ABN 87 602 638 531

BAUMART HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

CONTENTS

CORPORATE DIRECTORY

Directors

Ms Agata Nisianti Dharma – Executive Director
Mr Jack Spencer-Cotton – Non-Executive Director
Mr Anson Gan – Non-Executive Director

Company Secretary

Mr Nicholas Ong

Principal Place of Business

Unit 16A, 81 Briggs Street,
Carlisle WA 6101

Telephone: +61 8 6558 0810
Website: www.baumart.com.au

Registered Office

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Share Registry

Automic Registry Services
Level 5, 126 Philip Street, Sydney NSW 2000

Telephone: +61 8 9389 8033
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Auditor

Stantons International Audit and Consulting Pty Ltd
Level 2, 40 Kings Park Rd
West Perth WA 6005

Australian Securities Exchange

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

ASX Code: BMH

Appendix 4E

For the year ended 30 June 2024

The following information is provided to the ASX under listing rule 4.3A

Company Name:	BauMart Holdings Limited (the **Company**)
ABN:	87 602 638 531
Reporting Period:	Year ended 30 June 2024
Previous Reporting Period:	Year ended 30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2024	**30 June 2023**	**Change up/ (down) %**
$ Revenue from ordinary activities ($'000)	487	1,463	66.7%
$ Revenue from discontinued operations ($'000)	-	803	NA
$ Profit (loss) from continuing operations after tax ($'000)	(4,677)	(301)	1453.8%
$ Profit (loss) from discontinued operations after tax ($'000)	-	625	NA
$ Net profit (loss) attributable to members ($'000)	(4,677)	324	1343.5%
Net tangible assets per security	0.003	0.04	-92.5%

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

The Independent Auditor's Report contains a material uncertainty related to going concern.

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

REVIEW OF OPERATIONS

BauMart Holdings Limited (the **Company**) and its controlled entities (the **Group**) provide the following review of operations for the year ended 30 June 2024.

GROUP OPERATIONS

Group Revenue for continuing operations was $486,981 for the financial year ended 30 June 2024 (2023: $1,463,023). The Group recorded net loss of $4,677,224 for the current financial year (2023: profit of $324,179).

The Group continued to review ongoing operations throughout the year, and management turned their focus towards the Source and Procure Division and two key projects, being the mining supplies project and the Washpod distribution project. The Group also continued its review of corporate and administration costs Post the end of reporting period, the Group appointed Ms Agata Dharma as Executive Director to drive business outcome by strengthening existing business divisions through the development of new opportunities.

SOURCE & PROCURE UPDATE

The division provides sourcing, procurement, and end-to-end supply chain services for its network of clients, and a key project is the supply of mining consumables and equipment. The division achieved top line revenue of $441,831 (2023: $1,463,023) during financial year 2024.

The Group has invested significant resources during the year towards identifying and establishing new business relationships with overseas suppliers and to grow its pipeline of orders. A key focus for financial year ended 30 June 2024 is the expansion of the mining supplies project, with plans to explore trade facility and other financing avenues to fund working capital requirements.

The Group completed sale and leaseback arrangements for several Washpod machines in financial year ended 30 June 2023 and more recently, has progressed discussions with overseas partners on distribution networks and/or arrangements for new markets. The Group continues to work closely with Washpod on product improvements and will continue to review and evaluate distribution opportunities.

STRATEGIC BUSINESS OBJECTIVES

The Board will continue to focus on driving the growth of the mining supplies project as well as the distribution of Washpods for financial year ended 30 June 2025, whilst carefully monitoring the Group's cash flow requirements and expenditures. The Board and management remain committed to identifying new projects and opportunities that will provide the Group with new revenue streams and a sustainable business model.

The Board will also continue to review potential funding avenues to secure and access additional working capital for the above objectives.

MATERIAL BUSINESS RISK

There are a number of factors, both specific to the Group and of a general nature, which may threaten both the future operating and financial performance of the Group. The operating and financial performance of the Group is influenced by a variety of general economic and business conditions, including inflation, interest and exchange rates, access to debt and capital markets.

The Group makes every effort to identify materials risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

Liquidity risk

The Group has incurred a net loss for the year ended 30 June 2024 of $4,677,224 (2023: profit $324,179), which included a $3,500,000 write-down of its investments in Australia Sunny Glass Group Limited. At 30 June 2024, the Group had a cash balance of $4,352 (2023: $80,693).

These conditions indicate a liquidity risk to the Group's operation. However, the Group have implemented various measures to mitigate the risk, including:

- Continued to strengthen debtor collection. As at 30 June 2024, the Group had receivables totalling $746,294. Various robust debtor collection strategies have been implemented and around $100,000 was collected subsequent to the year-end;
- The Group had inventories valued at $230,262 as of 30 June 2024. All the goods are fully paid and available for resale. Subsequent to the year-end, new sales were generated with a positive margin;
- New market opportunities: The Group is in advanced discussions with potential partners that could facilitate penetration into new markets. These partnerships are expected to not only boost sales but also enhance the Group's overall market presence.
- Structured payment plans: The Group is working to negotiate payment arrangement plans with creditors, aiming to provide flexibility in cash flow management without compromising its operational capabilities;
- Reduction of operational expenses. The Group has undertaken significant cost reduction initiatives, including streamlining operations, renegotiating supplier contracts, and optimizing labour costs. These measures have already started to create saving;
- Available bank overdraft and trade finance facilities. As of 30 June 2024, the Group had unused banking facilities with a total of $299,950.

Dependence on third party suppliers and/or resellers

The Group's business model heavily depends on third-party suppliers for the procurement of essential materials, components, and services, as well as on resellers for the distribution and sale of its products. This reliance means that the performance, reliability, and stability of these external partners directly impact the Group's ability to operate efficiently and meet customer demand.

To mitigate the risks of dependence on third-party suppliers and resellers, the Group aims to diversify its supplier and reseller base, strengthen relationships through long-term partnerships. In addition, the Group regularly assess supplier risks, establish contractual safeguards, and engage directly with customers to build brand loyalty and reduce dependency on third-party channels. The Group has support measures in place, including regular scheduled forecasting, maintenance of supply contracts and dual sourcing of key suppliers however any disruption could materially impact the Group's operations and may affect customer confidence.

Market volatility

Changes in demand for the Group's products or adverse activities in key industry sectors may influence ongoing demand and pipeline opportunities for the Group's key divisions, including but not limited to supply of materials, global supply chain disruptions, distribution capacity constraints and technology upgrades for mining equipment in the wider industry. Demand for the Group's products may vary due to economic cycles, shifts in consumer preferences, or changes in industry regulations. A downturn in key markets can lead to reduced sales volumes, impacting revenue and profitability.

The Group is considering to expand the range of products or services offered to reduce reliance on a single product line or market segment. By catering to different customer needs or entering new markets, the Group can spread risk and reduce the impact of a downturn in any one area. In addition, the Group is actively seeking business opportunities in different geographic regions to mitigate the impact of localised economic downturns.

Additional Requirement for Funding

The Group's funding requirements depend on numerous factors including the Group's future business plan and development. Furthermore, the Company may require further capital in addition to current cash reserves to fund future projects. If required funding cannot be sourced, then this may limit the capacity of the Group to execute its business strategy and operational programs.

Additional equity funding, if available, may be dilutive to shareholders and at lower prices than the current market price. Debt funding, if available, may involve restrictions on financing and operating activities and be subject to risks relating to movements in interest rates. Increases in interest rates may make it more expensive for the Company to fund its operations.

Industry-Specific Downturns

The Group may be exposed to risks related to downturns in specific sectors it serves. For instance, if the Group is involved in the mining industry, a global decline in commodity prices or stricter environmental regulations could reduce investment in mining operations, directly affecting demand for the Group's products.

The Group considers to expand the Group's offerings to other sectors beyond mining, such as construction, renewable energy, or infrastructure, the Group can reduce its dependence on the mining sector and buffer against downturns in any single industry.

Cost Inflation

Cost inflation risk refers to the potential negative impact on the Group's profitability due to rising costs of inputs such as materials, labour, energy, and transportation. When these costs increase, the Group may face margin compression if it is unable to pass these higher costs onto customers through price adjustments.

