	8.5	17.1	16.0
Share price movement (cents per share)	(69)	(69)	(254)	(254)	164	164

6 EMPLOYMENT CONTRACTS OF KEY MANAGEMENT PERSONNEL

The Company has entered into standard employment agreements (fixed remuneration and equity-based incentives) with all senior management. None of the Non-executive Directors have employment contracts with the Company.

Key terms of the employment agreements for the executive KMP members are as follows:

EXECUTIVE KMP	ROLE	CONTRACT DURATION	NOTICE PERIOD	TERMINATION PAYMENTS APPLICABLE	ANNUAL BASE SALARY $
Cameron Coleman	CEO	Unlimited	12 months (Wagner's notice)/ 6 months (employee's notice)	Applicable notice period	500,000
Fergus Hume	CFO	Unlimited	6 months	Notice period	300,000

7 DETAILS OF REMUNERATION

(A) PERFORMANCE AGAINST STI PLAN

For the executive KMP members, the applicable STI award payable against the performance of Pro forma EBIT for the financial year ended 30 June 2020 was:

EXECUTIVE KMP	MAXIMUM 'AT-RISK'	% OF MAXIMUM STI AWARDED/PAYABLE	% OF STI FORFEITED	ESTIMATE OF MAXIMUM TOTAL VALUE
Cameron Coleman	25% of base salary	0%	100%	–
Fergus Hume	25% of base salary	0%	100%	–

(B) DIRECTOR AND EXECUTIVE KMP REMUNERATION

Details of the remuneration of Directors and other key management personnel of the Company in respect to their terms as a KMP outlined above, for the financial years ended 30 June 2020 & 30 June 2019 are set out in the tables on the following pages:

	SHORT-TERM			POST-EMPLOYMENT	LONG TERM	EQUITY BASED BENEFITS		
FINANCIAL YEAR ENDED 30 JUNE 2020	SALARY AND FEES[1] $	STI AWARDED[2] $	NON-CASH BENEFITS $	SUPER-ANNUATION $	LONG SERVICE LEAVE[3] $	SHARE BASED PAYMENTS[6] $	TOTAL REMUNERATION $	PERFORMANCE RELATED %
Non-executive Directors								
Denis Wagner[4]	200,000	–	–	–	–	–	200,000	–
John Wagner	100,000	–	–	–	–	–	100,000	–
Peter Crowley[5]	25,000	–	–	–	–	–	25,000	–
Lynda O'Grady	100,000	–	–	–	–	–	100,000	–
Ross Walker	100,000	–	–	–	–	–	100,000	–
Executive KMP's								
Cameron Coleman	501,899	–	8,028	25,000	9,641	23,586	568,154	4.2%
Fergus Hume	303,389	–	16,433	24,452	2,051	14,152	360,477	3.9%
Total Directors' and Executive remuneration	**1,330,288**	**–**	**24,461**	**49,452**	**11,692**	**37,738**	**1,453,631**	**2.6%**

Notes:

1 Amount includes the value of annual leave accrued during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 55. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.

3 Amount includes the value of long service leave accrued during the year.

4 Increased rate of Directors fees for the role of Chairman.

5 Peter Crowley resigned on 24th September 2019.

6 This reflects the value of options earnt in Tranche 2 and 3 as the Tranche 1 options did not meet the hurdle rate of the options issued in 2020.

REMUNERATION REPORT (AUDITED)

7 DETAILS OF REMUNERATION (CONTINUED)

(B) DIRECTOR AND EXECUTIVE KMP REMUNERATION (CONTINUED)

	SHORT-TERM			POST-EMPLOYMENT	LONG TERM	EQUITY BASED BENEFITS		
FINANCIAL YEAR ENDED 30 JUNE 2019	SALARY AND FEES[1] $	STI AWARDED[2] $	NON-CASH BENEFITS $	SUPER-ANNUATION $	LONG SERVICE LEAVE[3] $	SHARE BASED PAYMENTS $	TOTAL REMUNERATION $	PERFORMANCE RELATED %
Non-executive Directors								
Denis Wagner[4]	200,000	–	–	–	–	–	200,000	–
John Wagner	100,000	–	–	–	–	–	100,000	–
Peter Crowley	100,000	–	–	–	–	–	100,000	–
Lynda O'Grady	100,000	–	–	–	–	–	100,000	–
Ross Walker	100,000	–	–	–	–	–	100,000	–
Executive KMP's								
Cameron Coleman	475,349	–	13,434	20,190	41,726	–	550,699	0%
Fergus Hume	311,587	–	25,301	25,878	1,093	–	363,859	0%
Total Directors' and Executive remuneration	**1,386,936**	**–**	**38,735**	**46,068**	**42,819**	**–**	**1,514,558**	**0%**

Notes:

1 Amount includes the value of annual leave accrued during the year.

2 STI bonus is for performance during the respective financial year using the criteria set out on page 55. STI's awarded is paid in two equal tranches over a one-year period, with outstanding amounts forfeited should the employee terminate their contract.

3 Amount includes the value of long service leave accrued during the year.

4 Increased rate of Directors fees for the role of Chairman.

8 EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

(A) ORDINARY SHARES

The movement in number of ordinary shares in Wagners Holding Company Limited held directly, indirectly, or beneficially, by each key management person during the 2020 financial year, is as follows:

KEY MANAGEMENT PERSON	OPENING BALANCE	PURCHASES ON MARKET	PURCHASES OFF MARKET	RIGHTS ISSUE	SHARE DISPOSALS	CLOSING BALANCE
Denis Wagner[1]	22,157,670	–	3,564	14,201,056	38,242	36,324,048
John Wagner[1]	22,157,670	290,383	3,564	14,201,056	38,242	36,614,431
Peter Crowley	44,280	–	–	–	44,280	–
Lynda O'Grady[2]	18,450	28,598	–	2,952	–	50,000
Ross Walker	101,476	–	–	16,237	–	117,713
Cameron Coleman	71,743	–	–	11,480	–	83,223
Fergus Hume	1,476	–	–	237	–	1,713

Notes:

1 The rights issue shares for Denis and John Wagner were taken up by an associated entity of theirs, Wagner Property Operations Pty Ltd. Denis Wagner and John Wagner's balance includes the total number of shares purchased and now held by the associated entity.

2 The closing balance includes 28,598 shares held by Lynda O'Grady's spouse.

8 EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL (CONTINUED)

(B) STI/LTI INSTRUMENT GRANTED AND ISSUED DURING THE YEAR

The following LTI performance rights were issued during the financial year ended 30 June 2020 (2019: none).

	MOVEMENTS				
KEY MANAGEMENT PERSON	**1 JULY 2019**	**GRANTED**	**EXERCISED**	**EXPIRED/ FORFEITED**	**30 JUNE 2020**
Cameron Coleman	–	138,889	–	–	138,889
Fergus Hume	–	83,334	–	–	83,334

9 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

(A) LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loans issued to any key management personnel, or their related parties during the financial year ended 30 June 2020.

(B) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms-length business transactions. Such transactions with Director and their related parties are detailed as follows:

DESCRIPTION	**2020 REVENUE/(COST) $**	**2019 REVENUE/(COST) $**
Sale of materials and services[1]	7,937,690	10,328,126
Indemnity of losses on onerous contract	–	231,941
On charge of costs processed by the Group	5,342	150,804
Shared service agreement[2]	–	185,043
Gain on sale of property, plant & equipment[3]	–	1,664,873
Payments for rent of property and plant, material royalties and other costs	(8,083,706)	(8,001,788)

1 The sale of materials and services includes amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties.

2 The Group, as per the prospectus, had a shared service agreement with a related entity for shared resources & employees for a 12 month transition period from the IPO date. These shared services were charged to the related entity monthly using a number of internal business drivers and conducted on the basis of normal commercial trading terms and conditions as agreed between the parties.

3 The Group entered into a sale and leaseback contract to upgrade existing concrete batch plant assets owned by the Group and install these assets on a site owned by a related party, which the Group has subsequently leased back. The contract price for the total works of this sale (including associated site improvements and installation) was externally valuated at $6,250,000. The lease is at applicable market rates.

This ends the Audited Remuneration Report.

The Directors' Report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the *Corporations Act 2001*.

Mr Denis Wagner
Chairman

Dated at Toowoomba, Queensland on 25 August 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	CONSOLIDATED GROUP 30 JUN 2020 $'000	 30 JUN 2019 $'000
Revenue from contracts with customers	3(a)	249,668	236,888
Other income	3(b)	2,311	2,898
Direct material and cartage costs		(108,073)	(89,184)
Employee benefits expense		(48,069)	(49,976)
Depreciation – right-of-use assets	10(a)	(4,821)	–
Depreciation and amortisation expense – other	9(a)	(14,166)	(13,043)
Finance costs – lease liabilities	15	(3,636)	–
Net finance cost – other	4	(5,204)	(5,992)
Fuel		(3,799)	(3,291)
Contract work and purchased services		(10,918)	(9,850)
Freight and postal		(1,876)	(5,857)
Legal and professional		(2,374)	(2,220)
Rent and hire		(5,293)	(7,640)
Repairs and maintenance		(27,245)	(18,560)
Travel and accommodation		(6,218)	(4,157)
Utilities		(3,380)	(4,206)
Fair value adjustment on derivative instruments	16	(1,065)	(787)
Impairment of trade receivables – gain/(loss)	7(a)	(545)	119
Other expenses		(5,510)	(6,284)
Profit/(Loss) before income tax		**(213)**	**18,858**
Income tax (expense)/credit	5	196	(6,079)
Profit/(Loss) attributable to equity holders of the parent		**(17)**	**12,779**
Other comprehensive income (net of tax)			
Items that may be reclassified to profit or loss			
Adjustment from translation of foreign controlled entities, net of tax	19	126	(26)
		126	(26)
Total comprehensive income attributable to equity holders of the parent		**109**	**12,753**

