

For personal use only



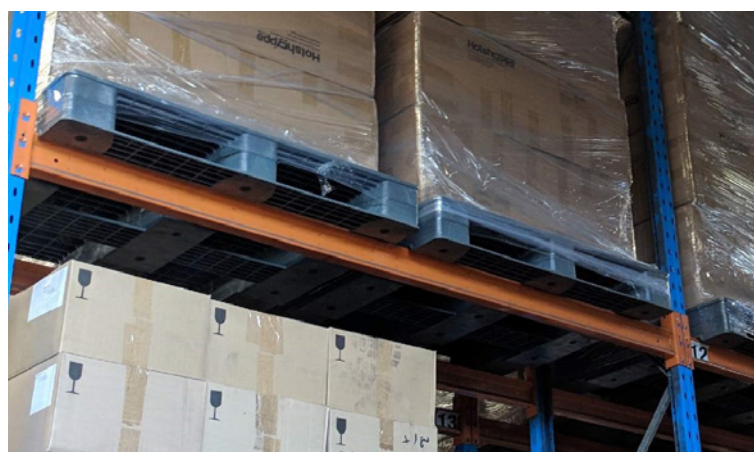
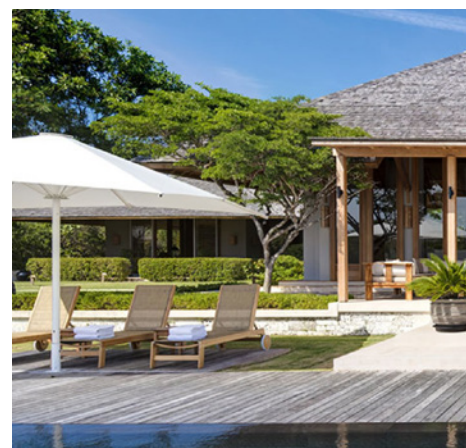
ABN 87 602 638 531

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2021

CONTENTS

	Page
Contents	1
Corporate Directory	2
Appendix 4D	3
Review of Operation	4
Directors' Report	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Condensed Notes to Consolidated Financial Statements	10
Directors' Declaration	21
Independent Auditor's Review Report	22
Auditor's Independence Declaration	24





CORPORATE DIRECTORY

Directors

Mr Matthew Logan – Executive Director
Mr Ben Talbot – Executive Director
Mr Berthus Budiman – Non-Executive Director
Mr Anson Gan – Non-Executive Director

Company Secretary

Ms Natalie Teo

Principal Place of Business

15 McCabe Street
North Fremantle WA 6159

Telephone: +61 8 6558 0814
Website: www.baumart.com.au

Registered Office

15 McCabe Street
North Fremantle WA 6159

Telephone: +61 8 6558 0814

Share Registry

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

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

Auditor

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

Australian Securities Exchange

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

ASX Code: BMH

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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

Company Name: BauMart Holdings Limited (the **Company**)
ABN: 87 602 638 531
Reporting Period: Half year ended 31 December 2021
Previous Reporting Period: Half year ended 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	31 December 2021	31 December 2020	Change up/ (down) %
\$ Revenue from Ordinary Activities (\$'000)	2,964	2,515	17.85%
\$ Profit (loss) from ordinary activities after tax (\$'000)	219	3,559	-93.85%
\$ Net profit (loss) attributable to members (\$'000)	219	3,559	-93.85%
Net tangible assets per security	0.0382	0.0383	-0.26%

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.

FOREIGN ENTITIES

Foreign entities included in the Group are outlined below:

Entity	Country of Incorporation
Eco Pallets NZ Limited	New Zealand

FOR FURTHER INFORMATION

The Independent Auditor's Review Report contains an emphasis of matter in relation to going concern.

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

REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

GLOBAL SUPPLY CHAIN ISSUES

A concerning issue focusing our attention is the widely reported supply chain bottlenecks. Container shortages and shipping cost pressures have caused supply chain issues for our business divisions.

Production capacity challenges and rising inflation is affecting every import and distribution business in Australia and the rest of the world. The flow on effects of global stimulus packages has significantly increased demand for goods and services which has resulted in supply shortages.

This is a theme we see playing out during 2022 and we remain alert to the effect this will have on our division revenue.

GROUP OPERATIONS

Despite these challenges posed by the global supply chain issues, Group top line revenue grew to \$2.96m for H1 FY22 (H1 FY21: \$2.51m), an increase of 18%. The Group achieved a net profit of \$219k (H1 FY21: \$3.56m).

