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ABN 87 602 638 531

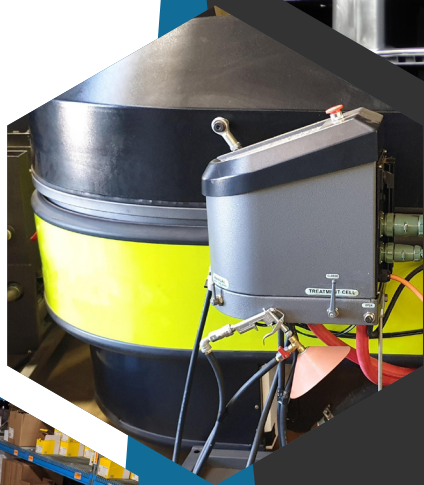
## INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED  
31 DECEMBER 2020

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## CORPORATE DIRECTORY

### Directors

Mr Berthus Budiman – Executive Director  
Mr Matthew Logan – Executive Director  
Mr Michael Crichton – Non-Executive Director  
Mr Anson Gan – Non-Executive Director

### Company Secretary

Ms Natalie Teo

### Principal Place of Business

15 McCabe Street  
North Fremantle WA 6159

Telephone: +61 8 6558 0814  
Website: [www.baumart.com.au](http://www.baumart.com.au)

### Registered Office

15 McCabe Street  
North Fremantle WA 6159

Telephone: +61 8 6389 2688  
Facsimile: +61 8 6389 2588

### Share Registry

Advanced Share Registry Services Pty Ltd  
110 Stirling Highway  
Nedlands WA 6009

Telephone: +61 8 9389 8033  
Facsimile: +61 8 9262 3723

### Auditor

Stantons International Audit and Consulting Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005

### Australian Securities Exchange

Australian Securities Exchange Limited  
Level 40, Central Park,  
152-158 St George's Terrace  
Perth WA 6000

ASX Code: BMH

## APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The following information is provided to the ASX under listing rule 4.2A.3

Company Name: BauMart Holdings Limited (the **Company**)  
ABN: 87 602 638 531  
Reporting Period: Half year ended 31 December 2020  
Previous Reporting Period: Half year ended 31 December 2019

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2020	31 December 2019	Change up/ (down) %
\$ Revenue from Ordinary Activities (\$'000)	2,515	2,007	25%
\$ Profit (loss) from ordinary activities after tax (\$'000)	3,559	(167)	2,231%
\$ Net profit (loss) attributable to members (\$'000)	3,559	(167)	2,231%
Net tangible assets per security	0.0383	0.0077	398%

### DIVIDENDS

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

### FOR FURTHER INFORMATION

Further information to assist in the understanding of the financial results presented above is provided throughout this Interim Financial Report.

## REVIEW OF OPERATIONS

### Group H1 FY21 highlights

**31 July 2020**

Sale of Lisec glass processing equipment for script consideration of \$3.5m

**30 September 2020**

Strong quarterly sales results tracking well ahead of prior corresponding period

**2 November 2020**

Finalised and receipted R&D claim of \$267,616 under the Federal Government's Research and Development (R&D) Tax Incentive program

**31 December 2020**

Record sales and maiden profit for the Group following the sale of the glass processing equipment

### Group financial results

**\$2.51m**

Group Top line sales revenue



**25%**

**\$3.56m**

Group Net profit for the half year



**2,232%**

**\$4.37m**

Group Other/net finance income



**627%**

**\$10m**

Group Total assets



**51%**

**\$5.56m**

Group Total Net assets



**371%**

**\$509k**

Group Inventory value



**37%**

## REVIEW OF OPERATIONS

### Source & Procure Division

**\$154k** Top line sales revenue

**H1 FY20: \$57k**

Commenced supply of industrial parts washers to a Perth based client

Continued supply of mining consumables to support the Sierra Leone project

Expecting this division to grow positively in the next 12 months as the Sierra Leone project advances