EARNINGS PER SHARE	NOTE	CENTS	CENTS
Basic earnings per share	21	(0.0)	7.9
Diluted earnings per share	21	(0.0)	7.9

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	CONSOLIDATED GROUP 30 JUN 2020 $'000	30 JUN 2019 $'000
Current Assets			
Cash and cash equivalents	6	3,436	6,101
Trade and other receivables	7	55,586	42,661
Inventories	8	21,755	19,515
Derivative instruments	16	216	368
Current tax assets		2,986	–
Other assets		573	479
Total Current Assets		**84,552**	**69,124**
Non-current Assets			
Other financial assets		7	7
Property, plant and equipment	9	143,702	123,520
Right-of-use assets	10	92,489	–
Intangible assets	11	2,521	2,638
Deferred tax assets	12	6,719	5,542
Total Non-current Assets		**245,438**	**131,707**
Total Assets		**329,990**	**200,831**
Current Liabilities			
Trade and other payables	13	33,575	28,242
Borrowings	14	18,715	14,673
Lease liabilities	15	2,372	–
Derivative instruments	16	3,215	1,474
Current tax liabilities		–	3,714
Provisions	17	6,418	5,148
Total Current Liabilities		**64,295**	**53,251**
Non-current Liabilities			
Borrowings	14	67,759	81,749
Lease liabilities	15	93,061	–
Derivative instruments	16	2,029	2,856
Provisions	17	439	370
Total Non-current Liabilities		**163,288**	**84,975**
Total Liabilities		**227,583**	**138,226**
Net Assets		**102,407**	**62,605**
Equity			
Issued capital	18	410,915	371,334
Pre IPO distributions to related entities		(354,613)	(354,613)
Reserves	19	(159)	(397)
Retained earnings		46,264	46,281
Total Equity		**102,407**	**62,605**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		CONSOLIDATED GROUP				
	NOTE	SHARE CAPITAL $'000	PRE-IPO DISTRIBUTIONS TO RELATED ENTITIES $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 July 2018		**371,334**	**(354,613)**	**(371)**	**42,952**	**59,302**
Profit for the financial year		–	–	–	12,779	12,779
Exchange differences from translation of foreign controlled entities, net of tax		–	–	(26)	–	(26)
Total comprehensive income for the financial year		**–**	**–**	**(26)**	**12,779**	**12,753**
Other equity transactions		–	–	–	(252)	(252)
Transactions with owners in their capacity as owners:						
Dividends paid	20	–	–	–	(9,198)	(9,198)
Balance at 30 June 2019		**371,334**	**(354,613)**	**(397)**	**46,281**	**62,605**
Profit for the financial year		–	–	–	(17)	(17)
Exchange differences from translation of foreign controlled entities, net of tax		–	–	126	–	126
Total comprehensive income for the financial year		**–**	**–**	**126**	**(17)**	**109**
Transactions with owners in their capacity as owners:						
Recognition of share based payments	19	–	–	112	–	112
New shares issued (net of share issue costs)	18	39,581	–	–	–	39,391
Balance at 30 June 2020		**410,915**	**(354,613)**	**(159)**	**46,264**	**102,407**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	CONSOLIDATED GROUP 30 JUN 2020 $'000	30 JUN 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		260,554	261,932
Payments to suppliers and employees (inclusive of GST)		(247,647)	(226,421)
Interest received		71	29
Dividends received		967	570
Finance costs		(5,123)	(5,565)
Income tax paid		(7,681)	(6,564)
Net cash provided by operating activities	22(a)	**1,141**	**23,981**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		900	6,216
Payments for property, plant and equipment		(30,536)	(28,074)
Payments for acquired businesses	32	(2,050)	(4,059)
Net cash used in investing activities		**(31,686)**	**(25,917)**
Cash flows from financing activities			
Proceeds from borrowings		16,943	26,838
Proceeds from share issue		40,023	–
Share issue costs		(442)	–
Dividends paid		–	(9,198)
Repayment of lease liabilities		(1,877)	–
Repayment of borrowings		(26,891)	(11,057)
Net cash provided by financing activities		**27,756**	**6,583**
Net increase/(decrease) in cash and cash equivalents		**(2,789)**	**4,647**
Cash at beginning of financial year		6,101	1,500
Effect of currency translation on cash and cash equivalents		124	(46)
Cash at end of financial year		**3,436**	**6,101**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Wagners Holding Company Limited and its subsidiaries (together, the 'Group') for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 24 August 2020.

Wagners Holding Company Limited (the 'Company') is a for-profit company limited by shares incorporated on 2 November 2017 and domiciled in Australia.

The principal activities of the Group during the year consisted of the production and sale of construction materials and its new generation building materials, including the provision of ancillary services.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) and the *Corporations Act 2001*, including interpretations issued by the Australian Accounting Standards Board (AASB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

(i) Basis of measurement and reporting convention

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Areas where assumptions and estimates are significant to the financial statements, or involving a higher degree of judgement due to complexity are as follows:

» The determination of long service leave provision (Note 17 and Note 1(m));

» The determination of depreciation rates on property, plant and equipment (Note 9 and Note 1(h)); and

» The incremental borrowing rate and estimated exercise of option terms in relation to the calculations of right-of-use assets (Note 10) & lease liabilities (Note 15).

(iii) New and revised accounting standards adoption

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies as a result of adopting the following standard:

I. AASB 16 *Leases*

II. Interpretation 23 *Uncertainty over Income Tax Treatments*

The impact of the adoption of AASB 16 and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(i) AASB 16 *Leases*

The Group applied for the first time AASB 16 from 1 July 2019. AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, in relation to various leases, the Group has recognised right-of-use assets representing its right to use the underlying assets, and lease liabilities, representing its obligation to make lease payments.

The Group transitioned to AASB 16 using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, for each lease using the entity's current incremental borrowing rate that would be applicable if the entity were to borrow using similar terms for purchase. The incremental borrowing rates ranged from 3.52% to 4.51%. Accordingly, prior comparative information has not been restated and all leases are presented as previously reported under AASB 117 Leases ('AASB 117') and related interpretations.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

(iii) New and revised accounting standards adoption (continued)

(i) AASB 16 *Leases* (continued)

Accounting policies applied from 1 July 2019

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases in the Consolidated Statement of Financial Position.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in a rate, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at the amount of lease liability plus any lease payments made before commencement less any lease incentives received. It also includes and direct costs and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with terms less than twelve months, and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

I. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
II. The use of hindsight in determining the lease term where the contract contains options to extend of terminate the lease;
III. The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
IV. The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Impact of adoption

On transition to AASB 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below.

	$'000
Right-of-use assets presented in property, plant and equipment	76,484
Lease liabilities	(76,484)
Statement of financial position impact	**–**

The Group used its incremental borrowing rates at 1 July 2019 ranging from 3.52% to 4.51%, depending on the lease terms, to discount lease payments when measuring its lease liabilities.

	$'000
Operating lease commitment at 30 June 2019	**133,175**
Discounted using the incremental borrowing rate at 1 July 2019	**65,164**
Exemption for lease with less than 12 months of lease term at transition date	(188)
Agreements considered leases not previously included as operating commitments	469
Reassessment of lease term	11,039
Lease liabilities recognised at 1 July 2019	**76,484**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF PREPARATION (CONTINUED)

(iii) New and revised accounting standards adoption (continued)

(i) AASB 16 *Leases* (continued)

Impact of adoption (continued)

The impact of AASB 16 resulted in a $2.94 million lower profit before tax, as the Group has recognised depreciation and interest costs, rather than operating lease expenses. During the financial year ended 30 June 2020, the Group recognised $4.82 million of depreciation charges, $3.64 million of interest costs, with there being no cash impact of AASB 16 in relation to those leases previously classified as operating leases and new leases added during the period.

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the Group and all of its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(C) REVENUE RECOGNITION

Sale of materials and goods

The Group derives revenue from the sale of cement, flyash, aggregates, ready-mix concrete, precast concrete products and reinforcing steel.

Sale of construction and new generation building materials contains only one performance obligation, with revenue recognised at the point in time when the material or good is transferred to the customer.

Provision of services

The Group derives revenue from the provision of services including project specific mobile and on-site concrete batching, contract crushing and haulage services.

Infrastructure & mining project services

Revenue from infrastructure and mining project services is recognised when the performance obligation to the customer has been satisfied, which is generally when the service is performed on site.

Construction contracts

For fixed-price construction contracts, mainly concerning the Groups' New Generation Building Materials division and the construction of concrete batch plants, revenue is recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is measured by reference to actual labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Dividends and interest

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to contract receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) FINANCIAL INSTRUMENTS

Classification

The Group classifies its financial assets in the following measurement categories:

» those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss), and

» those to be measured at amortised cost.

The classification depends on the Group'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 other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. 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. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

» Fair Value through Profit or Loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group's accounting for impairment losses relating to financial assets is on a forward looking basis using the Expected Credit Losses (ECL) approach. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit losses against the receivables ageing profile.

(E) INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction where the Company's subsidiaries operate and generate taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and prior period adjustments (where applicable).

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income. In which case, the tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, at the tax rates expected to apply when the asset is realised or the liability is settled, except for:

» When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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; or

» When the taxable temporary differences relate to interests in subsidiaries, associates or joint ventures, and the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; or

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) INCOME TAX (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax consolidation group

Wagners Holding Company Limited, the ultimate Australian controlling entity, and its Australian subsidiaries, have implemented the tax consolidation legislation.

Wagners Holding Company Limited and its subsidiaries in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Wagners Holding Company Limited, the ultimate Australian controlling entity, also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated Group.