Although the Group is unable to predict with certainty what the inflated costs may be, the Board ensures that costing and budgeting are appropriately benchmarked, and management continues to have a key focus on cost control measures and seeking efficiencies and lead to further cost reductions.

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30 August 2024

Board of Directors
Baumart Holdings Limited
Unit 16A, 81 Briggs Street
CARLISLE WA 6101

Dear Directors

RE: BAUMART HOLDINGS LTD

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 audit of the financial statements of Baumart Holdings Limited for the year ended 30 June 2024, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Eliya Mwale
Director

Liability limited by a scheme approved under Professional Standards Legislation

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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 or Group) for the year ended 30 June 2024 and the auditor's report thereon.

DIRECTORS

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

Ms Agata Dharma

Executive Director – appointed 18 July 2024

Ms Dharma has significant experience in finance and innovation with a proven track record of executing complex projects in diverse global industries. Agata's strategic leadership skills have led to significant achievements, including the successful implementation of innovative solutions for large-scale government and corporate initiatives. Ms Dharma holds degrees in Computer Science from The University of Western Australia and International Business and Commerce from the University of Vermont.

Mr Jack Dylan Spencer-Cotton

Non-Executive Director – appointed 4 April 2024

Mr Spencer-Cotton has over three decades of experience in the field of engineering. His career includes senior engineering roles at ERG Group Ltd, Sanmina-SCI Corporations and Pfizer Australia. In addition to managing his own engineering and consulting business, Jack serves as a non-executive director for two other ASX-listed companies.

Mr Anson Gan

Non-Executive Director, B.Eng (Hons) – appointed 19 March 2015

Mr Gan is a registered electrical engineer with the Institution of Engineers (Malaysia). He has held a range of project engineering and consulting positions with various engineering companies in Australia, Malaysia and China, as well as establishing his own business specialising in green building design and green energy technology and the supply of green building materials.

He is experienced in electrical engineering, project management and green building consultancy in large scale residential and commercial construction projects in Malaysia.

Mr Gan has a Bachelor of Engineering with a major in Electrical Engineering from Curtin University, Western Australia.

Mr Hadi Widayat

Executive Director – appointed 20 February 2023 (resigned 30 April 2024)

Mr Widayat has a wealth of experience in banking and corporate finance, with a career of more than 25 years serving in various senior management and company directorship roles with private and multi-national companies in the South-East Asian region. In his previous roles, he was responsible for a number of value-accretive mergers and acquisitions, and successfully led a number of business expansions and successful joint ventures across a diverse range of industries, spanning from manufacturing to property development. Hadi holds a Bachelor of Business Administration majoring in Finance and Information System from the University of Washington, Seattle.

Mr Ben Talbot

Executive Director – appointed 1 January 2022 (transitioned from Executive Director to Non-Executive Director on 1 April 2023) (resigned on 18 July 2024)

Ben has over 15 years' experience as a senior financial and engineering consultant with special interests in the aviation industry and rural communities. In this role, he provided strategic planning, compliance and corporate services to his clients in various engineering and development projects, all over regional Western Australia.

Between 2000-2005 Ben developed a security solutions business installing integrated electronic security systems and access control solutions for his clients. Ben has also been involved in the management of his family's farming interests in the south-west region of WA and has over 25 years' experience in the agribusiness and finance sector.

Ben holds a Juris Doctor from the University of Southern Queensland, and MBA from Murdoch University and a Bachelor of Business from the Edith Cowan University, and an Advanced Diploma of Electrical Engineering from EIT. He also holds a commercial pilot's licence with a flight instructor rating.

Mr Berthus Budiman

Non-Executive Director – appointed 31 October 2014 (transitioned from Executive Director to Non-Executive Director on 1 February 2022) (resigned 13 March 2024)

Mr Budiman has more than 30 years' experience in the manufacturing, wholesale and distribution industry across an extensive range of products such as building and raw materials, industrial products, pharmaceutical products and consumer goods in South East Asia.

Prior to joining BauMart, Mr Budiman held senior management positions with global corporations such as Young Corporation (Young Indonesia Pratama, PT), Mahakam Group of Companies and SC Johnson & Son (Indonesia).

During his time with the Young Corporation as Vice President, Mr Budiman oversaw the establishment of various distribution companies and manufacturing facilities in Asia Pacific, Europe, the Middle East and North and South America. Mr Budiman studied at the Christian University of Indonesia's Faculty of Mechanical Engineering from 1967 to 1970.

COMPANY SECRETARY

Mr Nicholas Ong B. Com. MBA – appointed 25 July 2024

Mr Nicholas Ong brings 20 years' of experience in listing rules compliance and corporate governance. He is a non-executive director and company secretary of several ASX listed companies, and has extensive experience in mining project finance as well as mining and offtake contract negotiations. Mr Ong is a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Ms Natalie Teo, B. Com. – appointed 19 March 2015 (resigned 4 April 2024)

Ms Teo graduated with Bachelor of Commerce majoring in Marketing and Management and a Master's in Accounting from Curtin University in Western Australia. She also holds a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

Ms Teo is a Chartered Secretary and an Associate of the Governance Institute of Australia. She is currently the secretary to several ASX and NSX-listed entities and is working with a firm which provides company secretarial and accounting services to both listed and unlisted entities.

Mr Amos Tan – appointed 4 April and resigned 25 July 2024

Mr Amos Tan was appointed the Company's secretary on 4 April 2024 and resigned on 25 July 2024.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of directorship From	To
Ms Agata Dharma	Not Applicable	-	-
Mr J Spencer-Cotton	Newfield Resources Ltd	24 May 2021	present
Mr J Spencer-Cotton	Mustera Property Group	4 April 2024	present
Mr A Gan	Not Applicable	-	-
Mr H Widayat	Not Applicable	-	-
Mr M Logan[2]	Not Applicable	-	-
Mr B Talbot	Not Applicable	-	-
Mr B Budiman	Not Applicable	-	-

DIRECTORS' INTERESTS

The relevant interests of each director in the securities of the Company at the date of this report are as follows:

Director	Shares
Ms Agata Dharma (appointed 18 July 2024)	-
Mr J Spencer-Cotton (appointed 4 April 2024)	60,000
Mr A Gan	8,500,000
Mr H Widayat (resigned 30 April 2024)	-
Mr B Talbot (resigned 18 July 2024)	-
Mr B Budiman (resigned 13 March 2024)	1,000,001

DIRECTORS' MEETINGS

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company during the year are:

	Board Meetings	
Director	Held	Attended
Mr H Widayat[1]	6	6
Mr B Talbot	8	4
Mr B Budiman[2]	5	4
Mr A Gan	8	8
Mr J Spencer-Cotton[3]	3	3

[1] Mr Widayat was appointed on 20 February 2023 and resigned on 30 April 2024.
[2] Mr Budiman resigned on 13 March 2024.
[3] Mr Spencer-Cotton was appointed on 4 April 2024.

PRINCIPAL ACTIVITY

The origins of the Company began with sourcing distribution partnerships with suppliers of building materials and its investment and leasing of automated glass-processing equipment. Since its listing in June 2015, the Company has diversified its business across a broad range of divisions, including, but not limited to:

- sourcing, procurement and end-to-end supply chain services;
- supply and distribution of industrial products, including the Washpod machine; and
- other managed services.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no ordinary fully paid shares issued during the year.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Total shares on issue at 30 June 2024 were 144,744,757 fully-paid ordinary shares.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue to develop its principal activities as described above, including the expansion of its mining supplies project.

The Company has been assessing the opportunity to supply contract hire mining equipment to local mining companies. BauMart is in ongoing discussions with agents of overseas mining equipment manufacturers to determine the best business model as an equipment solutions provider. The new business, if launched, will first target the Company's existing clients and will eventually target new clients through business development opportunities.

The Company is also identifying partnership opportunities to provide building material solutions to construction companies in the commercial property development sector.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

ENVIRONMENTAL REGULATION

The Directors are not aware of any particular and significant environment regulation under a law of the Commonwealth, State or Territory relevant to the Consolidated Entity.