MATERIALS HANDLING UPDATE

Top line revenue from this division increased during the period to \$2.83m (H1 FY21: \$2.3m), an increase of 23%. Revenue captured has been significantly affected with shipping delays caused by global supply chain and peak season issues.

SOURCE & PROCURE UPDATE

The division continued to supply mining consumables, industrial equipment and personal protective equipment during the period. Top line revenue decreased by 92% to \$12K (H1 FY21: \$154K). Please see Note 21 for more details on progress updates subsequent to period end.

BUILDING MATERIALS UPDATE

Positive finish for the division under the new strategy of supplying through key distributor channels. Top line revenue totalled \$123K (H1 FY21: \$63K), an increase of 95%.

OTHER ACTIVITIES

The Group's management services contract provided modest recurrent income during the year. Please see Note 21 for more details on progress updates subsequent to period end.

STRATEGIC BUSINESS REVIEW

The strategic business review is ongoing with several key board changes during the half year. Subsequent to the end of the half year, Ben Talbot has joined the Company as an executive director and Michael Crichton has stepped down as a non-executive director. Berthus Budiman, previously an executive director, was being redesignated to a non-executive director role effective 1 February 2022 (see Note 21 for more details).

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 half year ended 31 December 2021 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 Matthew Logan <i>Executive Director</i>	Director since 8 August 2016
Mr Ben Talbot <i>Executive Director</i>	Director since 1 January 2022
Mr Berthus Budiman <i>Non-Executive Director</i>	Director since 31 October 2014 (transitioned from Executive Director to Non-Executive Director on 1 February 2022)
Mr Michael Crichton <i>Non-Executive Director</i>	Director since 19 March 2015 Resigned on 31 December 2021
Mr Anson Gan <i>Non-Executive Director</i>	Director since 19 March 2015

RESULTS

The profit of the Consolidated Entity for the half-year was \$218,985 (2021: \$3,559,045) after income tax of nil (2021: nil).

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 21 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 24.

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



Matthew Logan
Executive Director

Dated at Perth this 28th day of February 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue and other income			
Sale of goods		2,963,830	2,514,994
Total Revenue		2,963,830	2,514,994
Cost of sales			
		(2,514,615)	(2,065,916)
Total cost of sales		(2,514,615)	(2,065,916)
Gross profit		449,215	449,078
Other revenue	4(a) & 4(d)	700,544	4,244,203
Net finance income	4(b)	150,919	126,633
Expenses			
Corporate and administrative expenses		(386,611)	(496,583)
Operational expenses		(93,134)	(85,681)
Occupancy expenses	4(c)	(103,719)	(171,833)
Marketing expenses		(78,127)	(102,380)
Depreciation and amortisation expenses	8 & 9 & 11(c)	(388,307)	(404,392)
Total expenses		(1,049,898)	(1,260,869)
Profit before income tax		250,780	3,559,045
Income tax benefit/(expense)		(31,795)	-
Net profit for the half year		218,985	3,559,045
Other comprehensive income			
Items that will not be reclassified to profit or loss	13	-	816,667
Items that may be reclassified subsequently to profit or loss		(290)	(19)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive profit		218,695	4,375,693
Profit attributable to:			
Owners of the Company		218,985	3,559,045
Non-controlling interests		-	-
		218,985	3,559,045
Total comprehensive profit attributable to:			
Owners of the Company		218,695	4,375,693
Non-controlling interests		-	-
		218,695	4,375,693
Basic and diluted earnings / loss per share attributable to the ordinary equity holders of the Company			
Basic and diluted earnings per share (cents)	19	0.15	2.46

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 2021

	Note	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		342,851	750,505
Trade and other receivables	5	551,251	854,883
Other current assets	6	148,234	112,589
Inventories	7	252,861	327,361
Finance lease receivable	18	824,635	1,139,302
Total current assets		2,119,832	3,184,640
NON-CURRENT ASSETS			
Property, plant and equipment	8	213,080	219,183
Intangibles	9	8,673	9,657
Other non-current assets	13	4,316,667	4,316,667
Right of use assets	11(a)	1,139,202	1,520,086
Finance lease receivable	18	169,775	177,315
Total non-current assets		5,847,397	6,242,908
TOTAL ASSETS		7,967,229	9,427,548
CURRENT LIABILITIES			
Trade and other payables	10	996,703	2,298,231
Employee benefits		55,006	42,419
Current tax liabilities		2,943	2,943
Lease liabilities	11(b)	394,210	788,420
Loans & borrowings	12	136,784	132,647
Total current liabilities		1,585,646	3,264,660
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	849,128	849,128
Total non-current liabilities		849,128	849,128
TOTAL LIABILITIES		2,434,774	4,113,788
NET ASSETS		5,532,455	5,313,760
EQUITY			
Issued capital	14	8,251,219	8,251,219
Accumulated losses		(3,535,167)	(3,754,152)
Reserves	17	816,403	816,693
TOTAL EQUITY		5,532,455	5,313,760