Assets or liabilities arising under tax funding arrangements within the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Under the tax funding arrangement, the members of the tax consolidated Group compensate Wagners Holding Company Limited for any current tax payable assumed, and are compensated by Wagners Holding Company Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Wagners Holding Company Limited.

(F) EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the 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 period, adjusted for bonus elements in ordinary shares issued during the financial period.

(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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(G) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct costs & direct labour, costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimate costs of completion and the necessary costs to make the sale.

(H) INTANGIBLES

Licenses and accreditations acquired as part of a prior business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which was estimated at 23 years.

(I) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

The depreciable amount of all fixed assets including land improvements & buildings, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Land improvements and buildings	5–30 years
Plant and equipment	2–30 years
Motor vehicles	4–15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested at the end of each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment test is carried out on an asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. 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).

(K) BUSINESS COMBINATIONS AND GOODWILL

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The consideration transferred for the acquisition of a business comprises of 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 business.

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. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred and 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 and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Australian dollars, which is Wagners Holding Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy), whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

» Assets and liabilities in the statement of financial position are translated at the closing exchange rate at the reporting date of the reporting period; and
» Income and expenses in the statement of profit or loss and other comprehensive income are translated at average exchange rates for the reporting period.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(M) EMPLOYEE BENEFITS

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting 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 liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefits

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. 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 end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The Group's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

(iii) Retirement benefit obligations

All Australian-resident employees of the Group are entitled to receive a superannuation guarantee contribution, currently 9.5% of the employee's average ordinary salary, to the employee's superannuation fund of choice. All superannuation guarantee contributions are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions at the end of the reporting period are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Other amounts charged to the financial statements in this respect represents the contribution made by the consolidated entity to employee retirement benefit funds in other jurisdictions.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) EMPLOYEE BENEFITS (CONTINUED)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(v) Short-term incentive scheme

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the earnings of the entity after certain adjustments, subject to Board approval.

(N) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(O) CASH AND CASH EQUIVALENTS

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, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(P) TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(Q) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. Trade and other payables are presented as current liabilities and are normally paid within 45 days of recognition, unless payment is not due within 12 months after the reporting period where they are recognised as non-current liabilities.

(R) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs not previously mentioned are expensed as incurred.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) 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.

(T) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(U) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(V) ROUNDING OF AMOUNTS

The amounts contained in the financial report have been rounded to the nearest thousand dollars where noted ($'000), or in certain cases the nearest dollar, under the option available to the Company under *ASIC Legislative (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

(W) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Wagner Holding Company Limited, has been prepared on the same basis as the consolidated financial statements.

(X) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

New accounting standards and interpretations have been issued by the AASB that are not yet mandatory for the 30 June 2020 reporting periods and have not been early adopted by the Group. The Group has assessed the impact of these new standards and interpretations and does not expect that there would be any material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 SEGMENT REPORTING

AASB 8 Operating Segments requires the Group to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the Group to allocate resources and assess performance. In the case of the Group, the chief operating decision maker is the Board of Directors.

An operating segment is a component of the Group that engages in business activity from which it may earn revenues or incur expenditure, including those that relate with other Group components. Each operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segments and assess its performance. The Board monitors the operations of the Group based on the following two segments:

» **Construction Materials & Services (CMS):** supplies a range of construction materials and services predominantly to customers in the construction, infrastructure, and resources industries. Key products include cement, flyash, ready-mix concrete, precast concrete products, aggregates and reinforcing steel. Services include mobile concrete, crushing and haulage services, and are typically provided via medium to long-term contracts both domestically and internationally.

» **New Generation Building Materials (NGBM):** provides innovative and environmentally sustainable new generation materials. Key products are Composite Fibre Technology (CFT) materials and Earth Friendly Concrete® (EFC®).

Corporate amounts reflect corporate costs incurred by the Group, as well as the financing and investment activities of the Group.

Segment performance is evaluated based on profit before interest and tax. Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is generated from the sales of materials and services between operations.

Allocations of assets and liabilities are not separately identified in internal reporting so are not disclosed in this note.

2 SEGMENT REPORTING (CONTINUED)

RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES AND PROFIT OR LOSS

	CMS $'000	NGBM $'000	CORPORATE $'000	TOTAL $'000
Financial year ended 30 June 2020				
Segment revenue	217,054	33,835	6	**250,895**
Inter-segment elimination				(1,227)
Total revenue for the financial year				**249,668**
Profit before interest & income tax	18,646	2,178	(12,197)	**8,627**
Finance costs				(8,911)
Interest income				71
Income tax expense				196
Loss for the financial year				**(17)**

	CMS $'000	NGBM $'000	CORPORATE $'000	TOTAL $'000
Financial year ended 30 June 2019				
Segment revenue	209,902	29,266	284	**239,452**
Inter-segment elimination				(2,564)
Total revenue for the financial year				**236,888**
Profit before interest & income tax	30,104	1,760	(7,014)	**24,850**
Finance costs				(6,021)
Interest income				29
Income tax expense				(6,079)
Profit for the financial year				**12,779**

MAJOR CUSTOMERS

The Group has a number of customers to whom it provides both materials and services. The Group supplies two external customers (2019: two) in the CMS segment who account for 27% of external revenue (2019: 25%).

GEOGRAPHICAL INFORMATION

Refer to note 3(c) for disclosure of geographical information on revenue.

3 INCOME

(A) REVENUE FROM CONTRACTS WITH CUSTOMERS

	NOTE	CONSOLIDATED GROUP 30 JUN 2020 $'000	CONSOLIDATED GROUP 30 JUN 2019 $'000
Sales of goods and services		163,899	156,970
Sale of services		85,769	79,918
Total revenue from contracts with customers		**249,668**	**236,888**

There were no partly satisfied performance obligations at the end of the previous reporting period for which revenue was recognised in the current period.

(B) OTHER INCOME

	NOTE	CONSOLIDATED GROUP 30 JUN 2020 $'000	CONSOLIDATED GROUP 30 JUN 2019 $'000
Profit on sale of property, plant and equipment		321	2,103
Dividends received		967	570
Rent and hire received		458	100
Gain on bargain purchase	32	355	–
Other income		210	125
Total other income		**2,311**	**2,898**

(C) DISAGGREGATION OF REVENUE

The Group earns revenue from several geographical location, the net revenue presented below is based on the selling entity.

	30 JUN 2020			30 JUN 2019		
	CMS $'000	NGBM $'000	CORPORATE $'000	CMS $'000	NGBM $'000	CORPORATE $'000
Australia[1]						
Point-in-time	207,427	17,350	6	198,141	18,101	284
Over-time	9,098	16,244	–	9,503	9,642	–
United States of America						
Over-time	–	241	–	–	1,523	–
Papua New Guinea & Malaysia						
Point-in-time	529	–		767	–	–
Total point-in-time	**207,956**	**17,350**	**6**	**198,908**	**18,101**	**284**
Total over-time	**9,098**	**16,485**	**–**	**9,503**	**11,165**	**–**

1 Australia NGBM has also earned export revenue from several geographical locations in 2020, including New Zealand $1,021,000 (2019: $811,000), United Arab Emirates $2,148,000 (2019: $1,271,000) & United Kingdom $606,000 (2019: $323,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

4 PROFIT OR LOSS ITEMS

Profit for the following year included the following specific items:

(A) EXPENSES

		CONSOLIDATED GROUP	
	NOTE	30 JUN 2020 $'000	30 JUN 2019 $'000
Net employee benefits expense (i)		44,276	46,650
Defined contributions plans (ii)		3,681	3,326
Performance Rights expense (iii)	26	112	–
Business combination costs (iv)	32	216	211

(i) Net employee benefits has reduced slightly in the period. This excludes the Groups defined contributions paid for its employees (ii) and performance rights (iii).

(ii) Defined contributions plan is the compulsory superannuation payable on employee salaries and wages.

(iii) Performance rights expense recognised based on probability of vesting conditions being met.

(iv) Costs associated to acquire the Shepton Quarry (Note 32 Business combination) were recognised in the profit or loss in FY20.

(B) NET FINANCE COSTS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Interest income	(71)	(29)
Interest costs and facility fees	5,468	6,021
Other finance costs/(income)	(193)	–
	5,204	**5,992**

5 INCOME TAX

(A) INCOME TAX EXPENSE

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
The components of income tax expense comprise:		
Current tax on profits for the year	1,165	5,755
Adjustments for current tax of prior periods	5	1,298
Deferred tax expense/(benefit)	(1,366)	(974)
	(196)	**6,079**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5 INCOME TAX (CONTINUED)

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Profit from continuing activities before income tax expense	**(213)**	**18,858**
Prima facie tax payable using Australian tax rate of 30% (2019: 30%)	(64)	5,657
Adjusted for:		
Net taxable impact of tax consolidation transition	–	412
Difference between Australian and overseas tax rates	43	29
Taxable losses not recognised as DTA	78	–
Business combination tax impacts	(43)	–
Other net non-deductible/(non-assessable) items	(122)	(41)
Under/(over) provision from prior years	(88)	22
Income tax expense	**(196)**	**6,079**

(C) TAX AMOUNTS RECOGNISED DIRECTLY IN EQUITY

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
The following deferred tax amounts were (charged)/credited directly to equity during the year in respect of:		
Net exchange difference taken to equity	–	–
Listing costs attributed to share capital	189	–
Recognised in comprehensive income	**189**	**–**

6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Cash on hand	6	6
Cash at bank	3,430	6,095
	3,436	**6,101**

7 TRADE AND OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Current		
Trade receivables	48,050	35,531
Provision for expected credit loss of trade receivables	(844)	(299)
	47,206	**35,232**
Contract assets (i)	1,110	6,823
Other receivables	7,270	606
	55,586	**42,661**

(i) Contract assets has decreased due to the Group's prior recognition of revenue over time under AASB 15 *Revenue from contracts with customers* and the completion of the Group's contracts for the fabrication, construction and installation of concrete batch plants in the financial year ended 30 June 2020.