CORPORATE GOVERNANCE

The Company's 2024 Corporate Governance Statement can be found on the Company's website: https://baumart.com.au/corporate-governance/

EVENTS SUBSEQUENT TO REPORTING DATE

On 18 July 2024, the Company announced that Ms Agata Dharma be appointed the Executive Director.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

SHARE OPTIONS

Options granted, exercised or lapsed

No options have been granted, exercised or lapsed since the end of the previous financial year and to the date of this report.

Unissued shares under option

There were no options to subscribe for ordinary fully paid shares at the end of the year or at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors and Company Secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not, during or since the year indemnified or agreed to indemnify the auditor of the Company or any related entity against liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

The Company's auditor, Stantons, did not provide any non-audit services during the year.

	30 June 2024 $	30 June 2023 $
Stantons International Audit and Consulting Pty Ltd Amounts paid for audit services provided during the year are set out below:		
Audit and review of financial reports	37,000	36,458
Total remuneration for audit services	37,000	36,458

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 52.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

REMUNERATION REPORT - AUDITED

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

For the purposes of this report, key management personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key management personnel

The following were key management personnel of the Consolidated Entity at any time during the year and unless otherwise indicated were key management personnel for the entire year:

Name	Position held
Ms A Dharma	Executive Director – appointed 18 July 2024
Mr H Widayat	Executive Director – resigned 30 April 2024
Mr B Talbot	Non-Executive Director – resigned 18 July 2024
Mr A Gan	Non-Executive Director
Mr J Spencer-Cotton	Non-Executive Director – appointed 4 April 2024
Mr B Budiman	Non-Executive Director – resigned 13 March 2024

REMUNERATION REPORT – AUDITED (continued)

Principles of remuneration

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the achievement of strategic objectives;
- the Consolidated Entity's performance including:
  - the growth in share price; and
  - the amount of incentives within each key management person's compensation.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives and senior managers. Remuneration is determined by the Board as a whole as the Company has not yet established a remuneration committee.

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders in general meeting. Total remuneration for all non-executive directors, last voted upon by shareholders at a meeting held in February 2015, is not to exceed $300,000 per annum. Directors' fees cover all main board activities and membership of committees if applicable.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation, nor do they receive any performance-related compensation.

Non-executive directors' fees as at the reporting date are as follows:

Name	Non-executive directors' fees excluding superannuation
Mr B Talbot	$20,000 per annum
Mr A Gan	$20,000 per annum
Mr J Spencer-Cotton	$20,000 per annum
Mr B Budiman	$20,000 per annum

Please note the above directors are entitled to superannuation on top of the above directors' fees.

Executive remuneration

Remuneration for executives is set out in employment agreements. Details of the employment agreement with the Executive Director are provided below.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the Consolidated Entity.

REMUNERATION REPORT – AUDITED (continued)

Long-term incentive

Long-term incentives (**LTI**) may be provided to key management personnel in the form of options over ordinary shares of the Company. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to directors subject to approval by shareholders in general meeting.

There were no options issued as LTI during the year.

The Company has introduced a policy that prohibits employees and Directors of the Company from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Company securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Consolidated Entity performance and link to remuneration

There were no performance related remuneration transactions during the year.

The earnings of the Consolidated Entity for the year are summarised below:

	30 June 2024	**30 June 2023**
Net (loss)/profit for the year attributable to owners of the Company	$(4,677,224)	$324,179
Dividends paid	Nil	Nil
Change in share price		
Share price at beginning of the year	$0.10	$0.19
Share price at end of the year	$0.085	$0.10
Earnings/(Loss) per share from continuing operations	(3.23) cents	(0.21) cents

Use of remuneration consultants

The Consolidated Entity did not engage the services of a remuneration consultant during the year.

Employment agreement

Executive Directors

The Company has entered into an employment agreement with its Executive Director, Mr Hadi Widayat, effective from 20 February 2023 (**Employment Agreement**). The Employment Agreement outlines the components of remuneration paid to Mr Widayat and will be reviewed on an annual basis. The Employment Agreement specifies the duties and obligations to be fulfilled by Mr Widayat in the role of Executive Director. As of 20 February 2023, the Company currently pays to Mr Widayat $100,000 per annum (exclusive of statutory superannuation) for his services. Mr Hadi Widayat resigned on 30 April 2024.

Following the resignation of Mr Hadi Widayat, Ms A Dharma was appointed the Executive Director on 18 July 2024 and entered into an employment agreement with the Company. She is entitled to $100,000 per annum (exclusive of statutory superannuation) for her service.

REMUNERATION REPORT – AUDITED (continued)

Either the Executive Director or BauMart Holdings may terminate the agreement at any time by giving three months' written notice to the Company. Executive Directors have no entitlement to termination payment should they terminate the agreement by written notice. BauMart Holdings may, by giving written notice to either Executive Directors, immediately terminate the agreement should a number of specified occurrences happen, including a serious breach of the agreement or serious misconduct. Executive Directors have no entitlement to termination payment in the event of removal for misconduct.

Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Remuneration of key management personnel

		Short-term employment benefits		**Post-employment benefits**	**Share-based payments**		
		Salary & fees[1] $	Other $	Superannuation benefits $	Options $	**Total $**	**Proportion of remuneration performance related %**
Executive Directors							
Ms A Dharma[1]	2024	-	-	-	-	-	-
	2023	-	-	-	-	-	-
Mr H Widayat[2]	2024	83,333	-	9,167	-	92,500	
	2023	36,250	-	3,806	-	40,056	-
Mr B Talbot[3]	2023	75,000	-	7,875	-	82,875	-
Mr M Logan[7]	2023	20,833	11,893	2,188	-	34,914	-
Non-Executive Directors							
Mr B Talbot[3]	2024	20,000	-	2,200	-	22,200	-
	2023	5,000	-	525	-	5,525	-
Mr A Gan[4]	2024	20,000	-	2,200	-	22,200	-
	2023	20,000	-	2,100	-	22,100	-
Mr J Spencer-Cotton[5]	2024	4,833	-	532	-	5,365	-
	2023	-	-	-	-	-	-
Mr B Budiman[6]	2024	14,055	-	1,546	-	15,601	-
	2023	20,000	-	2,100	-	22,100	-
Total	**2024**	**142,221**	**-**	**15,645**	**-**	**157,866**	**-**
Total	**2023**	**177,083**	**11,893**	**18,594**	**-**	**207,570**	**-**

1. Ms Dharma was appointed on 18 July 2024.
2. Mr Widayat resigned on 30 April 2024. $41,666 of Mr Widayat's salary remained unpaid as at 30 June 2024.
3. Mr Talbot transitioned to Non-Executive Director on 1 April 2023 and resigned on 18 July 2024. $13,333 of Mr Talbot's director's fee remained unpaid as at 30 June 2024.
4. $13,333 of Mr Gan's director's fee remained unpaid as at 30 June 2024.
5. Mr Spencer-Cotton was appointed on 4 April 2024. $4,833 of Mr Spencer-Cotton's director's fee remained unpaid as at 30 June 2024.
6. Mr Budiman resigned on 13 March 2024. $7,388 of Mr Budiman's director's fee remained unpaid as at 30 June 2024.
7. Mr Logan resigned on 1 September 2022. The company paid $11,893 to Mr. Logan in respect of accrued leave entitlements.

REMUNERATION REPORT – AUDITED (continued)

Share-based remuneration

There were no share-based remuneration transactions during the year.

Loans to key management personnel

There were no loans provided to key management personnel of the Consolidated Entity or their close family members or entities related to them during the year.

Key management personnel equity holdings

Fully paid ordinary shares

The movement during the year in the number of ordinary shares in the Company held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

Key management person	Held at 30 June 2023	Held at date of appointment	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2024
Ms A Dharma[1]	N/A	-	N/A	N/A	N/A	N/A
Mr H Widayat[2]	-	N/A	-	-	-	N/A
Mr B Talbot[3]	-	N/A	-	-	-	-
Mr B Budiman[4]	1,000,001	N/A	-	-	1,000,001	N/A
Mr A Gan	8,500,000	N/A	-	-	N/A	8,500,000
Mr J Spencer-Cotton[5]	-	60,000	-	-	-	60,000

Key management person	Held at 30 June 2022	Held at date of appointment	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2023
Mr H Widayat[2]	-	Nil	-	-	-	-
Mr B Talbot	-	-	-	-	-	-
Mr B Budiman	1,000,001	N/A	-	-	-	1,000,001
Mr A Gan	8,500,000	N/A	-	-	-	8,500,000
Mr M Logan[6]	3,200,000	N/A	-	-	3,200,000	N/A

[1] Ms Dharma was appointed on 18 July 2024.
[2] Mr Widayat resigned on 30 April 2024
[3] Mr Talbot resigned on 18 July 2024
[4] Mr Budiman resigned on 13 March 2024
[5] Mr Spencer-Cotton was appointed on 4 April 2024
[6] Mr Logan resigned on 1 September 2022

Share options

Directors did not hold any options at the beginning or end of the financial year.