**170%**   
compared to H1 FY20

### Building Materials Division

**\$63k** Top line sales revenue

**H1 FY20: \$141k**

**56%**   
compared to H1 FY20

Supply to resellers in H1FY21 was affected by the supply chain delays. Backorders arrived in H2 FY21

Orders that should have been delivered in H1 FY21 have arrived in H2 FY21


### Materials Handling Division

**\$2.3m** Top line sales revenue

**H1 FY20: \$1.8m**

Supply chain delays have affected the capture of sales within H1 FY21

The division is hopeful of more certainty around travel within Australia and New Zealand to accelerate the sales expansion program

**27%**   
compared to H1 FY20

## REVIEW OF OPERATIONS

### Other and Net Finance Income Division

**\$4.24m**

Other income

**H1 FY20:**

**\$553k**

Growing spread of offerings with sub leasing, R&D rebates and managed services comprising other income

**\$127k**

Net finance income

**H1 FY20:**

**\$48k**

Mining equipment project is progressing with excellent progress using our machinery

The underground mining equipment project has been affected by COVID-19 which has resulted in inconsistent lease payments

### Glass Investment

Sold glass equipment in July 2020 for script consideration of

**\$3.5m**

The Company holds 11,666,667 shares in Australia Sunny Glass Group Limited (NSX: AG1)

The sale has improved the strength and flexibility of the balance sheet

Value of investment

**\$4.3m**

As of 31 December 2020

With a closing share price of  
**\$0.37 per share**

As at 31 December 2020

## DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The Directors present their report together with the consolidated financial statements of BauMart Holdings Limited (the **Company** or **Parent Entity**) and its controlled entities (together referred to hereafter as the **Consolidated Entity**) for the half year ended 31 December 2020 and the auditor's review report thereon.

### DIRECTORS

The Directors of the Company at any time during or since the end of the half year are:

Name	Period of directorship
Mr Berthus Budiman <i>Executive Director</i>	Director since 31 October 2014
Mr Matthew Logan <i>Executive Director</i>	Director since 8 August 2016
Mr Michael Crichton <i>Non-Executive Director</i>	Director since 19 March 2015
Mr Anson Gan <i>Non-Executive Director</i>	Director since 19 March 2015

### RESULTS

The profit of the Consolidated Entity for the half-year was \$3,559,045 (2019: (\$166,963)) after income tax of nil (2019: nil).


### EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 20 to the financial statements, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

This Directors' Report is made out in accordance with a resolution of the Directors:



Matthew Logan  
*Executive Director*

Dated at Perth this 24<sup>th</sup> day of February 2021.



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
<b>Revenue and other income</b>			
Sale of goods		2,514,994	2,007,151
<b>Total Revenue</b>		2,514,994	2,007,151
<b>Cost of sales</b>		(2,065,916)	(1,681,572)
<b>Total cost of sales</b>		(2,065,916)	(1,681,572)
<b>Gross profit</b>		449,078	325,579
Other revenue	4(a) & 4(d)	4,244,203	552,624
Net finance income	4(b)	126,633	48,375
<b>Expenses</b>			
Corporate and administrative expenses		(496,583)	(372,982)
Operational expenses		(85,681)	(89,619)
Occupancy expenses	4(c)	(171,833)	(139,804)
Marketing expenses		(102,380)	(99,344)
Depreciation and amortisation expenses	8 & 9 & 11(c)	(404,392)	(502,297)
Reversal of Impairment of Plant & Equipment / (Impairment of Plant & Equipment)		-	110,904
Provision for doubtful debts		-	(399)
<b>Total expenses</b>		(1,260,869)	(1,093,541)
<b>Profit before income tax</b>		3,559,045	(166,963)
Income tax benefit/(expense)		-	-
<b>Net profit / (loss) for the half year</b>		3,559,045	(166,963)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss	13	816,667	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the half year, net of tax</b>		-	-
<b>Total comprehensive profit / (loss)</b>		4,375,712	(166,963)
<b>Profit attributable to:</b>			
Owners of the Company		3,559,045	(166,963)
Non-controlling interests		-	-
		3,559,045	(166,963)
<b>Total comprehensive profit attributable to:</b>			
Owners of the Company		4,375,712	(166,963)
Non-controlling interests		-	-
		4,375,712	(166,963)
<b>Basic and diluted earnings / loss per share attributable to the ordinary equity holders of the Company</b>			
Basic and diluted earnings / (loss) per share (cents)	18	2.46	(0.12)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 31 DECEMBER 2020**

