

## **HALF-YEAR FINANCIAL RESULTS**

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2017 and the ASX Appendix 4D – Half Year Report of **BauMart Holdings Limited (ASX:BMH)** follow this announcement. The information is to be read in conjunction with the annual report for the year ended 30 June 2017.

### **AUTHORISED BY:**

Matthew Logan  
***Executive Director***

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### **About BauMart Holdings Limited**

BauMart Holdings Limited is listed on the Australian Securities Exchange (ASX: BMH). It is a supplier of building products to the residential and commercial construction industries. The Company has invested in automated glass-processing equipment that is capable of producing a range of custom-made glass products for supply to the building construction industry. In addition to this, BauMart is a leading supplier of plastic materials handling products, such as pallets and crates, to the pharmaceutical, agricultural, industrial, mining, energy and export markets in Australia. BauMart is headquartered in Perth and has operations in Sydney and Melbourne.

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**Appendix 4D**  
**Half Year Report to the Australian Securities Exchange**  
**BauMart Holdings Limited and Controlled Entities – ABN 87 602 638 531**  
**Period ending 31 December 2017**

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

**1. Details of the reporting period and the previous corresponding period.**

<b>Reporting Period</b>	<b>6 Months ending 31 December 2017</b>
<b>Previous Corresponding Reporting Period</b>	<b>6 Months ending 31 December 2016</b>

**2. Results for announcement to the market**

*2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.*

<b>\$ Revenue from Ordinary Activities - current period</b>	<b>\$'000</b>	<b>1,113</b>
<b>\$ Revenue from Ordinary Activities - previous period</b>	<b>\$'000</b>	<b>866</b>
<b>\$ change in Revenue from Ordinary Activities</b>	<b>\$'000</b>	<b>247</b>
<b>% change from previous corresponding reporting period</b>	<b>% UP</b>	<b>28%</b>

*2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.*

<b>\$ Profit (loss) from ordinary activities after tax - current period</b>	<b>\$'000</b>	<b>(905)</b>
<b>\$ Profit (loss) from ordinary activities after tax - previous period</b>	<b>\$'000</b>	<b>(259)</b>
<b>\$ change in profit (loss) from ordinary activities after tax</b>	<b>\$'000</b>	<b>646</b>
<b>% change from previous corresponding reporting period</b>	<b>% UP</b>	<b>349%</b>

*2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.*

<b>\$ Net profit (loss) attributable to members - current period</b>	<b>\$'000</b>	<b>(905)</b>
<b>\$ Net profit (loss) attributable to members - previous period</b>	<b>\$'000</b>	<b>(256)</b>
<b>\$ change in net profit (loss) attributable to members</b>	<b>\$'000</b>	<b>649</b>
<b>% change from previous corresponding reporting period</b>	<b>% UP</b>	<b>354%</b>

*2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.*

It is not proposed to pay a dividend.

*2.5 The record date for determining entitlements to the dividends (if any).*

Not applicable

*2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.*

Please refer to the Interim Financial Report lodged with this Appendix 4D.

**3. Net tangible assets per security with the comparative figure for the previous corresponding period.**

<b>Net tangible assets per security</b>	<b>Cents</b>	<b>1.91</b>
<b>Previous corresponding period</b>	<b>Cents</b>	<b>2.14</b>

**Appendix 4D**  
**Half Year Report to the Australian Securities Exchange**  
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**Period ending 31 December 2017**

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

**4.1 Name of the entity.**

None

**4.2 The date of the gain or loss of control.**

Not applicable

**4.3 Where material to an understanding of the report - the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.**

Not applicable

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.

Not applicable

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Not applicable

7. Details of associates and joint venture entities including the following.

None

**7.1 Name of the associate or joint venture entity.**

Not applicable

**7.2 Details of the reporting entity's percentage holding in each of these entities.**

Not applicable

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

Not applicable

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

Not applicable

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

The independent auditor's review report contains an emphasis of matter in relation to going concern and carrying value of assets. The emphasis of matter states that on the basis of the factors indicated in the going concern note to the financial statements, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.



**ABN 87 602 638 531**

**FINANCIAL REPORT FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

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## DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of BauMart Holdings Limited (the **Company** or **Parent Entity**) and its controlled entities (together referred to hereafter as the **Consolidated Entity**) for the half year ended 31 December 2017 and the auditor's review report thereon.

### DIRECTORS

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

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

### RESULTS

The loss of the Consolidated Entity for the half-year was \$904,788 (2016: \$259,181) after income tax of nil (2016: nil).