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 2021

	Issued Capital \$	Accumulated Profit (Losses) \$	Reserves \$	Total Equity \$
Balance at 30 June 2021	8,251,219	(3,754,152)	816,693	5,313,760
Profit for the half year	-	218,985	-	218,985
Share Equity Reserves	-	-	-	-
Foreign Currency Translation	-	-	(290)	(290)
Total comprehensive profit for the half year	-	218,985	(290)	218,695
Transaction with equity holders, in their capacity as equity holders				
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 31 December 2021	8,251,219	(3,535,167)	816,403	5,532,455
Balance at 30 June 2020	8,251,219	(7,070,221)	-	1,180,998
Profit for the half year	-	3,559,045	-	3,559,045
Share Equity Reserves	-	-	816,667	816,667
Foreign Currency Translation	-	-	(19)	(19)
Total comprehensive profit for the half year	-	3,559,045	816,648	4,375,693
Transaction with equity holders, in their capacity as equity holders				
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 31 December 2020	8,251,219	(3,511,176)	816,648	5,556,691

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 2021

	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Receipts in the course of operations	3,892,889	3,292,459
Government grants and tax incentives received	293,430	361,625
Payments in the course of operations	(4,707,868)	(3,773,956)
Interest received	161,848	382,512
Interest paid	(22,725)	(29,935)
Net cash (outflow) / inflow from operating activities	(382,426)	232,705
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	(2,307)	(11,395)
Lease payments received	327,232	656,533
Deposit on mining-equipment acquired and leased to a third party	(361,815)	(373,560)
Other (short term investment)	-	(500,000)
Net cash (outflow) from investing activities	(36,890)	(228,422)
Cash flows from financing activities		
Loans and borrowings received	4,137	-
Net cash inflow from financing activities	4,137	-
Net (decrease) / increase in cash and cash equivalents	(415,179)	4,283
Cash and cash equivalents as at beginning of the period	750,505	268,504
Effect of movement in exchange rates on cash held	7,525	(62,854)
Cash and cash equivalents as at end of the period	342,851	209,933

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 2021

1. REPORTING ENTITY

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

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “**Consolidated Entity**” or “**Group**”) and authorised for issue by the Board of Directors on 28 February 2022.

2. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 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 2021, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2022.

a) Accounting Policies

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

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2021 affected any of the amounts recognised in the current period or any prior period.

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are effective for the Group’s reporting period that began on 1 July 2021. Their adoption has not had a material impact on the disclosures and/or amounts reported in these financial statements:

- AASB 2020-8 Amendments to Australian Accounting Standards – *Interest Rate Benchmark Reform – Phase 2*
- AASB 2021-3 Amendments to Australian Accounting Standards – *Covid-19-Related Rent Concessions beyond 30 June 2021*.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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 2021. 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:

Provision for impairment of receivables

The provision for impairment of receivables 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.

Estimation of useful lives of assets

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

Carrying value of assets

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

Business combinations

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

Going Concern

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

The Consolidated Entity recorded a net profit of \$218,985 during the half year (2020: \$3,559,045). Included in trade and other receivables at 31 December 2021 is an amount of \$551,251. 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, collecting receivables from customers, and/or raise further equity.

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

- The Consolidated Entity has net working capital surplus of \$534,186 this includes cash reserves of \$342,851 as at 31 December 2021 and available trade finance facility of \$113,216;
- The Directors are confident that the trade receivables amount of \$551,251 referred to in Note 5 are fully recoverable following discussions with the debtors;
- The budgets and forecasts reviewed by the Directors for the next 12 months anticipate that the business will produce improved results;
- The mining-equipment transaction, announced in October 2019, is expected to generate positive cashflow for the remainder of the 1-year period;
- While it is the Consolidated Entity's intention to be cash flow positive through operations, the Consolidated Entity may be required to raise additional capital either through equity or debt in order to continue as a going concern. The Directors are confident that the Consolidated Entity will be able to raise further working capital either through debt or equity as and when required to continue to support the business.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