This concludes the remuneration report, which has been audited.

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

Dated at Perth, Western Australia this 30th day of August 2024

Agata Nisianti Dharma
Executive Director
BauMart Holdings Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
CONTINUING OPERATIONS			
Revenue and other income			
Sale of goods	8(a)	486,981	1,463,023
Cost of sales		(385,229)	(1,179,441)
Gross profit		101,752	283,582
Other revenue	8 (b)	18,699	713,855
Net finance expense	8 (c)	(13,069)	(18,120)
Expenses			
Corporate and administrative expenses		(436,889)	(518,430)
Operational expenses		(38,181)	(24,689)
Occupancy expenses	8 (d)	(19,110)	18,706
Marketing expenses		1,042	(31,412)
Depreciation expenses	12 & 15(c)	(13,871)	(724,212)
Impairment provision for doubtful debt	9	(777,597)	-
Change in the fair value of financial assets	19	(3,500,000)	-
Total expenses		(4,784,606)	(1,280,037)
Loss before income tax		(4,677,224)	(300,720)
Income tax expense	7	-	-
Net loss from continuing operations		(4,677,224)	(300,720)
DISCONTINUED OPERATIONS			
Gain on disposal of discontinued operations	28	-	537,797
Net profit from discontinued operations	28	-	87,102
Net profit /(loss) for the year		(4,677,224)	324,179
Other comprehensive expense			
Items that will not be reclassified to profit or loss	18	-	(583,333)
Items that may be reclassified subsequently to profit or loss	18	-	(654)
Other comprehensive expense for the year, net of tax		-	(583,987)
Total comprehensive loss		(4,677,224)	(259,808)
Profit / (Loss) attributable to owners of the company		(4,677,224)	324,179
Total comprehensive profit / (loss) attributable to:			
Owners of the Company from continuing operations		(4,677,224)	(884,707)
Owners of the Company from discontinuing operations		-	624,899
		(4,677,224)	(259,808)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company			
Basic & diluted loss per share (cents) on continuing operations	24	(3.23)	(0.21)
Basic & diluted earnings per share (cents) on discontinuing operations	24	-	0.43

The above 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 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents	24 (c)	4,352	80,693
Trade and other receivables	9	746,294	1,504,395
Other current assets	10	6,044	31,610
Inventories	11	230,262	565,518
Total current assets		986,952	2,182,216
NON-CURRENT ASSETS			
Property, plant and equipment	12	-	-
Other non-current assets	19	-	3,500,000
Right of use assets	15 (a)	15,568	29,439
Total non-current assets		15,568	3,529,439
TOTAL ASSETS		1,002,520	5,711,655
CURRENT LIABILITIES			
Trade and other payables	13	482,499	317,144
Provision for employee benefits	14	-	22,415
Current tax liabilities		-	2,943
Lease liabilities	15 (b)	22,432	21,117
Loans & borrowings	15	-	151,000
Total current liabilities		504,931	514,619
NON-CURRENT LIABILITIES			
Lease liabilities	15 (b)	2,783	25,006
Total non-current liabilities		2,783	25,006
TOTAL liabilities		507,714	539,625
NET ASSETS		494,806	5,172,030
EQUITY			
Issued capital	17	8,251,219	8,251,219
Accumulated losses		(7,756,413)	(3,079,189)
TOTAL EQUITY		494,806	5,172,030

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 30 June 2023	8,251,219	(3,079,189)	-	5,172,030
Loss for the year from continuing operations	-	(4,677,224)	-	(4,677,224)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	(4,677,224)	-	(4,677,224)
Transaction with equity holders, in their capacity as equity holders	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 30 June 2024	8,251,219	(7,756,413)	-	494,806
Balance at 30 June 2022	8,251,219	(3,403,368)	583,987	5,431,838
Loss for the year from continuing operations	-	(300,720)	-	(300,720)
Profit for the year from discontinuing operations	-	87,102	-	87,102
Gain on disposal of discontinued operations	-	537,797	-	537,797
Share equity reserves	-	-	(583,333)	(583,333)
Foreign currency translation reserves	-	-	(654)	(654)
Total comprehensive profit for the year	-	324,179	(583,987)	(259,808)
Transaction with equity holders, in their capacity as equity holders	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 30 June 2023	8,251,219	(3,079,189)	-	5,172,030

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 $	30 June 2023 $
Cash flows from operating activities:			
Receipts in the course of operations (continuing and discontinued operations)		500,594	1,864,992
Government grants and tax incentives received		750	150,165
Other income received		17,949	-
Payments to suppliers and employees		(410,657)	(2,409,765)
Interest paid		(10,097)	(21,247)
Net cash inflow/(outflow) from operating activities	24(a)	98,539	(415,855)
Cash flows from investing activities			
Proceeds from disposal of entities		-	1,112,926
Net cash inflow from investing activities		-	1,112,926
Cash flows from financing activities			
Proceeds from borrowings		-	613,518
Repayments of borrowings		(151,000)	(645,669)
Proceeds from sale-leaseback of equipment		-	62,500
Payments for lease liabilities	15 (e)	(23,880)	(757,271)
Net cash outflow from financing activities		(174,880)	(726,922)
Net decrease in cash and cash equivalents		(76,341)	(29,851)
Cash and cash equivalents as at beginning of year		80,693	110,544
Cash and cash equivalents as at end of year	24 (c)	4,352	80,693

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

1. REPORTING ENTITY

BauMart Holdings Limited ("**BauMart", "Company"** or "**Parent Entity"**) is a public company limited by shares, whose shares are publicly traded on the Australian Securities Exchange. The financial statements cover BauMart Holdings Limited as a consolidated entity consisting of BauMart and its subsidiaries (together referred to as the "**Consolidated Entity" or "Group"**) for the year ended 30 June 2024.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements. The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024. The directors have the power to amend and reissue the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The functional currency of the Company and its subsidiary are measured using the currency of the primary economic environment in which the Company and its subsidiary operate; being Australian Dollars. The financial statements are presented in Australia dollars and all values are rounded to the nearest dollar unless otherwise stated.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Exchange difference on translation of foreign operations are taken to the Foreign Currency Translation Reserve. During the year, comparative figures have been adjusted and/or reclassified where necessary to conform to changes in presentation for the current year.

Material accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the Group and are consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Accounting Standards and Interpretations Not Effective for this Financial Year

The Group has adopted all new and revised accounting standards applicable for the first time in this financial year. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective:

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability, effective for annual reporting periods beginning on or after 1 January 2025.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. 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:

Provision for impairment of receivables - The provision for impairment of financial assets assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Provision for impairment of non-current assets - Management makes significant judgments and estimates in determining the provision for impairment of investment. This process involves assessing objective evidence of impairment and incorporating forward-looking information, such as the financial condition of counterparties and broader economic trends.

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 is assessed at least once per year and considered against the remaining useful life.

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently by the Consolidated Entity throughout the year presented in these financial statements.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 23.