### REVIEW OF OPERATIONS

#### Group results

- Net loss after tax of \$904,788 (31 December 2016: \$259,181).
- Net loss after tax of \$432,221, before one-off impairment expenses (31 December 2016: \$259,181).

#### Sales revenue

- Up 28% to \$1,113,198 (31 December 2016: \$866,391)
- Materials handling division up 57% to \$900,748 (31 December 2016: \$571,963)
- Natural stone and wood plastic composite decking sales tracking very well

#### Business highlights

- Impressive sales growth in a challenging operational environment, showing the improved resilience of the Group's diversified product range
- New business model focussed on driving and growing sustainable contract revenue across a more diversified client portfolio
- Foodpro exhibition during the half year generating recurring orders for the materials handling division
- Distribution centre established in Brisbane region with key marketing programs in place to launch in Q3 FY18
- Operational and sales infrastructure enhanced with expanded support team and additions to the Group's reseller network

The building materials supply division continued its major focus of market penetration during the half year. Sales growth for the natural stone and wood plastic composite decking was impressive, invigorated by marketing and sales initiatives during the period, however this is compared with a low base from the prior corresponding period. The development of long-term client relationships with current and potential repeat customers such as landscapers, builders, designers, architects and resellers alike continued as a priority during the half year. The project tendering division also recognised revenue during the half year as its residential and commercial windows and door projects reached completion stage.

## DIRECTORS' REPORT

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### REVIEW OF OPERATIONS (CONTINUED)

The glass division's operator continued to show impressive results despite production being impacted by operating conditions during the period. All operational lines for the glass processing equipment are now at an improved status, positioning the operator to take full advantage of the booming construction market in Sydney. Presently, the Company has not billed the operator for the rental component pursuant to its equipment lease agreement, which is calculated on 7.5% of gross profit of the operator (refer ASX release dated 24 April 2017); however the Company remains confident of the ability of the operator to deliver profitable results in the near future.

The materials handling division achieved a record sales result and sales growth for the half year, up 57% on the prior corresponding period. During the half year, the division executed on strategic initiatives to expand product offerings into its growing customer segments of pharmaceutical, nutraceutical, supplement manufacturing and food & beverage supply industries. High volume growth in plastic pallets for the pharmaceutical industry was the main driver behind the stronger result. Sales also benefited from a strategic shift into the execution of long term sales contracts and other recurring revenue arrangements. A disciplined sales pipeline management approach delivered significant new orders and continued to identify potential for long term, sustainable and diversified revenue contracts.

In line with its growth plans, the Consolidated Entity is confident in its long-term strategy and continues to evaluate a healthy pipeline of potentially accretive distributorship rights and synergistic acquisitions.

### EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 11 to the financial statements, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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