(A) PROVISION FOR EXPECTED CREDIT LOSSES OF TRADE RECEIVABLES

Movement in the allowance for expected credit losses of trade receivables is as follows:

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Balance at beginning of period	299	578
Impairment expense/(credit) recognised during the year	545	(119)
Receivables (written off)/recouped during the year as uncollectable	–	(160)
Balance at end of period	**844**	**299**

(B) AGEING OF TRADE RECEIVABLES AND CONTRACT ASSETS

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The Group has considered the collectability and recoverability of trade receivables. An allowance for expected credit loss is recognised for the specific irrecoverable trade receivable amounts. The ageing of trade receivables are outlined for the current and prior financial periods as follows:

		CONSOLIDATED GROUP	
TRADE RECEIVABLE AGEING AS AT 30 JUNE 2020	EXPECTED LOSS RATE	GROSS TRADE RECEIVABLE AND CONTRACT ASSET $'000	LOSS ALLOWANCE $'000
Current	0.5%	42,734	214
1 to 30	1.0%	3,458	35
31 to 60	5.0%	530	26
61 to 90	20.0%	314	62
90+	50.0%	1,014	507
Contract assets	0%	1,110	–
Balance at end of period		**49,160**	**844**

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

(B) AGEING OF TRADE RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

		CONSOLIDATED GROUP	
TRADE RECEIVABLE AGEING AS AT 30 JUNE 2019	EXPECTED LOSS RATE	GROSS TRADE RECEIVABLE AND CONTRACT ASSET $'000	LOSS ALLOWANCE $'000
Current	0.5%	32,645	163
1 to 30	1.0%	1,316	13
31 to 60	5.0%	1,201	60
61 to 90	20.0%	15	3
90+	50.0%	55	27
Contract assets	0.5%	6,823	33
Balance at end of period		**42,055**	**299**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group's right to consideration for performance complete to date before payment is due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over the last 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP, country specific unemployment rates and the outlook for customer industries as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

While the COVID-19 situation remains fluid and has seen a number of industries severely economically impacted, the Group has not adjusted its expected loss rate in the financial year ended 30 June 2020 due to it seeing no current trend with its customers extending outside payment terms. In addition, the Group foresees significant Government backed spending in the construction and infrastructure sectors in the coming financial periods.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses. Subsequent recoveries of amounts previously written off are credited against the same line item.

8 INVENTORIES

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
At cost		
Raw materials and stores	19,725	14,904
Work in progress	940	1,973
Finished goods	1,090	2,638
	21,755	**19,515**

The Group recognised $77,365,000 of inventory through profit or loss for the financial year ending 30 June 2020 (2019: $63,860,000).

9 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Land improvements & buildings		
Land improvements & buildings – at cost	19,722	19,119
Less accumulated depreciation	(5,014)	(4,343)
	14,708	**14,776**
Plant & equipment		
Plant & equipment – at cost	155,570	137,695
Less accumulated depreciation	(68,398)	(61,152)
	87,172	**76,543**
Motor vehicles		
Motor vehicles – at cost	52,272	43,137
Less accumulated depreciation	(21,296)	(16,848)
	30,976	**26,289**
Assets under construction – at cost	**10,846**	**5,912**
Total property, plant & equipment	**143,702**	**123,520**

(A) MOVEMENTS IN CARRYING AMOUNTS

FINANCIAL YEAR ENDED 30 JUNE 2020 $'000	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
Opening net book value	14,776	76,543	26,289	5,912	123,520
Additions	406	13,935	10,369	5,826	30,536
Transfers from asset under construction	42	850	–	(892)	–
Business combination assets	155	4,052	67	–	4,274
Depreciation	(671)	(7,784)	(5,594)	–	(14,049)
Disposals	–	(424)	(155)	–	(579)
Closing net book value	**14,708**	**87,172**	**30,976**	**10,846**	**143,702**

FINANCIAL YEAR ENDED 30 JUNE 2019 $'000	LAND IMPROVEMENTS AND BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
Opening net book value	15,022	77,666	17,883	1,236	111,807
Additions	370	7,598	14,220	5,886	28,074
Transfers from under construction	–	1,210	–	(1,210)	–
Business combination assets	–	572	209	–	781
Depreciation	(616)	(7,455)	(4,871)	–	(12,942)
Disposals	–	(3,048)	(1,152)	–	(4,200)
Closing net book value	**14,776**	**76,543**	**26,289**	**5,912**	**123,520**

As at 30 June 2020 the value of the Group's assets pledged as security was $31,083,000 (2019: $29,370,000).

10 RIGHT-OF-USE ASSETS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Property, Plant and Equipment		
Property, Plant and Equipment	97,310	–
Less accumulated depreciation	(4,821)	–
Total right-of-use assets	**92,489**	**–**

(A) MOVEMENTS IN CARRYING AMOUNTS

FINANCIAL YEAR ENDED 30 JUNE 2020 $'000	LAND & BUILDINGS	TOTAL
Opening net book value	–	–
Recognition on initial application	76,484	76,484
Additions	20,826	20,826
Modifications	–	–
Depreciation to profit or loss	(4,821)	(4,821)
Closing net book value	**92,489**	**92,489**

11 INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Licenses		
Licenses – at cost	2,740	2,740
Less accumulated amortisation	(219)	(102)
	2,521	**2,638**
Total intangible assets	**2,521**	**2,638**

(A) MOVEMENTS IN CARRYING AMOUNTS

FINANCIAL YEAR ENDED 30 JUNE 2020 $'000	LICENSES	TOTAL
Opening net book value	2,638	2,638
Amortisation	(117)	(117)
Closing net book value	**2,521**	**2,521**

FINANCIAL YEAR ENDED 30 JUNE 2020 $'000	LICENSES	TOTAL
Opening net book value	–	–
Additions	2,740	2,740
Amortisation	(102)	(102)
Closing net book value	**2,638**	**2,638**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12 DEFERRED TAX ASSETS AND LIABILITIES

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET ASSETS/(LIABILITIES)	
$'000	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
Inventories	38	68	(233)	(408)	(195)	(340)
Property, plant & equipment	1,123	1,593	–	–	1,123	1,593
Expected credit loss	253	89	–	–	253	89
Employee benefits	1,978	1,747	–	–	1,978	1,747
Derivative financial instruments	1,573	1,300	(427)	(653)	1,146	647
Provisions	65	121	–	–	65	121
Leases	28,630	–	(27,747)	–	883	–
Contract liabilities	500	–	–	–	500	–
Contract assets	–	–	(297)	–	(297)	–
Other items	1,496	1,881	(233)	(196)	1,263	1,685
Deferred tax assets/(liabilities)	35,656	6,799	(28,937)	(1,257)	6,719	5,542
Set off deferred taxes	(28,937)	(1,257)	28,937	1,257	–	–
Net deferred tax assets	**6,719**	**5,542**	**–**	**–**	**6,719**	**5,542**

(B) MOVEMENT IN TEMPORARY DIFFERENCE DURING THE YEAR

The movement in deferred tax balances for the Group are shown in the tables below:

YEAR ENDED 30 JUNE 2020 $'000	OPENING BALANCE	CHARGED TO INCOME	CHARGED TO EQUITY	EXCHANGE DIFFERENCES	CLOSING BALANCE
Inventories	(340)	145	–	–	(195)
Property, plant & equipment	1,593	(470)	–	–	1,123
Expected credit loss	89	164	–	–	253
Employee benefits	1,747	231	–	–	1,978
Derivative financial instruments	647	499	–	–	1,146
Provisions	121	(56)	–	–	65
Leases	–	883	–	–	883
Contract liabilities	–	500	–	–	500
Contract assets	–	(297)	–	–	(297)
Other items	1,685	(233)	(189)	–	1,263
Net deferred tax assets	**5,542**	**1,366**	**(189)**	**–**	**6,719**

12 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(B) MOVEMENT IN TEMPORARY DIFFERENCE DURING THE YEAR (CONTINUED)

YEAR ENDED 30 JUNE 2020 $'000	OPENING BALANCE	CHARGED TO INCOME	CHARGED TO EQUITY	EXCHANGE DIFFERENCES	CLOSING BALANCE
Inventories	(340)	–	–	–	(340)
Property, plant & equipment	45	1,548	–	–	1,593
Expected credit loss	173	(84)	–	–	89
Employee benefits	1,545	202	–	–	1,747
Derivative financial instruments	953	(306)	–	–	647
Provisions	71	50	–	–	121
Other items	2,121	(436)	–	–	1,685
Net deferred tax assets	**4,568**	**974**	**–**	**–**	**5,542**

13 TRADE AND OTHER PAYABLES

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Trade payables	10,797	14,336
Contract liabilities[1]	1,665	–
Sundry payables and accrued expenses[2]	21,113	13,906
	33,575	**28,242**

The carrying amounts of trade and other payable are presumed to be at their fair values due to their short-term nature.

1 Contract liabilities have increased due to the CFT and Precast Concrete divisions receiving advanced payments as part of a number of secured contracts, totaling $1,385,000 and $280,000 respectively.

2 The Groups sundry payables and accrued expenses has increased significantly as at 30 June 2020, and can be broken up into the following overarching categories:

	30 JUN 2020 $'000	30 JUN 2019 $'000
Accrued expenses	8,060	3,915
Goods Received Not Invoiced payables	5,822	5,228
GST/VAT payables	2,935	1,643
Payroll accruals and payables[3]	4,296	3,120
	21,113	**13,906**

3 As part of COVID-19 support the QLD Office of State Revenue granted payment deferral for a number of monthly payroll tax liabilities, allowing full payment of liabilities upon submission of Annual Payroll Tax Return.