Basis of consolidation

The consolidated financial statements comprise the financial statements of BauMart Holdings Limited and its subsidiary (together referred to as the **Consolidated Entity**) as at 30 June each year.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Profit / (Losses) incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

The excess of the cost of the business combination over the net fair value of the Consolidated Entity's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Going Concern

The 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 recorded a net loss attributable to the owners of the Company of $4,677,224 for the year (2023: $324,179 net profit) and cash and cash equivalents of $4,352 (2023: $80,693). 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. This indicates that a material uncertainty exists may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

The Directors believe 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 unused trade finance and bank overdraft facilities totalling $299,950 as of 30 June 2024 (2023: $148,950). The Consolidated Entity has net working capital of $482,021 as at 30 June 2024 (2023: $1,667,597);
- As of 30 June 2024, the Consolidated Entity had $746,294 receivables after provision, $100,000 of which was collected subsequent to the year-end. The Consolidated Entity will continue to implement robust debtor collection strategies and expect most of them to be settled in the near future;
- The budget and forecasts reviewed and approved by the Directors for the next 12 months anticipate that the business will continue to produce improved results;
- New market opportunities: The Group is in advanced discussions with potential partners that could facilitate penetration into new markets. These partnerships are expected to not only boost sales but also enhance the Group's overall market presence.
- Structured payment plans: The Group is working to negotiate payment arrangement plans with creditors, aiming to provide flexibility in cash flow management without compromising its operational capabilities;
- Reduction of operational expenses. The Group has undertaken significant cost reduction initiatives, including streamlining operations, renegotiating supplier contracts, and optimizing labour costs. These measures have already started to create saving.

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

(a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

(a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

The Consolidated Entity generates its revenue from the following streams:

Sale of goods

The Consolidated Entity generates revenue from the sale of industrial equipment. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to a customer's specific location (delivery). A receivable is recognised by the Consolidated Entity when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The Group does not provide or offer any warranties for sale of goods.

Service revenue

Revenue from the provision of services is recognised in the period in which the services are rendered. The performance obligation is the supply of services over the contractual terms. The terms represent distinct contracted services that are substantially the same with the same pattern of transfer, such that they would be recognised over time.

Leases

The Consolidated Entity as a lessee

The Consolidated Entity assesses whether a contract is, or contains, a lease, at inception of the contract. The Consolidated Entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Consolidated Entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Consolidated Entity uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the group and the lease does not benefit from a guarantee from the Consolidated Entity.

Lease payments included in the measurement of the lease liability comprise :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Consolidated Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Consolidated Entity applies AASB136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the group in respect of services provided by employees up to the reporting date.

Plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method, on the following bases:

- Plant and equipment 20% - 50%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Impairment of plant and equipment

At each reporting date, the Consolidated Entity reviews the carrying amounts of its plant and equipment and to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Inventory

Finished goods are stated at the lower of cost and net realisable value. Cost in relation to finished goods comprises delivery costs, direct labour and import duties or other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Entity's statement of financial position when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As of 30 June 2024, except for trade and other receivables, all of the financial assets held by the Consolidated Entity were measured subsequently at fair value through profit or loss (FVTPL).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Consolidated Entity always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Consolidated Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Consolidated Entity recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Consolidated Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Consolidated Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Consolidated Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Consolidated Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Consolidated Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Consolidated Entity has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Consolidated Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Consolidated Entity considers a financial asset to have low credit risk when the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Consolidated Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Consolidated Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor;
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the Consolidated Entity)

Irrespective of the above analysis, the Consolidated Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Consolidated Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Consolidated Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the Consolidated Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Consolidated Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Consolidated Entity recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Consolidated Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Consolidated Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Consolidated Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

<u>Financial liabilities and equity</u>

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Consolidated Entity's financial liabilities are classified in this category.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Consolidated Entity derecognises financial liabilities when, and only when, the Consolidated Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to members of the Company for the reporting period by the weighted average number of ordinary shares of the Company.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Discontinued operations

A discontinued operation is a component (or subsidiary) of the Consolidated Entity that has been disposed of or is classified as held for sale. The results of discontinued operations are presented separately on the face of the statement of profit and loss and other comprehensive income.

5. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financials instruments and investment of excess liquidity.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Consolidated Entity. The Consolidated Entity's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk, and currency risk). The overall risk management strategy focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. Risk management is carried out under the direction of the Board.

The Consolidated Entity holds the following financial instruments as at the reporting date:

	30 June 2024 $	30 June 2023 $
Financial assets		
Cash and cash equivalents	4,352	80,693
Trade receivables (refer to Note 9)	746,294	1,504,395
Financial assets @ FVOCI	-	3,500,000
	750,646	5,085,088
Financial liabilities		
Trade and other payables (refer to Note 13)	482,499	317,144
Trade finance facility	-	151,000
Lease liabilities (refer to Note 15(b))	25,215	46,123
	507,714	514,267

The most significant financial risks to which the Consolidated Entity is exposed to are described below:

- Liquidity risk;
- Credit risk;
- Market risk – currency risk, interest rate risk, and price risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk are set out below.

	Less than 1 month	1-3 months	Over 3 months	Total
30 June 2024				
Trade and other payables	73,444	52,378	356,677	482,499
Lease liabilities	1,990	5,970	17,255	25,215
Trade finance facility	-	-	-	-
	75,434	58,348	373,932	507,714
30 June 2023				
Trade and other payables	63,649	152,085	101,410	317,144
Lease liabilities	1,990	5,970	38,163	46,123
Trade finance facility	-	-	151,000	151,000
	65,639	158,055	290,573	514,267

5. FINANCIAL RISK MANAGEMENT (Continued)

The Consolidated Entity is using a combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

	Less than 1 month $	1-3 months $	Over 3 months $	Total $
30 June 2024				
Trade and other receivables	36,231	1,771	708,292	746,294
	36,231	1,771	708,292	746,294
30 June 2023				
Trade and other receivables	1,050,057	322,973	131,365	1,504,395
	1,050,057	322,973	131,365	1,504,395

While the majority of the Consolidated Entity's trade and other receivables were aged over 3 months as of 30 June 2024, $99,600 of these aged receivable was collected subsequent to the year-end. In addition, the Consolidated Entity had unused borrowing facilities *(see Note 16)* with the bank at the reporting date*:*

	30 June 2024 $		30 June 2023 $	
	Facility amount	Unused portion	Facility amount	Unused portion
Bank overdraft facility	50,000	49,950	50,000	49,950
Trade finance facility	250,000	250,000	250,000	99,000
	300,000	300,000	300,000	148,950

<u>Credit risk</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Consolidated Entity.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for bank deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate. Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

	Gross amount $	Past due and impaired $	Past due but not impaired $	Within initial trade terms $
30 June 2024				
Trade and other receivables	1,564,673	818,379	708,292	38,002
	1,564,673	818,379	708,292	38,002
30 June 2023				
Trade and other receivables	1,504,395	40,782	402,040	1,061,573
	1,504,395	40,782	402,040	1,061,573

5. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Consolidated Entity holds financial instruments which are other than the AUD functional currency of the Consolidated Entity.

Exposures to currency exchange rates arise from the Consolidated Entity's overseas sales, which are primarily denominated in US Dollars.

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

	30 June 2024 $	30 June 2023 $
Nominal amounts		
Financial assets	606,050	823,661
Financial liabilities	-	-
	606,050	823,661

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Consolidated Entity's financial assets and financial liabilities and the USD/AUD exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a +/- 10% change of the USD/AUD exchange rate for the year ended 30 June 2024 (2023: 10%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The average exchange rate of the year was 0.6556 USD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date. If the Australian Dollar had strengthened and weakened against the USD (2023: 10%) and 10% respectively then this would have had the following impact:

	2024		**2023**	
	+10%	**-10%**	**+10%**	**-10%**
USD	**$**	**$**	$	$
Receivables	**40,405**	**(40,405)**	36,685	(36,685)

(ii) Interest rate risk

As there is no interest rate applicable on trade receivables or trade and other payables, the Consolidated Entity's primary exposure to interest rate risk is its bank overdraft facility, which has an interest rate of 12%, and its trade finance facility, which has an interest rate of 11.22% (comprising a base rate of 4.68% plus a variable component). Management believes that a 5% change in interest rates will not have a material effect on the result of operations or equity of the Consolidated Entity.