Matthew Logan  
Executive Director

Dated at Perth this 28<sup>th</sup> day of February 2018.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
<b>Revenue and other income</b>		
Sale of goods	1,113,198	866,391
<b>Total Revenue</b>	1,113,198	866,391
<b>Cost of sales</b>	(898,183)	(690,941)
<b>Total cost of sales</b>	(898,183)	(690,941)
<b>Gross profit</b>	215,015	175,450
Other revenue – rental income	338,581	375,391
Net finance income/(expense)	59,188	(6,531)
<b>Expenses</b>		
Corporate and administrative expenses	(275,283)	(155,078)
Operational expenses	(146,118)	(118,896)
Occupancy expenses	(395,858)	(354,414)
Marketing expenses	(105,342)	(56,063)
Depreciation and amortisation expenses	(122,404)	(119,040)
Impairment of Plant & Equipment	(472,567)	-
<b>Total expenses</b>	(1,517,572)	(803,491)
<b>Loss before income tax</b>	(904,788)	(259,181)
Income tax benefit/(expense)	-	-
<b>Net loss for the half year</b>	(904,788)	(259,181)
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
<b>Other comprehensive income for the half year, net of tax</b>	-	-
<b>Total comprehensive loss</b>	(904,788)	(259,181)
<b>Loss attributable to:</b>		
Owners of the Company	(904,788)	(255,986)
Non-controlling interests	-	(3,195)
	(904,788)	(259,181)
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(904,788)	(255,986)
Non-controlling interests	-	(3,195)
	(904,788)	(259,181)
<b>Basic and diluted loss per share attributable to the ordinary equity holders of the Company</b>		
Basic and diluted loss per share (cents)	(0.63)	(0.19)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		230,339	904,902
Trade and other receivables	4	943,606	1,843,760
Other current assets		28,388	96,972
Inventories		851,185	207,919
<b>Total current assets</b>		<b>2,053,518</b>	<b>3,053,553</b>
<b>NON-CURRENT ASSETS</b>			
Inventories		504,493	-
Property, plant and equipment	5	610,071	1,188,827
Intangibles	6	3,932	4,240
<b>Total non-current assets</b>		<b>1,118,496</b>	<b>1,193,067</b>
<b>TOTAL ASSETS</b>		<b>3,172,014</b>	<b>4,246,620</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		389,577	553,568
Employee benefits		12,517	18,344
Current tax liabilities		2,943	2,943
<b>Total current liabilities</b>		<b>405,037</b>	<b>574,855</b>
<b>TOTAL LIABILITIES</b>		<b>405,037</b>	<b>574,855</b>
<b>NET ASSETS</b>		<b>2,766,977</b>	<b>3,671,765</b>
<b>EQUITY</b>			
Issued capital	7	8,251,219	8,251,219
Accumulated losses		(5,484,242)	(4,579,454)
Equity attributable to owners of the Company		2,766,977	3,671,765
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>2,766,977</b>	<b>3,671,765</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Accumulated losses \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Balance at 30 June 2017</b>	<b>8,251,219</b>	<b>(4,579,454)</b>	<b>3,671,765</b>	<b>-</b>	<b>3,671,765</b>
Loss for the half year	-	(904,788)	(904,788)	-	(904,788)
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>(904,788)</b>	<b>(904,788)</b>	<b>-</b>	<b>(904,788)</b>
<b>Transaction with equity holders, in their capacity as equity holders</b>					
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>8,251,219</b>	<b>(5,484,242)</b>	<b>2,766,977</b>	<b>-</b>	<b>2,766,977</b>
<b>Balance at 30 June 2016</b>	<b>5,880,648</b>	<b>(2,782,367)</b>	<b>3,098,281</b>	<b>(2,005)</b>	<b>3,096,276</b>
Loss for the Period	-	(255,986)	(255,986)	(3,195)	(259,181)
<b>Total comprehensive loss for the Period</b>	<b>-</b>	<b>(255,986)</b>	<b>(255,986)</b>	<b>(3,195)</b>	<b>(259,181)</b>
<b>Transaction with equity holders, in their capacity as equity holders</b>					
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>5,880,648</b>	<b>(3,038,353)</b>	<b>2,842,295</b>	<b>(5,200)</b>	<b>2,837,095</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<b>31 December 2017 \$</b>	<b>31 December 2016 \$</b>
<b>Cash flows from operating activities</b>		
Receipts in the course of operations	1,516,090	1,380,456
Government grants and tax incentives received	-	59,557
Payments in the course of operations	(3,081,435)	(1,648,742)
Interest received	6,688	1,173
Interest paid	-	(3,958)
<b>Net cash (outflow) from operating activities</b>	<b>(1,558,657)</b>	<b>(211,514)</b>
<b>Cash flows from investing activities</b>		
Short term secured loan	(700,000)	-
Repayment of short term secured loan	1,600,000	-
Purchase of property, plant and equipment	(15,906)	(2,140)
<b>Net cash inflow /(outflow) from investing activities</b>	<b>884,094</b>	<b>(2,140)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(50,000)
<b>Net cash (outflow) from financing activities</b>	<b>-</b>	<b>(50,000)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(674,563)</b>	<b>(263,654)</b>
<b>Cash and cash equivalents as at beginning of the period</b>	<b>904,902</b>	<b>496,033</b>
<b>Cash and cash equivalents as at end of the period</b>	<b>230,339</b>	<b>232,379</b>

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

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### 1. REPORTING ENTITY

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

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "**Consolidated Entity**" or "**Group**"). They were authorised for issue by the Board of Directors on 28 February 2018.

### 2. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Consolidated Entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Baumart Holdings Limited and its controlled entities (referred to as the "Consolidated Entity" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2018.

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

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

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

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

In preparing the interim financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2017. Critical accounting judgements, estimates and assumptions adopted by management are discussed below.

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

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

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

#### *Carrying value of assets*

The glass processing equipment generates rental income from its operator's usage of the equipment, which has a direct effect on the carrying value of the asset.

#### *Going Concern*

The interim financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a net loss of \$904,788 during the half year (2016: \$259,181). Included in trade and other receivables at 31 December 2017 is an amount of \$225,816 owed of which \$59,824 is overdue but has not been provided for. 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.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Directors believe there are reasonable grounds to believe the Consolidated Entity will be able to continue as a going concern after consideration of the following factors:

- The Consolidated Entity has net working capital of \$1,648,481 including cash reserves of \$230,339 of which \$158,710 is restricted at 31 December 2017;
- The directors are confident that the trade receivables amounts of \$225,816 referred to in Note 4 are fully recoverable following discussions with the debtors;
- Short term loan receivable balance of \$600,000 referred to in Note 4 has subsequently been repaid on 18 January 2018; and
- The budgets and forecasts reviewed by the Directors for the next 12 months anticipate the business will continue to produce improved results.