4. REVENUE AND EXPENSES

	Note	31 December 2021 \$	31 December 2020 \$
a) Other revenue			
Rental from sublet of leased property		315,320	321,852
R&D refund		323,910	289,616
Other income		61,314	130,888
ATO cashflow boost		-	44,681
		700,544	787,037
b) Net finance income			
Interest income		60	8,153
Interest income from finance lease	18	138,798	217,279
Interest expense		(7,034)	(882)
Interest expense from finance lease		39,427	(58,813)
Interest expense from unwinding of interest per AASB16	11(d)	(20,332)	(39,104)
		150,919	126,633
c) Occupancy expenses			
Rental expense for warehouse		67,192	134,948
Rental expense for office premises		36,527	36,885
		103,719	171,833
d) Disposal of assets			
Proceed from sale of asset for AG1 shares		-	3,500,000
Carrying value at date of disposal		-	(42,834)
		-	3,457,166

5. TRADE AND OTHER RECEIVABLES

Current

Trade receivables – normal activities

	31 December 2021 \$	30 June 2021 \$
Trade receivables – normal activities	551,251	854,883
	551,251	854,883

As at 31 December 2021, \$551,251 are past due.

6. OTHER CURRENT ASSETS

Deposits to suppliers

Prepaid insurance

Prepaid inventory

Prepaid services

Interest yet to be paid

	31 December 2021	30 June 2021
Deposits to suppliers	84,066	130,236
Prepaid insurance	31,863	7,194
Prepaid inventory	2,640	109
Prepaid services	29,665	6,979
Interest yet to be paid	-	(31,929)
	148,234	112,589

7. INVENTORIES

Materials handling supply

Building materials supply

Source and procure supply

	31 December 2021	30 June 2021
Materials handling supply	211,955	287,163
Building materials supply	40,140	39,179
Source and procure supply	766	1,019
	252,861	327,361

For personal use only

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

8. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Pooled assets \$	Right-of-use asset \$	Total \$
At 31 December 2021						
Cost	271,745	22,706	38,405	2,285	2,281,854	2,616,995
Additions	-	-	272	5,560	-	5,832
Accumulated depreciation	(71,281)	(17,005)	(32,357)	(1,754)	(1,142,652)	(1,265,049)
Disposals	-	-	-	(5,496)	-	(5,496)
Net book amount	200,464	5,701	6,320	595	1,139,202	1,352,282
At 30 June 2021						
Cost	271,745	22,706	38,405	2,285	2,281,854	2,616,995
Accumulated depreciation	(27,626)	(15,187)	(28,851)	(73)	(761,768)	(833,505)
Disposals	(42,834)	-	-	(1,387)	-	(44,221)
Net book amount	201,285	7,519	9,554	825	1,520,086	1,739,269

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

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Pooled assets \$	Right-of-use asset \$	Total \$
Half Year ended 31 December 2021						
Opening net book amount	201,285	7,519	9,554	825	1,520,086	1,739,269
Additions	-	-	272	5,560	-	5,832
Depreciation charges	(821)	(1,818)	(3,506)	(294)	(380,884)	(387,323)
Disposals	-	-	-	(5,496)	-	(5,496)
Closing net book amount	200,464	5,701	6,320	595	1,139,202	1,352,282
Year ended 30 June 2021						
Opening net book amount	263,227	11,126	9,056	2,677	2,281,854	2,567,940
Additions	-	-	6,756	-	-	6,756
Depreciation charges	(19,108)	(3,607)	(6,258)	(465)	(761,768)	(791,206)
Disposals	(42,834)	-	-	(1,387)	-	(44,221)
Closing net book amount	201,285	7,519	9,554	825	1,520,086	1,739,269

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

9. INTANGIBLES

	Note	31 December 2021 \$	30 June 2021 \$
Trademarks (Net-book-value)			
Carrying amount at the beginning of the year		9,393	2,402
Additions		-	8,219
Amortisation		(720)	(1,228)
Net carrying value		8,673	9,393
Computer Software (Net-book-value)			
Carrying amount at the beginning of the year		264	1,181
Amortisation		(264)	(917)
Net carrying value		-	264
Cost		16,631	8,412
Additions		-	8,219
Accumulated amortisation		(7,958)	(6,974)
Net carrying value		8,673	9,657