6. AUDITOR'S REMUNERATION

	30 June 2024 $	30 June 2023 $
During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:		
Stantons International Audit and Consulting Pty Ltd		
Audit and review of financial statements	37,000	36,458
	37,000	36,458

7. INCOME TAX

	30 June 2024 $	30 June 2023 $
(a) Income tax expense - current	-	-
(b) Numerical reconciliation between tax benefit and pre-tax net profit / (loss)		
Profit / (Loss) before income tax expense	(4,677,224)	324,179
Income tax calculated at 25% (30 June 2023: 25%)	(1,169,306)	81,045
Tax effect of:		
Non-deductible expenses and temporary differences	1,065,006	(82,058)
Section 40-880 deduction	(75)	(75)
Future tax benefit not brought to account	104,375	1,219
Effect of higher foreign tax rate	-	(131)
Income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)	762,336	388,100
Potential at 25% (30 June 2023: 25%)	25%	25%
	190,584	97,025
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised at 25% (30 June 2023: 25%):		
- Provisions and other timing differences	1,078,466	15,936
- Section 40-880 deduction	298	298
Unrecognised deferred tax assets relating to the above temporary differences	1,078,764	16,234

(e) Tax rates

The potential tax benefit at 30 June 2024 in respect of tax losses not brought into account has been calculated at 25% (30 June 2023: 25%). The balance at 30 June 2024 was Nil.

The income tax expense has been computed on the consolidation basis as the Consolidated Entity is a tax consolidation group.

8. REVENUE AND EXPENSES

	30 June 2024 $	30 June 2023 $
(a) Sale of goods		
Sales from source & procurement supply	441,831	1,463,023
Sales from building materials	45,150	-
	486,981	1,463,023
(b) Other revenue		
Rental from sublet of leased property	-	533,928
R&D refund	750	150,165
Other income	17,949	29,762
	18,699	713,855
(c) Net finance income		
Interest expense	(10,098)	(16,678)
Interest expense from unwinding of interest	(2,971)	(1,442)
	(13,069)	(18,120)
(d) Occupancy expenses		
Rental expense for office premises	(19,110)	18,706
	(19,110)	18,706

9. TRADE AND OTHER RECEIVABLES

	30 June 2024 $	30 June 2023 $
Current		
Trade receivables due from external customers	917,841	1,504,395
Trade receivables due from a related party	606,050	-
Total trade receivables	1,523,891	1,504,395
Loss allowance	(777,597)	-
Trade receivables, net	746,294	1,504,395
Other receivables	40,782	40,782
Loss allowance	(40,782)	(40,782)
Other receivables, net	-	-

The Consolidated Entity's exposure to credit risk related to trade and other receivables is disclosed in Note 5.

The average credit period on sales of goods is 30 - 90 days. No interest is charged on outstanding trade receivables.

The Consolidated Entity always measures the loss allowance for trade receivables at an amount equal to lifetime Expected Credit Losses (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Consolidated Entity has recognised a loss allowance of 100 per cent against all receivables over 120 days past due, except for balance due from related parties, because historical experience has indicated that these receivables are generally not recoverable.

The ageing of the receivables that are not impaired is as follows:

	30 June 2024 $	30 June 2023 $
1-30 days	36,231	1,050,057
31-60 days	1,243	187,028
61-90 days	528	135,945
90+ days	708,292	131,365
	746,294	1,504,395

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach. All ECL is assessed on an individual basis.

	30 June 2024 $	30 June 2023 $
Beginning balance	(40,782)	(40,782)
Measurement of loss allowance	(777,597)	-
Ending balance	(818,379)	(40,782)

10. OTHER CURRENT ASSETS

	30 June 2024 $	30 June 2023 $
Current		
Deposits to suppliers	-	26,340
Prepaid insurance	6,044	5,270
	6,044	31,610

11. INVENTORIES

	30 June 2024 $	30 June 2023 $
Source and procure supply	230,262	565,518

12. PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings $	Office Equipment $	Total $
At 30 June 2024			
Cost	19,101	20,007	39,108
Accumulated depreciation	(19,101)	(20,007)	(39,108)
Net book amount	-	-	-
At 30 June 2023			
Cost	19,743	21,212	40,955
Accumulated depreciation	(19,101)	(20,007)	(39,108)
Disposals	(642)	(1,205)	(1,847)
Net book amount	-	-	-
Year ended 30 June 2024			
Opening net book amount	-	-	-
Depreciation charges	-	-	-
Closing net book amount	-	-	-
Year ended 30 June 2023			
Opening net book amount	1,136	1,543	2,679
Depreciation charges	(494)	(428)	(922)
Disposals	(642)	(1,115)	(1,757)
Closing net book amount	-	-	-

13. TRADE AND OTHER PAYABLES

	30 June 2024 $	30 June 2023 $
Trade payables – normal activities	285,977	179,555
Other payables	196,522	137,589
	482,499	317,144

The ageing of the past due trade payables – normal activities are as follows:

1-30 days	20,227	19,718
31-60 days	14,367	72,706
61-90 days	14,116	87,131
90+ days	237,267	-
	285,977	179,555

The Consolidated Entity's exposure to liquidity risk related to trade and other payables is disclosed in Note 5.

14. EMPLOYEE BENEFITS

	30 June 2024 $	30 June 2023 $
Liability for annual leave and other entitlements	-	**22,415**

15. LEASES

	30 June 2024 $	30 June 2023 $
(a) Right-of-use assets (ROU)		
Opening net book value	29,439	735,220
Additions	-	48,522
Adjustment to ROU	-	(31,013)
Depreciation	(13,871)	(723,290)
Closing net book value	15,568	29,439
(b) Lease liabilities		
Current	22,432	21,117
Non-current	2,783	25,006
	25,215	46,123
(c) Depreciation charge of ROU		
Depreciation expense per AASB 16	13,871	723,290
(d) Interest expense on lease liabilities (under net finance income) – property lease		
Interest expense	2,763	1,442
(e) Other AASB 16 adjustments – property lease	-	31,013
Total yearly cash outflows for leases	23,880	757,271

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of The Consolidated Entity's interest-bearing loans and borrowings. For more information about The Consolidated Entity's exposure to interest rate and liquidity risk, see Note 5.

	30 June 2024 $		30 June 2023 $	
	Facility amount	**Unused portion**	**Facility amount**	**Unused portion**
NAB Bank overdraft facility	50,000	49,950	50,000	49,950
NAB Trade finance facility	250,000	250,000	250,000	99,000
	300,000	299,950	300,000	148,950

Terms of loans and borrowings

Details	Trade finance facility	Bank overdraft
Facility provider	National Australia Bank	National Australia Bank
Facility limit	$250,000	$50,000
Interest rate	4.68% p.a., plus variable	12.00% p.a.
Term of drawings	120 days	No limit
Services fees	1.00% p.a. on trade finance limit	$50 per month
Application fees	$1,000 once off	$600 once off
Maturity date	18 October 2024	Revolving term, subject to annual review

Assets pledged as security

The finance facilities provided by NAB comprises of trade refinance facility and an overdraft facility. Should The Consolidated Entity fail to make on-time repayments on these facilities and breaching the covenants, NAB are deemed as secured creditors and are first in line to the Consolidated Entity's cash & cash equivalents and any income from trade receivables received as securities totalling the amounts owed to the limit of drawdown. The trade refinance facility is a revolving term facility and there is no reason that the Consolidated Entity will not have continued access to the facility after the maturity date of 18 October 2024.

17. ISSUED CAPITAL

	30 June 2024 No.	30 June 2023 No.	30 June 2024 $	30 June 2023 $
Fully paid ordinary shares	144,744,757	144,744,757	**8,251,219**	**8,251,219**

There were no movements in issued capital during the year (2023: nil).

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.

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

Options granted, exercised or lapsed

No options have been granted, exercised or lapsed since the end of the previous financial year and to the date of this report.

Unissued shares under option

There were no options to subscribe for ordinary fully paid shares at the end of the financial year or at the date of this report.

17. ISSUE CAPITAL (Continued)

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 achieve this objective, the Company seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or the reduction of debt, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

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

18. RESERVES

	30 June 2024 $	30 June 2023 $
Fair value reserve opening balance	-	583,333
Movement in fair value reserve[1]	-	(583,333)
Fair value reserve closing balance	-	-
Foreign currency translation opening balance	-	654
Movement in foreign currency translation reserve[2]	-	(654)
Foreign currency translation closing balance	-	-
Total reserves	-	-

1. Downward revaluation of long-term equity investment in AG1 (Refer Note 19).
2. Foreign currency translation reserves with respect to foreign held subsidiary during the year (being the New Zealand subsidiary of Eco Pallets Pty Ltd, Eco Pallets New Zealand).