In the event that the above events do not occur, then the going concern basis may not be appropriate which may cast significant doubt on the Consolidated Entity's ability to continue as a going concern resulting in the Consolidated Entity being unable to realise its assets and extinguish its liabilities at amounts stated in the financial statements.

#### 4. TRADE AND OTHER RECEIVABLES

##### Current

	31 December 2017 \$	30 June 2017 \$
Trade receivables	225,816	295,343
Short term loan receivables <sup>1</sup>	600,000	1,500,000
GST receivables	117,790	48,417
	<b>943,606</b>	<b>1,843,760</b>

##### 1. Short Term Loan Facility

- a. The Consolidated Entity entered into short-term loan agreements with a third party, Sterlink Development Pty Ltd ("**Short Term Loan Agreement**")
- b. Amount of facility 1: \$1,500,000.00; Interest Rate: 7% per annum; Interest paid in advance
  - i. Repayment Date: no later than 20 December 2017, 10% penalty interest applies for late payment
  - ii. Security: Real Property, valued at \$3,003,615, with first registered mortgage, as specified in the Short-Term Loan Agreement.
  - iii. Loan to Value Ratio: ~50%
  - iv. Facility 1 was partially repaid during the half year, with \$600,000 outstanding at 31 December 2017, which has subsequently been repaid in January 2018
- c. Amount of facility 2: \$450,000.00; Interest Rate: 7% per annum; Interest payable with final repayment
  - i. Repayment Date: no later than 8 October 2017, 10% penalty interest applies for late payment
  - ii. Facility 2 was repaid in full during the half year
- d. Amount of facility 3: \$250,000.00; Interest Rate: 7% per annum; Interest payable with final repayment
  - i. Repayment Date: no later than 12 October 2017, 10% penalty interest applies for late payment
  - ii. Facility 3 was repaid in full during the half year

#### 5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
<b>At 31 December 2017</b>				
Cost	2,580,636	18,654	18,795	2,618,085
Accumulated depreciation	(696,101)	(2,858)	(9,642)	(708,601)
Impairment charge	(1,299,413)	-	-	(1,299,413)
Net book amount	<b>585,122</b>	<b>15,796</b>	<b>9,153</b>	<b>610,071</b>
<b>At 30 June 2017</b>				
Cost	2,580,636	5,158	16,385	2,602,179
Accumulated depreciation	(578,541)	(802)	(7,163)	(586,506)
Impairment charge	(826,846)	-	-	(826,846)
Net book amount	<b>1,175,249</b>	<b>4,356</b>	<b>9,222</b>	<b>1,188,827</b>

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**5. PROPERTY, PLANT & EQUIPMENT (CONTINUED)**

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
<b>Half Year ended 31 December 2017</b>				
Opening net book amount	1,175,249	4,356	9,222	1,188,827
Additions	-	13,496	2,410	15,906
Depreciation charges	(117,560)	(2,056)	(2,479)	(122,095)
Impairment charge	(472,567)	-	-	(472,567)
Disposals	-	-	-	-
Closing net book amount	585,122	15,796	9,153	610,071
<b>Year ended 30 June 2017</b>				
Opening net book amount	2,234,152	1,471	9,145	2,244,768
Additions	-	3,458	3,680	7,138
Depreciation charges	(232,057)	(573)	(3,603)	(236,233)
Impairment charge	(826,846)	-	-	(826,846)
Disposals	-	-	-	-
Closing net book amount	1,175,249	4,356	9,222	1,188,827

**6. INTANGIBLES**

	31 December 2017 \$	30 June 2017 \$
<b>Trademarks</b>		
Carrying amount at the beginning of the year	4,240	4,853
Acquisition through business combination	-	-
Amortisation	(308)	(613)
Net carrying value	3,932	4,240
<b>Gross</b>	6,120	6,120
Accumulated amortisation	(2,188)	(1,880)
Net carrying value	3,932	4,240

**7. ISSUED CAPITAL**

144,744,757 (30 June 2017: 144,744,757) fully paid ordinary shares	8,251,219	8,251,219
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**(a) Ordinary shares**

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

	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$
<b>Balance at beginning of the period</b>	144,744,757	132,244,757	8,251,219	5,880,648
Issue of shares at \$0.20 each through exercise of options	-	5,000,000	-	1,000,000
Issue of shares at \$0.20 pursuant to an underwriting agreement	-	7,500,000	-	1,500,000
Share issue costs	-	-	-	(129,429)
<b>Balance at the end of the period</b>	144,744,757	144,744,757	8,251,219	8,251,219

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**7. ISSUED CAPITAL (CONTINUED)**

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

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

**(b) Options**

No options were issued or exercised during the half year.