	Note	31 December 2020 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		209,933	268,504
Trade and other receivables	5	687,950	813,020
Other current assets	6	643,987	138,657
Inventories	7	508,631	372,299
Accounts finance lease receivable	12	799,589	1,308,670
<b>Total current assets</b>		<b>2,850,090</b>	<b>2,901,150</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	223,482	286,086
Intangibles	9	10,824	3,583
Other non-current assets	13	4,316,667	-
Right of use assets	11(a)	1,901,545	2,281,854
Accounts finance lease receivable	12	703,896	1,168,184
<b>Total non-current assets</b>		<b>7,156,414</b>	<b>3,739,707</b>
<b>TOTAL ASSETS</b>		<b>10,006,504</b>	<b>6,640,857</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,393,500	3,039,941
Employee benefits		47,628	47,869
Current tax liabilities		2,943	2,943
Lease liabilities	11(b)	779,245	726,729
<b>Total current liabilities</b>		<b>3,223,316</b>	<b>3,817,482</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	11(b)	1,226,497	1,642,377
<b>Total non-current liabilities</b>		<b>1,226,497</b>	<b>1,642,377</b>
<b>TOTAL LIABILITIES</b>		<b>4,449,813</b>	<b>5,459,859</b>
<b>NET ASSETS</b>		<b>5,556,691</b>	<b>1,180,998</b>
<b>EQUITY</b>			
Issued capital	14	8,251,219	8,251,219
Accumulated losses		(3,511,176)	(7,070,221)
Reserves		816,648	-
<b>TOTAL EQUITY</b>		<b>5,556,691</b>	<b>1,180,998</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued Capital \$	Accumulated Profit (Losses) \$	Reserves \$	Total Equity \$
<b>Balance at 30 June 2020</b>	<b>8,251,219</b>	<b>(7,070,221)</b>	<b>-</b>	<b>1,180,998</b>
Profit for the half year	-	3,559,045		3,559,045
Share Equity Reserves	-	-	816,667	816,667
Foreign Currency Translation	-	-	(19)	(19)
<b>Total comprehensive profit for the half year</b>	<b>-</b>	<b>(3,511,176)</b>	<b>816,648</b>	<b>5,556,691</b>
<b>Transaction with equity holders, in their capacity as equity holders</b>				
Issue of ordinary shares, net of transaction costs	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>8,251,219</b>	<b>(3,511,176)</b>	<b>816,648</b>	<b>5,556,691</b>
<b>Balance at 30 June 2019</b>	<b>8,251,219</b>	<b>(6,811,578)</b>	<b>-</b>	<b>1,439,641</b>
Loss for the half year	-	(166,963)	-	(166,963)
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>(166,963)</b>	<b>-</b>	<b>(166,963)</b>
<b>Transaction with equity holders, in their capacity as equity holders</b>				
Issue of ordinary shares, net of transaction costs	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>8,251,219</b>	<b>(6,978,541)</b>	<b>-</b>	<b>1,272,678</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# **CONSOLIDATED STATEMENT OF CASH FLOWS** FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		3,292,459	3,294,745
Government grants and tax incentives received		361,625	253,251
Payments in the course of operations		(3,773,956)	(2,984,922)
Interest received		382,512	105,588
Interest paid		(29,935)	(805)
<b>Net cash inflow from operating activities</b>		<b>232,705</b>	<b>667,857</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangibles		(11,395)	(2,254)
Lease payments received		656,533	126,327
Deposit on mining-equipment acquired and leased to a third party		(373,560)	(826,117)
Other (short term investment)	6	(500,000)	-
<b>Net cash (outflow) from investing activities</b>		<b>(228,422)</b>	<b>(702,044)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,283</b>	<b>(34,187)</b>
<b>Cash and cash equivalents as at beginning of the period</b>		<b>268,504</b>	<b>177,592</b>
<b>Effect of movement in exchange rates on cash held</b>		<b>(62,854)</b>	<b>(1,620)</b>
<b>Cash and cash equivalents as at end of the period</b>		<b>209,933</b>	<b>141,785</b>