19. OTHER NON-CURRENT ASSETS

	30 June 2024 $	30 June 2023 $
Fair value at the beginning of the year	3,500,000	4,083,333
Movement in fair value	(3,500,000)	(583,333)
Fair value at the end of the year	-	3,500,000

The Company holds 11,666,667 ordinary fully paid shares in Australia Sunny Glass Group Limited (**AG1**), a listed entity on the National Stock Exchange (NSX). AG1 shares have been suspended on the NSX since 18 March 2024. This suspension was initiated to provide AG1 with time to finalise a new funding facility. There have been no further updates on the outcome of these funding activities.

Further to AG1's announcement on 20 December 2023, AG1 announced on 2 February 2024 that under a Deed of Company Arrangement (DOCA) approved by the creditors of D W Sullivan Windows Pty Ltd, one of AG1's Melbourne-based subsidiaries, unsecured creditors are expected to receive an estimated $0.07 to $0.08 in the dollar.

On 23 April 2024, AG1 announced its decision to close its Sydney site and began negotiation to sale the equipment and stock from the site. Although this closure was intended to enhance cost-effectiveness and address challenging trading conditions in NSW, there has been no substantial progress or positive updates as of the reporting date.

19. OTHER NON-CURRENT ASSETS (Continued)

Given these recent developments, the Consolidated Entity no longer considers its investments in AG1 shares as a strategic investment. Although AG1 remains a listed company, its shares have not traded on the NSX since December 2020 and no off-market transactions have been published during the year. As such, the Consolidated Entity re-assessed its investment in AG1 using the discounted cashflow method and charged the change in value to the profit or loss accounts.

20. CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity name	Body Corporate, partnership or trust	Place of incorporation	% of share capital held directly by the Company in the body corporate		Australian or Foreign resident	Principal activities
			2024	2023		
Buildmart Services Pty Ltd	Body corporate	Australia	100%	100%	Australian	Project management, source and procure services

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the Consolidated Entity during the year is set out below:

	30 June 2024 $	30 June 2023 $
Short-term employee benefits	142,221	188,976
Post-employment benefits	15,645	18,594
	157,866	207,570

22. RELATED PARTY TRANSACTIONS

(a) Parent entity

BauMart Holdings Limited is the parent entity (**Company**).

(b) Subsidiaries

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interest held equals the voting rights held by the Company. The country of incorporation is also its principal place of business. Loans made by the Company to its wholly-owned subsidiary are extended to meet required expenditure, payable on demand and are not interest bearing. Balances and transactions between the parent company and its subsidiary, which is a related party, have been eliminated on consolidation and are not disclosed in this note.

Entity name	Place of incorporation	Ownership interest as at 30 June		Principal activities
		2024	2023	
Buildmart Services Pty Ltd	Australia	100%	100%	Project management, source and procure services

22. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel compensation

The following were key management personnel of the Consolidated Entity at any time during the year and unless otherwise indicated were key management personnel for the year:

Mr Hadi Widayat (Executive Director) – resigned 30 April 2024
Mr Ben Talbot (Non-Executive Director) – Executive Director transitioned to Non-Executive Director on 1 April 2023, resigned 18 July 2024
Mr Berthus Budiman (Non-Executive Director) – resigned 13 March 2024
Mr Jack Spencer-Cotton (Non-Executive Director) – appointed 4 April 2024
Mr Anson Gan (Non-Executive Director)

Disclosures relating to key management personnel are set out in Note 22 and the Remuneration Report (as set out in the Directors' Report).

(d) Related party transactions

As at 30 June 2024, the Consolidated Entity had $606,050 trade receivable balance owed by Sierra Diamonds Limited, a wholly owned subsidiary of Newfield Resources Limited, of which Mr Jack Spencer-Cotton is also a director.

The Consolidated Entity sold goods to Sierra Diamonds Limited during the year, however, no trading transactions occurred after Sierra Diamonds Limited became a related party to the Consolidated Entity as of 30 June 2024.

23. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity for the year ended 30 June 2024.

	30 June 2024 $	30 June 2023 $
Statement of profit or loss and other comprehensive income		
Profit / (Loss) after income tax	(4,070,017)	356,964
Total comprehensive profit / (loss)	(4,070,017)	356,964
Statement of financial position		
Total current assets	7,332	239,030
Total assets	708,371	4,791,811
Total current liabilities	411,729	425,152
Total liabilities	411,729	425,152
Equity		
Issued capital	8,251,219	8,251,219
Accumulated losses	(7,954,577)	(3,884,560)
Total equity	296,642	4,366,659

(a) Guarantees entered into by the parent entity

The parent entity did not have any guarantees at year end.

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities at year end, other than as disclosed in Note 26.

(c) Contractual commitments for capital expenditure

The parent entity did not have any commitment in relation to capital expenditure contracted but not recognised as liabilities as at balance date.

24. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

(a) Cash flows from operating activities

	30 June 2024 $	30 June 2023 $
Profit/(Loss) for the year	(4,677,224)	324,179
Adjustments of non-cash/non-operating items:		
Depreciation and amortisation	13,871	724,213
Impairment provision for doubtful debt	777,597	-
Change in FVPL	3,500,000	-
Interest as per AASB16	2,972	
Exchange gain or loss	6,768	-
Stock write-off	-	38,902
Profit from discontinued operations	-	(87,102)
Gain on disposal of discontinued operations	-	(537,797)
Operating profit before changes in working capital and provisions	(376,016)	462,395
Change in trade and other receivables	(26,264)	(1,305,588)
Change in inventories	335,256	433,668
Change in prepayments and other current assets	25,566	(22,973)
Change in trade and other payables	162,412	25,048
Change in employee benefits	(22,415)	(8,405)
Net cash (used in) / provided by operating activities	98,539	(415,855)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing during the year ended 30 June 2024 (2023: Nil).

(c) Cash and cash equivalents

Cash on hand	-	-
Bank overdraft	(50)	(50)
Cash in bank	4,402	80,743
Cash and cash equivalents	4,352	80,693

25. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share at 30 June 2024 was based on the following:

	30 June 2024 $	30 June 2023 $
Loss from continuing operations	(4,677,224)	(300,720)
Profit from discontinued operations	-	624,899
Net profit/(loss) for the year attributable to owners of the Company	(4,677,224)	324,179
Weighted average number of ordinary shares	**Number**	**Number**
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 17.

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Consolidated Entity has no commitments or contingent liabilities as at 30 June 2024 other than salary obligations and leave entitlements per the employee contracts with its employees.

The Consolidated Entity, through its wholly owned subsidiary Buildmart Services Pty Ltd, is required to fulfil an annual order quantity of 100 Washpods each year over a 2-year period under a worldwide distribution agreement with Washpod Consolidated Pty Ltd and the anniversary date is 21 March 2024. If the Consolidated Entity fails to meet the annual condition, Washpod Consolidated Pty Ltd can elect to terminate the agreement or remove the exclusive worldwide distribution rights. However, there are no financial consequences should it fail to meet the commitment apart from the potential cancellation of its exclusive distributorship.

Buildmart and Washpod have progressed discussions with third parties on an overseas distribution network, potentially with a hub to be established in Jakarta, Indonesia. Buildmart has signed an Mutual Non-Disclosure Agreement to progress discussion for a potential joint venture.

27. SEGMENT 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 on the basis of 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

Building Materials Supply

The Building Materials Supply division 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.

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. This division was sold last year.

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.

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:

27. SEGMENT INFORMATION (CONTINUED)

	Segment Revenue[a]		Segment Results		Segment Assets		Segment Liabilities	
	30 June 2024 $	30 June 2023 $	30 June 2024 $	30 June 2023 $	30 June 2024 $	30 June 2023 $	30 June 2024 $	30 June 2023 $
Materials Handling Supply[b]	-	803,006	-	624,899	-	-	-	-
Building Materials Supply[c]	63,099	-	(3,473,021)	-	-	3,500,000	-	425,152
Source & Procurement Supply	441,831	1,463,023	(610,301)	265,076	995,238	1,972,626	96,035	111,530
Corporate & Administrative	750	695,736	(593,902)	(565,796)	7,282	239,029	411,679	2,943
Consolidated Entity (Total)	505,680	2,961,765	(4,677,224)	324,179	1,002,520	5,711,655	507,714	539,625

a) Segment revenue includes sale of goods, income from delivery of services and other revenue earned during the year.
b) Discontinued operations.
c) Segment assets consist of the equity investment in AG1, refer Note 18.