14 BORROWINGS

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Current		
Secured liabilities		
Finance facility	7,050	6,000
Chattel mortgages	11,665	8,673
	18,715	**14,673**
Non-current		
Secured liabilities		
Finance facility	56,500	74,000
Chattel mortgages	11,259	7,749
	64,277	**81,749**
Total current and non-current secured liabilities:		
Finance facility[1]	63,550	80,000
Chattel mortgages[2]	22,924	16,422
	86,474	**96,422**

1 As announced on 29 June 2020 via release to the ASX, the Group secured an extension with its current banks NAB & HSBC to its existing finance facilities, with an expiry date of 8 January 2022.
The products within the finance facility bear interest at the Bank Bill Swap Rate plus a predetermined margin.
Rates vary across the two club banks who cover the Groups finance facilities, and are affected by a number of factors including prior covenant ratios, date range within the facility agreements and the sub-facility being utilised.
Along with its two existing fixed charge cover ratio and debt to EBITDA ratio covenants, as part of the extended facility agreement the Group must also adhere to a capitalisation ratio covenant. All covenants have been complied with during the financial years ended 30 June 2020 & 30 June 2019.
A general security interest has been granted to NAB as security trustee, over all of the assets and undertakings of the Company. In addition, mortgages have been granted over each of the real property leases.

2 The Group enters into agreements to fund certain plant and equipment purchases; these are assessed on a case by case basis. The underlying plant and equipment is held as security over each Chattel mortgage until repayments are made in full.

15 LEASE LIABILITIES (RIGHT OF USE ASSETS)

		CONSOLIDATED GROUP	
	NOTE	30 JUN 2020 $'000	30 JUN 2019 $'000
Current			
Lease liabilities		2,372	–
Non-current			
Lease liabilities		93,061	–
Total current and non-current lease liabilities	22(b)	**95,433**	**–**

15 LEASE LIABILITIES (RIGHT OF USE ASSETS) (CONTINUED)

(A) MOVEMENTS IN CARRYING AMOUNTS

FINANCIAL YEAR ENDED 30 JUNE 2020 $'000	TOTAL
Opening net book value	–
Recognition on initial application	76,484
Additions	20,826
Interest expense	3,636
Lease repayments	(5,513)
Closing net book value	**95,433**

(B) AMOUNTS RECOGNISED IN PROFIT OR LOSS

		CONSOLIDATED GROUP	
	NOTE	30 JUN 2020 $'000	30 JUN 2019 $'000
Interest expense on lease liabilities		3,636	–
Rent & hire expense – low value assets		7	–
Rent & hire expense – short-term		4,543	–
Total		**8,186**	**–**

(C) EXTENSION OPTIONS

Extension options are included in a number of premises leases across the Group, these are used to maximise operational flexibility in terms of managing assets in the Group's operations. In determining the lease term, the Group considers all facts and circumstances available at the time. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The majority of the Groups premises leases still have a considerable number of years left until expiry, as such no extension options on premises leases have been included in the calculation of lease liabilities.

16 DERIVATIVE INSTRUMENTS

		30 JUNE 2020		30 JUNE 2019	
	NOTE	CURRENT $'000	NON-CURRENT $'000	CURRENT $'000	NON-CURRENT $'000
Assets					
Foreign exchange forward contracts		216	–	368	–
Liabilities					
Foreign exchange forward contracts		(1,266)	–	(67)	–
Interest rate swap contracts		(1,949)	(2,029)	(1,407)	(2,856)
		(3,215)	**(2,209)**	**(1,474)**	**(2,856)**
Total derivative assets/(liabilities)	23	**(2,999)**	**(2,029)**	**(1,106)**	**(2,856)**
Total movement in Derivatives recognised through Profit or Loss		**(1,065)**		**(787)**	

17 PROVISIONS

(A) PROVISION BALANCES

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Current		
Employee benefits (i)	5,271	4,600
Other (ii)	1,147	548
	6,418	**5,148**
Non-current		
Employee benefits (i)	439	370
Total Provision	**6,857**	**5,518**

(i) Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data and the expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and conditions which match, as closely as possible, the estimated future cash outflows. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(m).

(ii) Other provisions is predominantly made up of $923,000 balance estimated to be paid to a partner university as part of an CFT R&D grant funding agreement once certain conditions and requirements are met.

(B) MOVEMENTS IN PROVISIONS

YEAR ENDED 30 JUNE 2020 $'000	EMPLOYEE BENEFITS	OTHER	TOTAL
Opening balance	4,970	548	5,518
Charged to profit and loss	4,017	599	4,616
Amounts used during the period	(3,277)	–	(3,277)
Closing balance	**5,710**	**1,147**	**6,857**

YEAR ENDED 30 JUNE 2019 $'000	EMPLOYEE BENEFITS	OTHER	TOTAL
Opening balance	3,716	237	3,953
Charged to profit and loss	3,650	311	3,961
Amounts used during the period	(2,396)	–	(2,396)
Closing balance	**4,970**	**548**	**5,518**

18 ISSUED CAPITAL

(A) SHARE CAPITAL

	30 JUN 2020 SHARES	30 JUN 2019 SHARES	30 JUN 2020 $'000	30 JUN 2019 $'000
Ordinary shares	187,196,887	161,375,590	410,915	371,334

(B) MOVEMENT IN SHARE CAPITAL

DATE	DETAILS	NO. OF SHARES	$'000
1 July 2018	Opening balance	161,375,590	371,334
	No transactions in the 2019 financial year	–	–
30 June 2019	**Closing balance**	**161,375,590**	**371,334**
22 November 2019	Shares issued – renounceable entitlement offer (i)	25,821,297	40,023
22 November 2019	Renounceable entitlement offer costs – net of tax	–	(442)
30 June 2020	**Closing balance**	**187,196,887**	**410,915**

(i) On 29 October 2019 the Company issued a notice for a fully underwritten renounceable entitlement offer to its shareholders entitling them to subscribe for 1 new ordinary share for every 6.25 existing ordinary shares held, at a price of $1.55. As the entitlement offer was fully underwritten, all 25,821,297 ordinary shares available as part of the entitlement offer were issued on 22 November 2019.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(C) OTHER SECURITIES ISSUED

As part of the previously disclosed Long Term Incentive Plan (Omnibus Incentive Plan) for Company employees, the Company issued 657,095 options on 20 December 2019 with more information to be found in Note 26.

(D) PRE IPO DISTRIBUTIONS OF EQUITY

Prior to listing on the ASX, transactions with other entities within the previous consolidated Group were recognised as a distribution of equity to related parties.

(E) CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

19 RESERVES

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Share based payment reserve	112	–
Foreign exchange reserve	(271)	(397)
	(159)	**(397)**

17 RESERVES (CONTINUED)

(A) MOVEMENT IN EACH CLASS OF RESERVE

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Share based payment reserve		
Opening balance	–	–
Share based payments fair value recognised in profit or loss	112	–
Closing balance	**112**	**–**
Foreign exchange reserve		
Opening balance	(397)	(371)
Exchange differences on translation of foreign operations, net of tax	126	(26)
Closing balance	**(271)**	**(397)**

(B) DETAILS OF RESERVES

(i) Share based payment reserve

The share based payment reserve arises on the grant of performance rights to executives under the Long Term Incentive Plan (LTI). Further information about LTI is made in note 26 to the financial statements. The Group settled the Wagner Limited Employee Share Trust to manage the share option plan.

(ii) Foreign exchange reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries, as described in note 1(l).

20 DIVIDENDS

(A) DIVIDENDS PAID

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
No final fully franked dividend paid during the year (2019: 3.5c per share)	–	5,648
No fully franked interim dividend paid during period (2019: 2.2c per share)	–	3,550
	–	**9,198**

(B) DIVIDENDS PROPOSED

There are no dividends proposed to be paid as at the date of this report.

(C) FRANKING CREDITS

The franking account balance available to the shareholders of the Company at year-end is $10,750,000 (2019: $6,061,000). This balance includes adjustments made for franking credits arising from the payment of estimated provision for 2020 income tax.

21 EARNINGS PER SHARE

EARNINGS USED IN CALCULATING EARNINGS PER SHARE	30 JUN 2020 $'000	30 JUN 2019 $'000
Profit attributable to the ordinary equity holders of the Company	(17)	12,779

WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR	30 JUN 2020 NO.'000	30 JUN 2019 NO.'000
Weighted average number of ordinary shares used in calculating basic earnings per share	176,967,138	161,375,590
Adjustment for calculation of diluted EPS:		
Performance rights on issue	657,095	–
Weighted average number of ordinary and potential ordinary shares used in calculating diluted earnings per share	177,624,233	161,375,590

BASIC & DILUTED EARNINGS PER SHARE	30 JUN 2020 CENTS	30 JUN 2019 CENTS
Basic earnings per share	(0.0)	7.9
Diluted earnings per share	(0.0)	7.9

22 CASH FLOW INFORMATION

(A) RECONCILIATION OF CASH FLOW FROM OPERATION WITH PROFIT AFTER INCOME TAX

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Profit after income tax	(17)	12,779
Non-cash flows in profit		
Depreciation of property, plant & equipment	14,049	12,942
Depreciation of right-of-use assets	4,821	–
Amortisation of intangible assets	117	102
Fair value adjustment on derivative instruments	1,066	787
Net (gain)/loss on disposal of non-current assets	(321)	(2,016)
Performance rights	112	–
Gain on bargain purchase	(355)	–
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(12,924)	641
(Increase)/decrease in other assets	(94)	18
(Increase)/decrease in inventories	(2,083)	(2,654)
Increase/(decrease) in trade and other payables	3,310	395
Increase/(decrease) in income taxes payable	(6,700)	399
Increase/(decrease) in deferred taxes payables	(1,177)	(884)
Increase/(decrease) in provisions	1,337	1,472
Net cash provided by operating activities	**1,141**	**23,981**