No options lapsed during the half year.

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

**(c) Capital risk management**

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

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

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

**8. COMMITMENTS AND CONTINGENCIES**

Future minimum rentals payable under the non-cancellable operating lease as at the reporting date are as follows:

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Within one year	594,439	594,439
After one year but not more than five years	2,377,757	2,377,757
More than five years	148,610	445,829
	<b>3,120,806</b>	<b>3,418,025</b>

**Service commitments**

Future payables arising from service agreements as at the reporting date are as follows:

Within one year	22,000	46,000
After one year but not more than five years	-	-
	<b>22,000</b>	<b>46,000</b>

**Contingencies**

The Consolidated Entity does not have any contingent liabilities at balance and reporting dates.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**9. SUBSIDIARY**

Name of entity	Country of incorporation	Equity holding 31 December 2017	Equity holding 30 June 2017	Principal activities
Buildmart Services Pty Ltd	Australia	100%	100%	Supply and installation of building materials
BauMax Pty Ltd	Australia	100%	100%	IT related services
Eco Pallets Pty Ltd	Australia	100%	100%	Materials handling product supply

**10. SEGMENTS INFORMATION**

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

**Types of products and services by segment**

*Building Materials Supply*

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

*Materials Handling Supply*

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

*Equipment Investments*

The Equipment Investments division is focused on acquiring specialised equipment. The business model contemplates the acquisition of specialised equipment with the intention of leasing the equipment to specialised operators, providing the Consolidated Entity with lease income.

**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.



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**10. SEGMENTS INFORMATION (CONTINUED)**

***Accounting policies adopted***

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:

	Building Materials Supply		Materials Handling Supply		Equipment Investments		Corporate & Administrative		Consolidated Entity (Total)	
	31 December 2017 \$	31 December 2016 \$	31 December 2017 \$	31 December 2016 \$	31 December 2017 \$	31 December 2016 \$	31 December 2017 \$	31 December 2016 \$	31 December 2017 \$	31 December 2016 \$
Segment revenue	212,450	294,429	900,748	571,963	-	50,290	397,769	325,100	1,510,967	1,241,782
Segment result	(11,059)	43,199	(24,422)	6,658	(603,124)	(66,104)	(266,183)	(242,934)	(904,788)	(259,181)
	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$	31 December 2017 \$	30 June 2017 \$
Segment assets	1,171,382	112,627	719,848	636,228	374,034	962,995	906,750	2,534,770	3,172,014	4,246,620
Segment liabilities	11,919	7,516	278,129	220,087	-	-	114,989	347,252	405,037	574,855

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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**11. EVENTS SUBSEQUENT TO REPORTING DATE**

On 18 January 2018, a repayment of \$600,000 was received from Sterlink Development Pty Ltd, repaying the outstanding principal in full. Refer Note 4 for more details on the short-term loan facility.

## DIRECTORS' DECLARATION

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In the opinion of the Directors of Baumart Holdings Limited:

1. the consolidated financial statements and notes, set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 28<sup>th</sup> day of February 2018

Signed in accordance with a resolution of the Directors.



Matthew Logan  
*Executive Director*

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Baumart Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Baumart Holdings Limited (the consolidated entity). The consolidated entity comprises both Baumart Holdings Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Baumart Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Baumart Holdings Limited on 28 February 2018.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Baumart Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*Emphasis of Matter Regarding Going Concern and Carrying Values of Assets*

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

As referred to in Note 3 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2017, the entity had working capital of \$1,648,481 but had incurred a loss for the half year amounting to \$904,788. The ability of the consolidated entity to continue as a going concern is subject to the consolidated entity returning to profitability and achieving the budgeted revenues. In the event that the Board is not successful in achieving budgeted revenues, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values.

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

*Stantons International*



**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
28 February 2018



28 February 2018

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

Dear Directors

**RE: BAUMART HOLDINGS LIMITED**

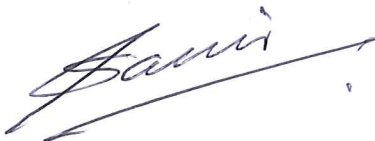
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Baumart Holdings Limited.

As Audit Director for the review of the financial statements of Baumart Holdings Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

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



**Samir Tirodkar**  
**Director**