28. DIPOSAL OF SUBSIDIARIES

Sale of Eco Pallets (discountinue doperations)

The Company refers to its ASX announcements dated 23 June 2022, 18 August 2022, and 29 August 2022, relating to the sale of Eco Pallets Pty Ltd (Eco Pallets) (including Eco Pallets' subsidiary, Eco Pallets NZ) to APX Holdings Pty Ltd for cash consideration of $1 million.

The sale completed in August 2022 and a further working capital adjustment payment of $112,926 was received by the Company in addition to the cash consideration of $1 million.

The following were the results of the discontinued operations for the year:

	2 months ended 29 August 2022 $
Revenue	803,006
Cost of goods sold	(576,710)
Gross profit	226,296
Other income	-
Net finance expense	-
Operating expenses	(139,194)
Profit before income tax	87,102
Income tax expense	-
Profit after income tax	87,102

28. DIPOSAL OF SUBSIDIARIES (Continued)

The Consolidated Entity recognised the following gain on sale of the subsidiary:

	30 June 2023 $
Net assets disposed of (excluding goodwill)	573,372
Attributable goodwill[1]	1,511,458
Goodwill fully impaired, at date of disposal	(1,511,458)
Gain on disposal of discontinued operation[3]	539,554
Total consideration received[2]	1,112,926
Satisfied by cash, and net cash inflow arising on disposal	1,112,926

1. Goodwill attributable to Eco Pallets at acquisition date of 31 May 2016 as reported in the 2016 Annual Report. This was fully impaired at disposal date of 29 August 2022.
2. The total cash paid by APX Holdings Pty Ltd for 100% of the issued capital in Eco Pallets (and Eco Pallets' subsidiary, Eco Pallets NZ) was $1,112,926 (comprised of $1 million agreed consideration and working capital adjustment payment of $112,926).

3. Carrying value of fixed assets of $1,757 was written off by the parent entity (BauMart Holdings Limited) due to disposal of discontinued operations.

29. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 July 2024, the Company announced that Ms Agata Dharma be appointed the Executive Director.

Other than the above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of BauMart Holdings Limited:

(a) the financial statements and notes, set out on pages 16 to 45, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the financial year ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(c) the consolidated entity disclosure statement on page 40 is true and correct. And

(d) 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

This declaration has been made after receiving the declarations from the Executive Director required by section 295A of the *Corporations Act 2001* for the year ended 30 June 2024. In accordance with section 295A, those declarations were that:

(a) the financial records of the Consolidated Entity have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

(b) the financial statements and notes comply with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 in all material respects; and

(c) the financial statements and notes give a true and fair view, in all material respects, of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of directors made pursuant to section 295 (5) (a) of the *Corporations Act 2001 (Cth).*

Dated at Perth, Western Australia this 30th day of August 2024

Agata Nisianti Dharma
Executive Director
BauMart Holdings Limited

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Baumart Holdings Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

Material Uncertainty Relating to Going Concern

We draw attention to Note 4 to the financial statements, which indicates that the Group incurred a loss after tax of $4,677,224 for the year ended 30 June 2024 and had cash and cash equivalents of $4,352 at the reporting date. The Group had net working capital of $482,021. As stated in Note 4, the events or conditions, along with other matters, as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be Key Audit Matter to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
Completeness and accuracy of revenue	
The Group's revenue amounted to $486,981 for the year ended 30 June 2024. AASB 15 *Revenue from Contracts with Customers* (AASB 15) requires management to apply judgement, in particular when assessing the timing of revenue recognition. Note 4 to the consolidated financial statements describes the accounting policies applicable to the revenue from contracts with customers, noting that the revenue from the different revenue classifications is recognised in the period when the service is rendered or control of goods transferred to the customer. There is an inherent risk around the accuracy of revenue recorded given the nature of the Group's activities. Revenue recognition was identified as a key audit matter due to the requirement to evaluate the appropriateness of management's judgements and estimates relating to identification of distinct performance obligations, determination of transaction price and the appropriateness of the basis used to measure revenue recognised over a period.	Inter alia, our audit procedures included the following: i. Gaining an understanding of the revenue recognition process, performing a walkthrough of the revenue class of transactions and evaluating the design of controls in this area. ii. Assessing whether the Group's accounting policies were in accordance with the requirements of AASB 15; iii. Performing tests for accuracy, completeness and cut-off customer invoicing on a sample basis; and iv. Testing on a sample basis, revenue transactions by agreeing revenue recognised during the year to the signed customer contract and other relevant supporting documents and verifying that the revenue is recognised when the performance obligation has been satisfied; and v. Assessing the adequacy of the related disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Stantons

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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stantons

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Baumart Holdings Limited for the year ended 30 June 2024 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director
West Perth, Western Australia
30 August 2024

Additional Information

Top holders

The 20 largest registered holders of each class of quoted equity security as at 28 August 2024:

Fully paid ordinary shares – quoted

	Name	No. of Shares	%
1.	WONDER HOLDINGS PTY LTD	28,333,334	19.57%
2.	KREO CAPITAL MANAGEMENT PTE LTD	20,872,060	14.42%
3.	MR TZE FONG GAN	8,500,000	5.87%
4.	MS MAY ERN GLORIA LAI	8,000,000	5.53%
5.	MR HOONG NGAI CHRISTOPHER LAI	8,000,000	5.53%
6.	QP & CO PTY LTD <QUPPI FAMILY A/C>	7,500,000	5.18%
7.	MR SUMAMPO LAU	6,711,832	4.64%
8.	ANRINZA FUTURE PTY LTD	6,577,500	4.54%
9.	HZN PTY LTD	6,250,000	4.32%
10.	MR WEI QUAN LONG	5,000,000	3.45%
11.	MR ROBERT ANG	5,000,000	3.45%
12.	MR PARK ON LAI	4,000,000	2.76%
13.	KUSWANDI AMAN	3,650,000	2.52%
14.	WAI HENG HO	2,436,683	1.68%
15.	MR WILLY ERWIN MASTURI <THE W E MASTURI FAMILY A/C>	2,250,000	1.55%
16.	TOWNSHEND CAPITAL PTY LTD	2,000,000	1.38%
17.	SPARKLE CAPITAL PTY LTD <SPARKLE INVESTMENT A/C>	2,000,000	1.38%
18.	MUTUAL STREET PTY LTD	1,850,000	1.28%
19.	SANNY NANANG	1,100,000	0.76%
20.	MR SOK KIANG TEOH	1,010,000	0.70%
		131,060,194	90.5

Distribution schedules

A distribution schedule of each class of equity security as at 28 August 2024:

Ordinary fully paid shares

Range			Holders	Units	%
1	-	1,000	6	422	0.00%
1,001	-	5,000	14	50,513	0.03%
5,001	-	10,000	130	1,291,997	0.89%
10,001	-	100,000	29	928,554	0.64%
100,001	-	Over	47	142,473,271	98.43%
Total			**226**	**144,744,757**	**100.00%**

Substantial shareholders

The names of substantial shareholders in the Company as at 28 August 2024, and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Wonder Holdings Pty Ltd	28,333,334
Kreo Capital Management Pte Ltd	20,872,060
Mr Tze Fong Gan	8,500,000
Mr Hoong Ngai Christopher Lai	8,000,000
Ms May Ern Gloria Lai	8,000,000
QP & Co Pty Ltd <Quppi Family A/C>	7,500,000

ADDITIONAL INFORMATION

Restricted securities or securities subject to voluntary escrow

As at 28 August 2024, the Company had no restricted securities on issue.

As at 28 August 2024, the Company had no securities subject to voluntary escrow.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 5,883 shares as at 28 August 2024):

Holders	Units
21	56,435

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Corporate Governance

The Board has adopted and approved the Company's Corporate Governance Statement, which can be found on the Company's website at www.baumart.com.au.