22 CASH FLOW INFORMATION (CONTINUED)

(B) RECONCILIATION OF FINANCIAL LIABILITIES TO CASH FLOWS FROM FINANCING ACTIVITIES

YEAR ENDED 30 JUNE 2020 $'000	LEASE LIABILITIES	HIRE PURCHASE AND CHATTEL MORTGAGES	FINANCE FACILITY	DERIVATIVES HELD TO HEDGE BORROWINGS	TOTAL
Opening balance	–	16,422	80,000	4,330	100,752
Cash inflows	–	16,943	–	–	16,943
Cash outflows	(1,877)	(10,441)	(16,450)	–	(28,768)
Non-cash flows in financial liabilities					
Fair value change in derivatives		–	–	914	914
Lease liability recognition	97,310	–	–	–	97,310
Closing balance	**95,433**	**22,924**	**63,550**	**5,244**	**187,151**

YEAR ENDED 30 JUNE 2019 $'000	HIRE PURCHASE AND CHATTEL MORTGAGES	FINANCE FACILITY	DERIVATIVES HELD TO HEDGE BORROWINGS	TOTAL
Opening balance	12,641	68,000	3,648	84,289
Cash inflows	14,838	12,000	–	26,838
Cash outflows	(11,057)	–	–	(11,057)
Non-cash flows in financial liabilities				
Fair value change in derivatives	–	–	682	682
Closing balance	**16,422**	**80,000**	**4,330**	**100,752**

23 FAIR VALUE MEASUREMENTS

The Group measures and recognises certain financial assets and liabilities at fair value on a recurring basis after initial recognition, currently being only derivative financial instruments. The Group subsequently does not measure any other assets or liabilities at fair value on a non-recurring basis.

(A) FAIR VALUE HIERARCHY

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels as follows:

» **Level 1:** measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

» **Level 2:** measurements based on inputs, other than quoted prices in active markets (Level 1), which are observable for the asset or liability, either directly or indirectly. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2.

» **Level 3:** measurements based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(B) ESTIMATION OF FAIR VALUES

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

» **Market approach:** valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

» **Income approach:** valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

» **Cost approach:** valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

23 FAIR VALUE MEASUREMENTS (CONTINUED)

(B) ESTIMATION OF FAIR VALUES (CONTINUED)

Fair value techniques and inputs are summarised as follows:

DESCRIPTION	FAIR VALUE HIERARCHY	NOTE	VALUATION TECHNIQUE
Derivative instruments	Level 2	16	Income approach using discounted cash flow methodology.

(C) RECURRING FAIR VALUE MEASUREMENTS

	NOTE	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
As at 30 June 2020					
Interest rate swap contracts	16	–	(3,978)	–	(3,978)
Foreign exchange forward contracts	16	–	(1,050)	–	(1,050)
		–	**(5,028)**	**–**	**(5,028)**
As at 30 June 2019					
Interest rate swap contracts	16	–	(4,263)	–	(4,263)
Foreign exchange forward contracts	16	–	301	–	301
		–	**(3,962)**	**–**	**(3,962)**

There were no transfers between fair value hierarchies during the current and previous financial years.

24 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central finance department. Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Finance provides overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments in accordance with the Group's facilities agreement and company policies.

The Group uses derivative financial instruments such as foreign exchange forward contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and not as trading or speculative instruments. These derivatives are not designated hedges and the Group has therefore not applied hedge accounting. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

(A) 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.

Credit risk is managed through the maintenance of procedures such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties; ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, these customers may be required to pay upfront, or the risk may be further managed through obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) CREDIT RISK (CONTINUED)

Credit risk exposures

The maximum exposure to credit risk at the end of the reporting period is equivalent to the carrying amount of trade receivables and cash and cash equivalents. The Group does not consider there to be any significant concentration of credit risk with any single/or group of customers. The Group derives revenue from two key customers (2019: two), which accounted for 27% of revenue for the financial year ended 30 June 2020 (2019: 25%). Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality, aggregates of such amounts are detailed in note 7.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

» preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
» monitoring undrawn credit facilities;
» obtaining funding from a variety of sources;
» maintaining a reputable credit profile;
» managing credit risk related to financial assets;
» only investing surplus cash with major financial institutions; and
» comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider there is any material risk of termination of such facilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. The table include both interest and principal cash flows and therefore the total may different from their carrying amount in the balance sheet.

	WITHIN 1 YEAR $'000	1 TO 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL $'000
As at 30 June 2020				
Trade and other payables	33,575	–	–	33,575
Derivative financial liabilities	3,215	2,029	–	5,244
Chattel mortgages	12,235	11,606	–	23,841
Finance facility	7,050	56,500	–	63,550
Lease liabilities	6,458	22,040	149,683	178,181
	62,533	**92,175**	**149,683**	**304,391**
As at 30 June 2019				
Trade and other payables	28,242	–	–	28,242
Derivative financial liabilities	1,474	2,856	–	4,330
Chattel mortgages	8,673	7,749	–	16,422
Finance facility	6,000	74,000	–	80,000
	44,389	**84,605**	**–**	**128,994**

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) LIQUIDITY RISK (CONTINUED)

At the end of each reporting period the Group had access to the following undrawn borrowing facilities:

	AS AT 30 JUNE 2020		AS AT 30 JUNE 2019	
	DRAWN $'000	AVAILABLE $'000	DRAWN $'000	AVAILABLE $'000
Expiring within one year	–	–	–	–
Expiring beyond one year	63,550	45,950	80,000	60,000
	63,550	45,950	80,000	60,000

(C) MARKET RISK

(i) Interest rate risk

The Group's main exposure to interest rate risk is long-term borrowings. Borrowings issued at variable rates, expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value.

Interest rate risk is managed using a mix of fixed and floating rate debt and the Group enters into interest rate swaps to convert the majority of debt to fixed rate. At 30 June 2020 78.7% (2019: 62.5%) of Group debt is at a fixed rate. It is the policy of the Group going forward to keep between 50% and 100% of debt on fixed interest rates.

Interest rate swaps

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal amounts of the swap contracts approximate the Group's borrowing facilities, as described above. The net interest payment, or receipt settlements of the swap contracts occur every 30 to 90 days and correspond with interest payment dates on the borrowings.

At the end of the reporting period, the Group had the following outstanding interest rate swap contracts:

	NOTIONAL PRINCIPLE AMOUNT		
	30 JUN 2020 $'000	30 JUN 2019 $'000	INTEREST RATES
Interest rate swaps	50,000	50,000	3.78%

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. Profit or loss is sensitive to the change in interest rates from higher/lower interest income from cash and cash equivalents, and also the increase/decrease in fair value of derivative instruments as they are designated fair value through profit or loss, per note 1(j).

	IMPACT ON POST TAX PROFIT	
	30 JUN 2020 $'000	30 JUN 2019 $'000
+100bp variability in interest rate	239	573
-100bp variability in interest rate	(239)	(573)

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) MARKET RISK (CONTINUED)

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales & purchases are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies is primarily the Australian dollar (AUD), with currently minor subsidiaries operating in United States dollars (USD) & Malaysian ringgit (RM).

Foreign exchange forward contracts

At any point in time, the Group hedges 60% to 100% of its estimated foreign currency exposure in respect of forecast purchases in US Dollars (USD), being the main exposure, over the following 12 months. The Group uses forward exchange contracts to hedge its currency risk. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates, most have a maturity of less than 1 year from the reporting date. The Groups current foreign subsidiaries operations is collectively immaterial, and so the Group does not hedge against these foreign currency exposures.

The following table summarises the notional amounts of the Group's commitments in relation to foreign exchange forward contracts.

	NOTIONAL AMOUNT		AVERAGE EXCHANGE RATES	
	30 JUN 2020 $'000	30 JUN 2019 $'000	30 JUN 2020 $	30 JUN 2019 $
Buy USD/sell AUD				
Settlement within six months	3,000	4,104	0.7016	0.7307
Settlement between six and twelve months	3,000	1,500	0.7050	0.7210
	6,000	**5,604**	**0.7033**	**0.7281**

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in foreign exchange rates. Profit or loss is sensitive to the change in foreign exchange rates from purchases, and also the change in fair value of derivative instruments as they are designated fair value through profit or loss, per note 1(j).

	IMPACT ON POST-TAX PROFIT	
	30 JUN 2020 $'000	30 JUN 2019 $'000
+10% AUD/USD exchange rate	684	516
-10% AUD/USD exchange rate	(684)	(516)

(iii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group's exposure to commodity price risk arises from commercial transactions required for the operations of the business. To manage its commodity price risk the Group enters into fixed price contracts with its main suppliers for raw materials in its cement business. There are no derivative asset or liabilities in relation to commodity prices at year end, and so any commodity price movement would not impact reported profit for the year ended 30 June 2020.

25 RELATED PARTY TRANSACTIONS

(A) PARENT ENTITY

Wagners Holding Company Limited is the Group's ultimate parent entity.

(B) CONTROLLED ENTITIES

Interests in controlled entities are set out in Note 27.

(C) KEY MANAGEMENT PERSONNEL

Compensation of key management personnel during the years was as follows:

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Short-term employee benefits	1,354,749	1,425,671
Post-employment benefits	49,452	42,819
Long-term employee benefits	11,692	–
Termination benefits	–	–
Share based payments	37,737	–
	1,453,631	**1,514,555**

Further disclosures relating to key management personnel compensation are set out in the Remuneration report, that can be found on pages 54 to 60 of the Directors' Report.