10. TRADE AND OTHER PAYABLES

Current			
Trade payables – normal activities		832,551	1,367,106
Trade payables – supplier of mining-equipment	18	-	356,937
Other payables		164,152	540,297
Other payables – accrued interest mining equipment supplier	18	-	33,891
		996,703	2,298,231

11. LEASES

a) Right-of-use assets			
Rental property opening balance		1,520,086	2,281,854
Additions		-	-
Depreciation		(380,884)	(761,768)
Rental property closing balance		1,139,202	1,520,086
b) Lease liabilities			
Current		394,210	788,420
Non-current		849,128	849,128
		1,243,338	1,637,548
c) Depreciation charge of right-of-use asset			
Depreciation expense per AASB 16		380,884	761,768
		380,884	761,768
d) Interest expense on lease liabilities (under net finance income)			
Interest expense from the unwinding of interest per AASB 16	4(b)	20,332	78,208
		20,332	78,208
Total half-yearly outflows for leases	11(c) & 11 (d)	401,216	839,976

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

12. LOANS AND BORROWINGS

This note provides information about the contractual terms of The Consolidated Entity's interest-bearing loans and borrowings.

	31 December 2021 \$		30 June 2021 \$	
	Facility drawdown	Facility available	Facility drawdown	Facility available
a) Trade finance				
NAB facility - \$250,000 limit	136,784	113,216	132,647	117,353
	136,784	113,216	132,647	117,353
b) Bank overdraft				
NAB facility - \$50,000 limit	50	49,950	54	49,946
	50	49,950	54	49,946

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.	8.00% 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
Expiry date	31 May 2022	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 drawn down.

13. OTHER NON-CURRENT ASSETS

	31 December 2021 \$	30 June 2021 \$
Long term equity investments		
Sale of glass processing equipment for 11,666,667 AG1 shares at \$0.30 each on 24/07/2020 / opening balance	4,316,667	3,500,000
Movement in fair value	-	816,667
Fair value as at 31 December 2021 ¹	4,316,667	4,316,667

¹ The company holds 11,666,667 ordinary fully paid shares in Australia Sunny Glass Group Limited (NSX: AG1). The fair value of the investment has been determined based on the last quoted market price sale of the securities being \$0.37 as of 31 December 2021. The last trading of AG1 shares was on 7 December 2020 and there have been no trades since then up till the date of this report. Refer to the National Stock Exchange for more information.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

14. ISSUED CAPITAL

	31 December 2021	30 June 2021
	\$	\$
144,744,757 (30 June 2021: 144,744,757) fully paid ordinary shares	8,251,219	8,251,219

a) Ordinary shares

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

	31 December 2021 No.	30 June 2021 No.	31 December 2021 \$	30 June 2021 \$
Balance at beginning of the period	144,744,757	144,744,757	8,251,219	8,251,219
Share issues	-	-	-	-
Balance at the end of the period	144,744,757	144,744,757	8,251,219	8,251,219

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

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

b) Options

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

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

c) Capital risk management

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

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

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

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

15. CONTINGENCIES AND COMMITMENTS

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

For personal use only

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

16. SUBSIDIARIES

Name of entity	Country of incorporation	Equity holding 31 December 2021	Equity holding 30 June 2021	Principal activities
Buildmart Services Pty Ltd	Australia	100%	100%	Project management, source and procure services
Eco Pallets Pty Ltd	Australia	100%	100%	Materials handling product supply
Eco Pallets NZ Limited	New Zealand	100%	100%	Materials handling product supply

Loans made by the Company to its wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

17. RESERVES

	31 December 2021	30 June 2021
	\$	\$
Fair value reserve	816,693	816,667
Foreign currency translation	(290)	26
Total reserves	<u>816,403</u>	<u>816,693</u>

18. FINANCE LEASE RECEIVABLE

Current finance lease receivable	824,635	1,139,302
Non-current finance lease receivable	169,775	177,315
Total	<u>994,410</u>	<u>1,316,617</u>

In October 2019, the Consolidated Entity secured a finance lease contract with Newfield Resources Limited (ASX:NWF) (**Newfield**) to supply various underground mining equipment, including 2x Drill Rig Jumbos, 2x Haul trucks and 2x LHD Loaders. The Consolidated Entity's wholly owned subsidiary, Buildmart Services Pty Ltd (**Buildmart**) has sourced and financed the purchase of mining equipment with a total value of ~AUD\$3.6m. As at 31 December 2021, Buildmart has fully paid all amounts owing to the manufacturer.