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 1. REPORTING ENTITY

BauMart Holdings Limited ("**BauMart**", "**Company**" or "**Parent Entity**") is a public company limited by shares incorporated in Australia whose shares are traded on the Australian Securities Exchange.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "**Consolidated Entity**" or "**Group**") and authorised for issue by the Board of Directors on 24 February 2021.

### 2. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Consolidated Entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of BauMart Holdings Limited and its controlled entities (referred to as the "Consolidated Entity" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 24 February 2021.

#### a) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### b) New and amended Accounting Standards and Interpretations adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2020 affected any of the amounts recognised in the current period or any prior period.

The Group has adopted the new Conceptual Framework for Financial Reporting, which is applicable to annual reporting periods beginning on or after 1 January 2020. The adoption of this Conceptual Framework from 1 January 2020 has not led to any changes in accounting or disclosure for the Group, but the new Conceptual Framework may be referred to if accounting matters arise that are not addressed by accounting standards.

The Group has adopted the new definition of Material included in AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material, which is applicable to annual reporting periods beginning on or after 1 January 2020. The amendments provide a new definition of material which now extends materiality consideration to obscurity and clarify that materiality now depends on the nature or magnitude of information.

The Group has adopted the new definitions of Business and associated guidance in AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business, which is applicable to annual reporting periods beginning on or after 1 January 2020. The amendments clarify the minimum requirements for a business, narrowing the definition of business and of outputs, and also provide guidance to help entities assess whether an acquired process is substantive.



# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2020. Critical accounting judgements, estimates and assumptions adopted by management are discussed below.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

#### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets are assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 8.

#### *Carrying value of assets*

The plastic injection mould generates income from the units produced, which has a direct effect on the carrying value of the asset.

#### *Business combinations*

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported cash flows.

#### *Going Concern*

The interim financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a net profit of \$3,559,045 during the half year (2019: Net Loss of \$166,963). Included in trade and other receivables at 31 December 2020 is an amount of \$687,950 owed. The ability of the Consolidated Entity to pay its debts as and when they fall due and to continue as a going concern is dependent upon the Consolidated Entity's ability to generate positive cash flows through its existing business and/or raise further equity.

The Directors are of the opinion that there are reasonable grounds to believe the Consolidated Entity will be able to pay its debts as and when they become due and payable, and therefore continue as a going concern after consideration of the following factors:

- The Consolidated Entity has net working capital deficiency of \$376,226 this includes cash reserves of \$209,933 as at 31 December 2020;
- The Consolidated Entity has no loans or borrowings;
- The Directors are confident that the trade receivables amount of \$687,950 referred to in Note 5 are fully recoverable following discussions with the debtors;
- The budgets and forecasts reviewed by the Directors for the next 12 months anticipate that the business will produce improved results;
- The mining-equipment transaction, announced in October 2019, is expected to generate positive cashflow for the remainder of the 2-year period;
- While it is the Consolidated Entity's intention to be cash flow positive through operations, the Consolidated Entity may be required to raise additional capital either through equity or debt in order to continue as a going concern. The Directors are confident that the Consolidated Entity will be able to raise further working capital either through debt or equity as and when required to continue to support the business.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		31 December 2020 \$	31 December 2019 \$
<b>4. REVENUE AND EXPENSES</b>	<b>Note</b>		
<b>(a) Other revenue</b>			
Rental from sublet of property		321,852	297,220
R&D refund		289,616	253,251
Sundry revenue		130,888	2,153
ATO Cashflow Boost		44,681	-
		<b>787,037</b>	<b>552,624</b>
<b>(b) Net finance income</b>			
Interest income		8,153	3,315
Interest income from finance lease	17	217,279	102,272
Interest expense		(882)	(804)
Interest expense from finance lease		(58,813)	-
Interest expense from unwinding of interest per AASB16	11(d)	(39,104)	(56,408)
		<b>126,633</b>	<b>48,375</b>
<b>(c) Occupancy expenses</b>			
Rental expense for warehouse		134,948	(102,014)
Rental expense for office premises		36,885	(37,790)
		<b>171,833</b>	<b>(139,804)</b>
<b>(d) Disposal of assets</b>			
Proceed from sale of asset for AG1 shares		3,500,000	-
Carrying value at date of disposal	8	(42,834)	-
		<b>3,457,166</b>	<b>-</b>
		<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade receivables – normal activities		687,950	813,020
		<b>687,950</b>	<b>813,020</b>
<b>6. OTHER CURRENT ASSETS</b>			
Deposits to suppliers		77,604	20,699
Prepaid insurance		25,465	6,115
Prepaid inventory		374	133
Prepaid services		11,108	4,260
Sundry – ATO Cashflow Boost		-	27,329
Interest yet to be paid		29,436	80,121
Short-term investment <sup>1</sup>		500,000	-
		<b>643,987</b>	<b>138,657</b>
<sup>1</sup> In October 2020, the Company invested \$500,000 into Australian unlisted equity securities in the property sector. Subsequent to half year end, the company sold 200,000 units @ \$1.00 on 9 February 2021 (refer to note 20)			
<b>7. INVENTORIES</b>			
Materials handling supply		443,337	310,639
Building materials supply		61,286	58,660
Source and Procure supply		4,008	3,000
		<b>508,631</b>	<b>372,299</b>

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 8. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Pooled Assets \$	Right-of-use asset \$	Total \$
<b>At 31 December 2020</b>						
Cost	2,580,636	22,706	36,370	2,285	2,281,854	4,923,851
Accumulated depreciation	(2,335,276)	(13,398)	(25,774)	(1,233)	(380,309)	(2,755,990)
Disposals	(42,834)	-	-	-	-	(42,834)
Net book amount	202,526	9,308	10,596	1,052	1,901,545	2,125,027
<b>At 30 June 2020</b>						
Cost	2,580,636	22,706	31,649	3,796	3,042,472	5,681,259
Accumulated depreciation	(1,278,588)	(11,580)	(22,593)	(1,119)	(760,618)	(2,074,498)
Impairment charge	(1,038,821)	-	-	-	-	(1,038,821)
Net book amount	263,227	11,126	9,056	2,677	2,281,854	2,567,940

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial period.

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Pooled Assets \$	Right-of-use asset \$	Total \$
<b>Half Year ended 31 December 2020</b>						
Opening net book amount	263,227	11,126	9,056	2,677	2,281,854	2,567,940
Additions	-	-	4,721	-	-	4,721
Depreciation charges	(17,867)	(1,818)	(3,181)	(239)	(380,309)	(403,414)
Disposals	(42,834)	-	-	(1,386)	-	(44,220)
Closing net book amount	202,526	9,308	10,596	1,052	1,901,545	2,125,027
<b>Year ended 30 June 2020</b>						
Opening net book amount	276,633	14,742	7,074	1,740	-	300,189
Additions	-	-	7,234	1,511	3,042,472	3,051,217
Depreciation charges	(233,709)	(3,616)	(5,252)	(574)	(760,618)	(1,003,769)
Impairment charge	220,303	-	-	-	-	220,303
Disposals	-	-	-	-	-	-
Closing net book amount	263,227	11,126	9,056	2,677	2,281,854	2,567,940