No loans have been provided to key management personnel by the Group throughout the financial year.

(D) TRANSACTIONS WITH OTHER RELATED PARTIES

Directors and related parties

All transactions between the Group and any Director and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arm's length business transactions. Such transactions and amounts owed or owing with Director and their related parties are detailed as follows:

DESCRIPTION	2020 REVENUE/ (COSTS) $	2020 OWED/ (OWING) $	2019 REVENUE/ (COSTS) $	2019 OWED/ (OWING) $
Sale of materials and services[1]	7,937,690	67,701	10,328,126	8,269,078
Indemnity of losses on onerous contract	–	–	231,941	–
On charge of costs processed by the Group	5,342	–	150,804	1,098
Shared service agreement[2]	–	–	185,043	–
Gain on sale of property, plant & equipment[3]	–	–	1,664,873	–
Payments for rent of property and plant, material royalties & other	(8,083,706)	(138,447)	(8,001,788)	(365,664)
Totals	**(140,674)**	**(70,746)**	**4,558,999**	**7,904,512**

1 The sale of materials and services included amounts recognised over time under AASB 15 for contracts to fabricate, construct and install concrete batch plants on sites owned by related parties. These were all sold within the 2020 financial year, as such there were no Contract Assets or balances owing from the batch plant sales on the Groups balance sheet as at 30 June 2020.

2 The Group, as per the prospectus, had a shared service agreement with a related entity for shared resources & employees for a 12 month transition period from the IPO date. These shared services were charged to the related entity monthly using a number of internal business drivers and conducted on the basis of normal commercial trading terms and conditions as agreed between the parties. They expired last financial year.

3 The Group entered into a sale and leaseback contract to upgrade existing concrete batch plant assets owned by the Group and install these assets on a site owned by a related party, which the Group has subsequently leased back. The contract price for the total works of this sale (including associated site improvements and installation) was externally valuated at $6,250,000. The lease is at applicable market rates.

26 SHARE BASED PAYMENTS

The Company adopted a new long-term incentive plan in connection with its admission to the ASX, the Omnibus Incentive Plan (LTI).

Performance rights are issued under the LTI, and it provides senior executives to receive a number of options, as determined by the Board, over ordinary shares. Options issued under the LTI will be subject to performance conditions that are detailed below.

The Remuneration Committee consider this equity performance-linked remuneration structure to be appropriate as senior executives only receive a benefit when there is a corresponding direct benefit to shareholders.

Expense recognised through Profit or Loss

The total expense for share based payment recognised through Profit or Loss for the financial year 30 June 2020 was $111,586. The expense was calculated based on the probability of vesting conditions being met and the fair value of options granted. There were vesting conditions met this financial year.

Overall Options movement

Details of performance options issued, vested and expired during the financial year are set out below:

				MOVEMENTS				
VESTING DATE	TRANCHE	VESTING CONDITIONS	PERFORMANCE PERIOD[1]	1 JULY 2019	ISSUED	EXERCISED	EXPIRED/ FORFEITED	30 JUNE 2020
31 August 2022	3	EPS	3 years	–	219,031	–	–	219,031
31 August 2021	2	EPS	2 years	–	219,031	–	–	219,031
31 August 2020	1	EPS	1 year	–	219,031	–	–	219,031
				–	657,095	–	–	657,095

1 Represents the relevant period of time to which both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

The weighted average remaining contractual life of performance options outstanding at the end of the year was 4.4 years.

Vesting Conditions

1. Vesting Dates	Tranche 1 – 31 August 2020 Tranche 2 – 31 August 2021 Tranche 3 and Remainder Options – 31 August 2022
2. Vesting Conditions	**Offer Earnings Per Share (EPS)** Reported EPS as at 30 June 2019 of 7.9c **Tranche 1** On the Tranche 1 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2020 (**Tranche 1 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Offer EPS, 50% of the Tranche 1 Options shall vest; or (b) at least 12.5% (but less than 15%) higher than the Offer EPS, 75% of the Tranche 1 Options shall vest; or (c) at least 15% higher than the Offer EPS, 100% of the Tranche 1 Options shall vest. **Tranche 2** On the Tranche 2 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2021 (**Tranche 2 EPS**) is: (a) at least 10% (but less than 12.5%) higher than the Tranche 1 EPS, 50% of the Tranche 2 Options shall Vest; or (b) at least 12.5% (but less than 15%) higher than the Tranche 1 EPS, 75% of the Tranche 2 Options shall Vest; or (c) at least 15% higher than the Tranche 1 EPS, 100% of the Tranche 2 Options shall Vest. **Tranche 3** On the Tranche 3 Vesting Date, if the earnings per share (**EPS**) of the Company as at 30 June 2022 (**Tranche 3 EPS**) is: (d) at least 10% (but less than 12.5%) higher than Tranche 2 EPS, 50% of the Tranche 3 Options shall Vest; or (e) at least 12.5% (but less than 15%) higher than the Tranche 2 EPS, 75% of the Tranche 3 Options shall Vest; or (f) at least 15% higher than the Tranche 2 EPS, 100% of the Tranche 3 Options shall Vest. **Additional vesting terms** Any Tranche 1 or 2 Options which did not vest on the Tranche 1 Vesting Date or Tranche 2 Vesting Date respectively (**Remainder Options**) will vest on the Tranche 3 Vesting Date if the Tranche 3 EPS is at least 20% higher than the Tranche 2 EPS.
3. Expiry Date	5 years from the date the Options were issued.

26 SHARE BASED PAYMENTS (CONTINUED)

Fair value of performance rights granted

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of performance right, the underlying share's expected volatility, expected dividends and risk free interest rate for the expected life of the instrument.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The value of the performance rights were calculated using the inputs shown below:

INPUTS INTO PRICING MODEL	TRANCHE 1	TRANCHE 2	TRANCHE 3
Grant Date	20 November 2019	20 November 2019	20 November 2019
Exercise Price	$0.00	$0.00	$0.00
Vesting Conditions	Refer above	Refer above	Refer above
Share price at grant date	$2.10	$2.10	$2.10
Expiry date	20 November 2024	20 November 2024	20 November 2024
Life of the instruments	5 years	5 years	5 years
Underlying share price volatility	50%	50%	50%
Expected dividends	1%	1.7%	2.1%
Risk free interest rate	0.71%	0.71%	0.71%
Pricing model	Black Scholes Model	Black Scholes Model	Black Scholes Model
Fair value per instrument	$1.88	$1.83	$1.78

27 SUBSIDIARIES AND CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Wagners Holding Company Limited and the following subsidiaries:

		EQUITY HOLDING	
NAME OF ENTITY	COUNTRY OF INCORPORATION	30 JUNE 2020 %	30 JUNE 2019 %
Wagners Queensland Pty Ltd	Australia	100%	100%
Wagner Investments Pty Ltd	Australia	100%	100%
Wagners Flyash Pty Ltd	Australia	100%	100%
Wagners Australian Operations Pty Ltd	Australia	100%	100%
Wagners Concrete Pty Ltd	Australia	100%	100%
Wagners Quarries Pty Ltd	Australia	100%	100%
Wagners Transport Pty Ltd	Australia	100%	100%
Wagners Industrial Services Pty Ltd	Australia	100%	100%
Wagners Cement Pty Ltd	Australia	100%	100%
Wagners Charter Pty Ltd	Australia	100%	100%
Wagners International Operations Pty Ltd	Australia	100%	100%
Wagners Global Projects Sdn Bhd	Malaysia	100%	100%
Wagners Global Services (Malaysia) Sdn Bhd	Malaysia	100%	100%
Wagners Services Mozambique Limiteda	Mozambique	98.75%	98.75%
Wagners Global Ventures Sdn Bhd	Malaysia	100%	100%
Wagners Global Services Mongolia LLC	Mongolia	100%	100%
Wagners Concrete Mongolia LLC	Mongolia	100%	100%
Wagners Composite Fibre Technologies Pty Ltd	Australia	100%	100%
Wagners CFT Manufacturing Pty Ltd	Australia	100%	100%
Wagners EFC Pty Ltd	Australia	100%	100%
Wagner USA Holding Company	United States	100%	100%
Wagners CFT LLC	United States	100%	100%
Wagners Manufacturing LLC*	United States	100%	–
Wagners Property Holdings LLC*	United States	100%	–
Wagners Holding NZ Limited*	New Zealand	100%	–

* Entities incorporated during the financial year

28 CAPITAL AND LEASING COMMITMENTS

(A) CHATTEL MORTGAGE COMMITMENTS

Commitments for minimum chattel mortgage payments payable are as follows:

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Minimum payments		
Within twelve months	12,235	9,216
Between twelve months and five years	11,606	7,979
Total minimum payments	**23,841**	**17,195**
Less: future finance charges	(917)	(773)
Present value of minimum payments	**22,924**	**16,422**
Current liability	11,665	8,673
Non-current liability	11,259	7,749
	22,924	**16,422**

(B) OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Within twelve months	–	4,725
Between twelve months and five years	–	17,138
Greater than five years	–	111,312
	–	**133,175**

The Group leases various properties under non-cancellable operating leases, the property leases have varying terms, clauses and renewal rights. From 1 July 2019, in line with AASB 16 Leases, the Group recognised right-of-use assets for the operating leases outstanding from the prior financial year (see Note 10).

(C) CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure commitments contracted for but not recognised as liabilities at the end of the financial year is as follows:

	CONSOLIDATED GROUP	
	30 JUN 2020 $'000	30 JUN 2019 $'000
Within twelve months	487	776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

29 CONTINGENT ASSETS AND LIABILITIES

The Group enters into arrangements in the normal course of business, whereby it is required to supply a performance guarantee to its customers. These guarantees are provided in the form of performance bonds issued by the Group's financial institution or insurance company.