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

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

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

For accounting purposes, the transaction has been recorded as a finance lease. A finance lease receivable of \$994,410 is comprised of current and non-current assets of \$824,632 and \$169,775 respectively. The Consolidated Entity has not recognised an asset since all risks and rewards have been transferred to Newfield at the commencement of the lease.

The Consolidated Entity recognised interest income from the finance lease of \$138,798 as at 31 December 2021.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

19. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share

The calculation of basic earnings / (loss) per share at 31 December 2021 was based on the following:

	31 December 2021 \$	31 December 2020 \$
Earnings attributable to ordinary shareholders		
Net profit for the year attributable to owners of the Company	218,985	3,559,045
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 14.

20. SEGMENTS INFORMATION

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

Types of products and services by segment

Materials Handling Supply

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

Building Materials Supply

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

Source & Procurement Supply

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

Basis of accounting for purposes of reporting by operating segments

Equipment Investments

The Equipment Investments division is focused on acquiring specialised equipment. The business model contemplates the acquisition of specialised equipment with the intention of leasing the equipment to specialised operators, providing the Consolidated Entity with lease income. This segment was amended in FY2021 following the sale of the glass processing equipment.

Accounting policies adopted

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

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

20. SEGMENTS INFORMATION (continued)

Segment Assets

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

Segment Liabilities

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

Unallocated items

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

	Segment Revenue ¹		Segment Results		Segment Assets		Segment Liabilities	
	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	31 December 2020 \$	31 December 2021 \$	30 June 2021 \$	31 December 2021 \$	30 June 2021 \$
Materials Handling Supply	2,829,134	2,298,336	150,281	152,973	1,145,874	1,707,478	872,533	1,324,282
Building Materials Supply	122,551	62,592	(440,228)	(524,240)	5,501,398	5,818,279	1,540,657	2,164,915
Source & Procurement Supply	150,943	510,361	259,627	189,958	1,229,340	1,776,489	18,642	621,647
Equipment Investments	-	3,457,166	(57,300)	3,457,166	-	-	-	-
Corporate & Administrative	712,665	557,375	306,605	283,188	90,617	125,302	2,942	2,944
Consolidated Entity (Total)	3,815,293	6,885,830	218,985	3,559,045	7,967,229	9,427,548	2,434,774	4,113,788

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

21. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 January 2022, Mr Ben Talbot was appointed as an Executive Director.

On 31 January 2022, the Company announced that its wholly-owned subsidiary, Buildmart Services Pty Ltd had entered into a Binding Terms Sheet to become the worldwide sole distributor of the Washpod High Impact 1200 (**Washpod**) for Washpod Consolidated Pty Ltd.

Key terms:

- Initial term of 5 years, with option to renew for successive periods of 5 years
- Minimum purchase of 100 Washpods each year
- 30 days' termination notice by each party

For more information, please refer to the ASX announcement dated 31 January 2022.

On 1 February 2022, Mr Berthus Budiman was redesignated from an Executive Director to a Non-Executive Director. Refer ASX announcement dated 18 January 2022 for additional details.

Other than what has been disclosed in the accounts, there has not arisen in the interval between the end of the interim 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:

1. the consolidated financial statements and notes, set out on pages 6 to 20 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 2021 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 28th day of February 2022

Signed in accordance with a resolution of the Directors.



Matthew Logan
Executive Director

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Baumart Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2021, 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, a summary of significant accounting policies and other explanatory information, and the directors' declaration. The consolidated entity comprises both Baumart Holdings Limited (the Company) and the entities it controlled during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual 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* has been given to the directors of the Company on 28 February 2022.

Material Uncertainty Regarding Going Concern

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

As referred to in Note 3 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2021, the consolidated entity had cash and cash equivalents amounting to \$342,851 and has a net working capital surplus of \$534,186. The ability of the consolidated entity to continue as a going concern is subject to the consolidated entity returning to profitability and achieving the budgeted revenues or raising additional capital. In the event that the consolidated entity is not successful in achieving budgeted revenues and returning to profitability or

For personal use only

raising additional capital, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values.

Responsibility of the Directors for the 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2021 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*.

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.

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
28 February 2022

For personal use only



PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Rd
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

28 February 2022

Board of Directors
Baumart Holdings Limited
15 McCabe Street
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 half year financial statements of Baumart Holdings Limited for the period ended 31 December 2021, 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 faithfully

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

A handwritten signature in blue ink, appearing to read "Martin Michalik".

Martin Michalik
Director



For personal use only