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 9. INTANGIBLES

	Note	31 December 2020 \$	30 June 2020 \$
<b>Trademarks (Net-book-value)</b>			
Carrying amount at the beginning of the year		2,402	3,016
Additions		8,219	-
Amortisation		(516)	(614)
Net carrying value		10,105	2,402
<b>Computer Software (Net-book-value)</b>			
Carrying amount at the beginning of the year		1,181	2,101
Additions		-	-
Amortisation		(462)	(920)
Net carrying value		719	1,181
Cost		8,412	8,412
Additions		8,219	-
Accumulated amortisation		(5,807)	(4,829)
Net carrying value		10,824	3,583

## 10. TRADE AND OTHER PAYABLES

### Current

Trade payables – normal activities		1,283,792	1,434,395
Trade payables – supplier of mining-equipment	17	808,039	1,297,159
Other payables		230,730	131,250
Other payables – accrued engineer fees	17	-	76,263
Other payables – accrued interest mining equipment supplier	17	70,939	100,874
		<b>2,393,500</b>	<b>3,039,941</b>

## 11. LEASES

### (a) Right-of-use assets

Rental Property balance at 1/7/2020		2,281,854	-
Additions		-	3,042,472
Depreciation		(380,309)	(760,618)
Rental Property balance at 31/12/2020		1,901,545	2,281,854

### (b) Lease liabilities

Current		779,245	726,729
Non-current		1,226,497	1,642,377
		<b>2,005,742</b>	<b>2,369,106</b>

### (c) Depreciation charge of right-of-use asset

Depreciation expense per AASB 16		380,309	760,618
		<b>380,309</b>	<b>760,618</b>

### (d) Interest expense on lease liabilities (under net finance income)

Interest expense from the unwinding of interest per AASB 16	4(b)	39,104	112,815
		<b>39,104</b>	<b>112,815</b>
Total half-yearly cash outflows for leases		<b>419,413</b>	<b>873,433</b>

The sublet of the leased property has been treated as an operating lease and as a result of the above, the group receive rental income as per note 4(a).

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 12. FINANCE LEASE RECEIVABLE

	31 December 2020 \$	30 June 2020 \$
Current Finance Lease Receivable	799,589	1,308,670
Non-Current Finance Lease Receivable	703,896	1,168,184
Total	<u>1,503,485</u>	<u>2,476,854</u>

## 13. OTHER NON-CURRENT ASSETS

Long Term Equity Investments		
Sale of glass processing equipment for 11,666,667 AG1 shares at \$0.30 each on 24/07/2020	3,500,000	-
Movement in fair value	816,667	-
Fair value as at 31 December 2020 <sup>1</sup>	<u>4,316,667</u>	<u>-</u>

<sup>1</sup>The company holds 11,666,667 ordinary fully paid shares in Australia Sunny Glass Group Limited. The fair value of the investment has been determined based on the last quoted market price sale of the securities being \$0.37 as of 31 December 2020. The last trading of AG1 shares was on 7 December 2020 and there have been no trades since then up till the date of this report. Refer to the National Stock Exchange for more information.

## 14. ISSUED CAPITAL

144,744,757 (30 June 2020: 144,744,757) fully paid ordinary shares	<u>8,251,219</u>	<u>8,251,219</u>
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### (a) Ordinary shares

The following movements in ordinary share capital occurred during the half year:

	31 December 2020 No.	30 June 2020 No.	31 December 2020 \$	30 June 2020 \$
Balance at beginning of the period	144,744,757	144,744,757	8,251,219	8,251,219
Balance at the end of the period	<u>144,744,757</u>	<u>144,744,757</u>	<u>8,251,219</u>	<u>8,251,219</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

### (b) Options

No options were issued, exercised or lapsed during the half year.

There were no options to subscribe for ordinary fully paid shares at the end of the half year.



# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 14. ISSUED CAPITAL (continued)

### (c) Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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 although there is no formal policy regarding gearing levels.

There were no changes in the Consolidated Entity's approach to capital management during the half year. The Consolidated Entity is not subject to any externally imposed capital requirements.

## 15. CONTINGENCIES AND COMMITMENTS

The Consolidated Entity does not have any contingent liabilities as well as contractual commitments at balance and reporting dates.