The probability of having to make a payment in respect to these performance bonds is considered to be highly unlikely. As such, no provision has been made in the consolidated financial statements in respect of these contingencies.

30 AUDITOR'S REMUNERATION

During the financial year the following fees were paid or are payable to the Groups auditor:

	CONSOLIDATED GROUP	
BDO AUDIT PTY LTD & RELATED COMPANIES	30 JUN 2020 $'000	30 JUN 2019 $'000
Audit services		
Audit and review of financial statements – *BDO Audit Pty Ltd*	225,302	217,448
Total audit services	**225,302**	**217,448**
Non-audit services		
Taxation services – *BDO (QLD) Pty Ltd*	13,000	–
Total non-audit services	**13,000**	**–**
Total amount paid or payable to auditor	**238,302**	**217,448**

31 PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

STATEMENT OF FINANCIAL POSITION	30 JUN 2020 $'000	30 JUN 2019 $'000
Assets		
Current assets	241	1,056
Non-current assets	127,077	73,804
Total assets	**127,318**	**74,860**
Liabilities		
Current liabilities	18,609	7,497
Non-current liabilities	6,691	4,758
Total liabilities	**25,490**	**12,255**
Equity		
Issued capital	410,915	371,334
Distribution to related entities	(355,010)	(355,010)
Reserves	112	–
Retained earnings	46,001	46,281
Total equity	**101,828**	**62,605**
Statement of profit or loss and other comprehensive income		
Total profit for the financial year	(280)	1,907
Total comprehensive income for the financial year	(280)	1,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

31 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

(A) CONTINGENT ASSETS AND LIABILITIES

The parent entity does not have any contingent assets or liabilities as at 30 June 2020.

(B) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent entity has not entered into any guarantees.

(C) CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT OR EQUIPMENT

The parent entity had no contractual commitments for the acquisition of property, plant or equipment (2019: $nil).

32 BUSINESS COMBINATIONS

SHEPTON QUARRY ACQUISITION

On 19 June 2020, the Group acquired 100% of the interests of the Shepton Quarry from Central Highlands Regional Council. The quarry is located in Capella, Central Queensland and enables the Group to expand its presence in the Central Queensland minerals province.

(i) Details of the purchase consideration are as follows:

	$'000
Purchase consideration	
Cash paid	2,050
Deferred payment	1,992
Total purchase consideration	**4,042**

(ii) The assets and liabilities recognised as a result of the acquisition are as follows:

	NOTE	FAIR VALUE $'000
Inventories		157
Property, plant & equipment		4,274
Deferred tax liability		(34)
Net assets acquired		4,397
Gain on bargain purchase	3	**355**

(iii) During the period from acquisition to 30 June 2020, Shepton Quarry contributed revenues of $579,000 and earnings before interest and tax of $374,793. If the acquisition had occurred on 1 July 2019, revenue and earnings before interest and tax for the period ended would have been $4,629,000 and $635,000 respectively. These amounts have been calculated using information provided by the vendors and adjusted for:

- any differences in accounting policies; and
- any additional depreciation or amortisation that would have been charged assuming the fair value of each asset had applied from 1 July 2019.

(iv) Acquisition related costs of $216,000 in respect of this acquisition is included in other expenses in the profit or loss.

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

To the Directors' best knowledge, there has not arisen in the interval between 30 June 2020 and the date of this report any item, any other transaction or event of a material and unusual nature that will, or may, significantly affect the operations of the Group.

In addition, while the COVID-19 situation remains concerning, between 30 June 2020 the date of this report, there has been no COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group will continue to monitor the unfolding situation and adjust operations for minimal impacts where required.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Wagners Holding Company Limited, the directors of the Company declare that:

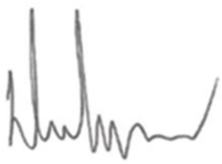
(a) the consolidated financial statements and notes, as set out on pages 61 to 101, are in accordance with the *Corporations Act 2001*, including:

i. complying with the Corporations Regulations 2001 and Australian Accounting Standards and Interpretations, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

ii. giving a true and fair view of the consolidated Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

(b) in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2019.



Mr Denis Wagner
Chairman

Dated at Toowoomba, Queensland on 25 August 2020.

INDEPENDENT AUDITOR'S REPORT

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Wagners Holding Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wagners Holding Company Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other 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 report, 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 30 June 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. 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.

Revenue recognition and measurement

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about revenue recognition are included in Note 1(c) and Note 3, which details the accounting policies applied and disclosures relating to AASB 15 *Revenue from Contracts with Customers*. • The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2020. • The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the revenue recognition policy for compliance with AASB 15 Revenue from Contracts with Customers • Documenting the processes and assessing the internal controls relating to revenue processing and recognition • Tracing a sample of revenue transactions to supporting documentation • Performing substantive analytical procedures on the monthly sales for each material component • Assessing the adequacy of the Group's disclosures within the financial statements

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Annual Financial Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 report as a whole is 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 29 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Wagners Holding Company Limited, for the year ended 30 June 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.

BDO Audit Pty Ltd

BDO

C K Henry
Director

Brisbane, 25 August 2020

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current as at 31 August 2020 unless stated otherwise.

DISTRIBUTION SCHEDULE AS OF 31 AUGUST 2020

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1–1,000	1,290	731,489	0.39
1,001–5,000	2,684	7,526,305	4.02
5,001–10,000	1,211	8,967,649	4.79
10,001–100,000	1,278	31,950,640	17.07
100,001 and over	85	138,020,804	73.73
Rounding			**0.00**
Total	**6,548**	**187,196,887**	**100.00**

SHARES AND VOTING RIGHTS

All 187,196,887 shares in the Company are ordinary shares, held by 6,548 shareholders (as at 31 August 2020). Voting rights for ordinary shares are:

» On a show of hands, one vote for each shareholder

» On a poll, one vote for each fully paid ordinary share.

Option holders have no rights until the options are exercised. There is no current on-market buy-back.

SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's Register of Substantial Shareholders as at 31 August 2020 and as disclosed in substantial notices to the ASX and Company.

NAME	DATE OF LAST NOTICE RECEIVED	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
Denis Wagner	15 December 2017	102,957,631	55%
John Wagner	15 December 2017	103,248,014	55.15%
Neill Wagner	15 December 2017	102,957,631	55%
Joe Wagner	15 December 2017	102,957,631	55%
Wagner Property Operations Pty Ltd.	25 November 2019	14,201,056	7.58%

UNMARKETABLE PARCELS

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $ 500.00 parcel at $ 1.1400 per unit	439	468	101,921

ADDITIONAL
INFORMATION

TOP 20 SHAREHOLDERS (AS AT 31 AUGUST 2020)

RANK	NAME	SHARES	% SHARES
1	DENIS PATRICK WAGNER	21,321,928	11.39
1	JOHN HENRY WAGNER	21,321,928	11.39
1	JOSEPH DOYLE WAGNER	21,321,928	11.39
1	NEILL THOMAS WAGNER	21,321,928	11.39
5	WAGNER PROPERTY OPERATIONS PTY LTD	14,201,056	7.59
6	CITICORP NOMINEES PTY LIMITED	8,190,572	4.38
7	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,086,397	1.65
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,476,587	1.32
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,831,456	0.98
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NTCOMNWLTH SUPER CORP A/C>	1,776,983	0.95
11	ARCHERFIELD AIRPORT CORPORATION PTY LTD	1,100,000	0.59
12	JOHN WAGNER INVESTMENTS PTY LTD <JHW FAMILY A/C>	1,091,447	0.58
13	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,020,297	0.55
14	NATIONAL NOMINEES LIMITED	1,013,172	0.54
15	BRAZIL FARMING PTY LTD	1,007,974	0.54
16	DENIS WAGNER INVESTMENTS PTY LTD <DPW FAMILY A/C>	801,064	0.43
16	NEILL WAGNER INVESTMENTS PTY LTD <NTW FAMILY A/C>	801,064	0.43
18	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	722,306	0.39
19	JOE WAGNER INVESTMENTS PTY LTD <JDW FAMILY A/C>	642,643	0.34
20	MR MARK WILLIAM LEONARD	640,000	0.34
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**125,690,730**	**67.16**
Total Remaining Holders Balance		**61,506,157**	**32.84**

UNQUOTED OPTIONS

There are 8 holders of 657,095 unvested unquoted options.

CORPORATE DIRECTORY

Directors
Denis Wagner, Non-executive Chairman
John Wagner, Non-executive Director
Lynda O'Grady, Non-executive Director
Ross Walker, Non-executive Director

Company Secretary
Karen Brown

Registered office
Level 10, 12 Creek Street
Brisbane QLD 4000

Principal place of business
11 Ballera Ct, 1511 Toowoomba-Cecil Plains Road
Wellcamp QLD 4350

Share register
Computershare Investor Services Ltd

Auditor
BDO Audit Pty Ltd

Solicitors
McCullough Robertson Lawyers

Bankers
National Australia Bank Limited
HSBC Bank Australia Limited
Australian and New Zealand Banking Group Limited

Stock exchange listing
Wagners Holding Company Limited shares
are listed on the ASX (code: WGN)

Website
www.wagner.com.au

Corporate Governance Statement
The Company's Corporate Governance Statement for the financial year ended 30 June 2020 is available to download and access from https://investors.wagner.com.au/corporate-governance/

Townsville CFT boardwalk, QLD.

Postal Address
PO Box 151
Drayton North
Toowoomba QLD 4350, Australia

Street Address
11 Ballera Ct
1511 Toowoomba-Cecil Plains Rd
Wellcamp QLD 4350

Telephone +61 7 4637 7777
Fax +61 7 4637 7778

ACN 622 632 848

www.wagner.com.au