## 16. SUBSIDIARIES

Name of entity	Country of incorporation	Equity holding 31 December 2020	Equity holding 30 June 2020	Principal activities
Buildmart Services Pty Ltd	Australia	100%	100%	Project Management, Source and ProcureServices
Eco Pallets Pty Ltd	Australia	100%	100%	Materials handling product supply
Eco Pallets NZ Limited	New Zealand	100%	100%	Materials handling product supply

During the period ended 31 December 2020, the wholly owned subsidiary BMX was deregistered on 15 July 2020.

## 17. FINANCE LEASE RECEIVABLE

In October 2019, the Consolidated Entity secured a finance lease contract with Newfield Resources Limited (ASX:NWF) (**Newfield**) to supply various underground mining equipment, including 2x Drill Rig Jumbos, 2x Haul trucks and 2x LHD Loaders. The Consolidated Entity's wholly owned subsidiary, Buildmart Services Pty Ltd (**Buildmart**) has sourced and financed the purchase of mining equipment with a total value of ~AUD\$3.6m. As at 31 December 2020, Buildmart has a liability to pay to the manufacturer of \$808,039 and accrued interest payable of \$70,939 at a rate of 8% on the outstanding balance. Refer ASX announcement dated 4 October 2019 for additional information.

The initial contract term is for 3 years, subject to early termination and purchase options with an implied interest rate of 14% per annum. The contract, in the form of a finance lease, will generate approximately AUD\$1.2m in interest income over its 3-year tenure.

Under the contract, Buildmart will provide service and maintenance support for the first 12 months. Newfield will assume responsibility for servicing and maintenance of the equipment for the remainder of the term.

The equipment cost of ~AUD\$2.3m has been funded through existing working capital and a 12-month accounts payable credit term has been obtained from the manufacturer to assist with ongoing working capital requirements.

For accounting purposes, the transaction has been recorded as a finance lease. A finance lease receivable of \$1,503,485 is comprised of current and non-current assets of \$799,589 and \$703,896 respectively. The Consolidated Entity has not recognised an asset since all risks and rewards have been transferred to Newfield at the commencement of the lease.

The Consolidated Entity recognised interest income from the finance lease of \$217,279 as at 31 December 2020.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 18. EARNINGS / (LOSS) PER SHARE

#### Basic and diluted earnings / (loss) per share

The calculation of basic earnings / (loss) per share at 31 December 2020 was based on the following:

	31 December 2020 \$	31 December 2019 \$
<b>Earnings / (Loss) attributable to ordinary shareholders</b>		
Net profit / (loss) for the year attributable to owners of the Company	3,559,045	(166,963)
<b>Weighted average number of ordinary shares</b>	<b>Number</b>	<b>Number</b>
Balance at beginning of year	144,744,757	144,744,757
Balance at end of year	144,744,757	144,744,757

Diluted earnings/(loss) per share must be calculated where potential ordinary shares on issue are dilutive. There are no potential ordinary shares outstanding as set out in Note 14.

### 19. SEGMENTS INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity is managed primarily based on product category and service offerings since the diversification of the Consolidated Entity's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the products sold and/or services provided by that segment.

#### Types of products and services by segment

##### *Materials Handling Supply*

The Materials Handling Supply division is focused on the Australia and New Zealand wide supply of plastic materials handling unit load devices, such as plastic pallets and plastic crates.

##### *Building Materials Supply*

The Building Materials Supply is focused on the supply of building products and materials procured from local and offshore suppliers to both the residential and commercial property construction markets.

##### *Source & Procurement Supply*

The Sourcing and Procurement division is focused on providing specialised procurement solutions to a broad range of sectors.

##### *Equipment Investments*

The Equipment Investments division is focused on acquiring specialised equipment. The business model contemplates the acquisition of specialised equipment with the intention of leasing the equipment to specialised operators, providing the Consolidated Entity with lease income. This segment will be amended in FY21 following the sale of the glass processing equipment.

#### Basis of accounting for purposes of reporting by operating segments

##### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

All inter-segment loans payable and receivable are eliminated on consolidation for the Consolidated Entity's financial statements.

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 19. SEGMENTS INFORMATION (continued)

### Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances segment assets are clearly identifiable on the basis of their nature and physical location.

### Segment Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Consolidated Entity and are not allocated. Segment liabilities include trade and other payables and certain borrowings.

### Unallocated items

Items of revenue, expenses, assets and liabilities which are not considered part of the core operations of any segment are allocated to Corporate and Administrative:

	Segment Revenue <sup>1</sup>		Segment Results		Segment Assets		Segment Liabilities	
	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$
Materials Handling Supply	\$2,298,336	\$1,809,106	\$152,973	\$76,882	\$1,471,027	\$1,278,783	\$1,267,710	\$1,114,575
Building Materials Supply	\$62,592	\$141,088	(\$524,240)	(\$570,123)	\$6,291,228	\$2,331,121	\$2,268,609	\$2,861,918
Source & Procurement Supply	\$510,361	\$159,230	\$189,958	\$74,111	\$2,095,924	\$2,572,202	\$910,550	\$1,480,423
Equipment Investments	\$3,457,166	-	\$3,457,166	(\$5,490)	-	\$58,016	-	-
Corporate & Administrative	\$557,375	\$555,938	\$283,188	\$257,657	\$148,325	\$400,735	\$2,944	\$2,943
<b>Consolidated Entity (Total)</b>	<b>\$6,885,830</b>	<b>\$2,665,362</b>	<b>\$3,559,045</b>	<b>(\$166,963)</b>	<b>\$10,006,504</b>	<b>\$6,640,857</b>	<b>\$4,449,813</b>	<b>\$5,459,859</b>

<sup>1</sup> Segment revenue includes sale of goods, income from delivery of services and other revenue earned during the period.

## 20. EVENTS SUBSEQUENT TO REPORTING DATE

On 9<sup>th</sup> February 2021, a principal repayment of \$200,000 was received from the Company's investment in Australian unlisted equity securities. Refer Note 6 for more details.


## DIRECTORS' DECLARATION

In the opinion of the Directors of BauMart Holdings Limited:

1. the consolidated financial statements and notes, set out on pages 9 to 21, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 24<sup>th</sup> day of February 2021

Signed in accordance with a resolution of the Directors.



Matthew Logan  
*Executive Director*

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
BAUMART HOLDINGS LIMITED**

**Report on the Half Year Financial Report**

*Conclusion*

We have reviewed the half-year financial report of Baumart Holdings Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information and condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Baumart Holdings Limited (the consolidated entity). The consolidated entity comprises both Baumart Holdings Limited (the Company) and the entities it controlled during the half year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half year financial report of Baumart Holdings Limited for the period ended 31 December does not present fairly, in all material respects, or giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its financial performance and its cash flows for the half-year ended on that date; in accordance with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Baumart Holdings Limited in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Material Uncertainty Regarding Going Concern*

Without qualification to the review conclusion expressed above, attention is drawn to the following matters:

As referred to in Note 3 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2020, the entity has cash and cash equivalents amounting to \$209,933 and has a net working capital deficiency of \$373,226. The ability of the consolidated entity to continue as a going concern is subject to the consolidated entity returning to profitability and achieving the budgeted revenues or raising additional capital. In the event that the consolidated entity is not successful in achieving budgeted revenues and returning to profitability or raising additional capital, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values.



*Responsibility of Management for the Financial Report*

Management of Baumart Holdings Limited are responsible for the preparation and fair presentation of the half year financial report in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and for such internal control management determine is necessary to enable the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report does not present fairly, in all material respects, or giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its financial performance and its cash flows for the half-year ended on that date; in accordance with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
24 February 2021

24 February 2021

Board of Directors  
Baumart Holdings Limited  
15 McCabe St  
North Fremantle WA 6159

Dear Directors

**RE: BAUMART HOLDINGS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Baumart Holdings Limited.

As Audit Director for the review of the financial statements of Baumart Holdings Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**

**Martin Michalik**  
**Director**