BauMart Holdings Limited

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ABN 87 602 638 531

ASX ANNOUNCEMENT 27 FEBRUARY 2017

HALF-YEAR FINANCIAL RESULTS

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2016 and 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 2016.

AUTHORISED BY:

Matthew Logan
Executive Director

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.

For further information, please contact:
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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 2016

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.

Reporting Period	**6 Months ending 31 December 2016**
Previous Corresponding Reporting Period	**6 Months ending 31 December 2015**

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.

$ Revenue from Ordinary Activities - current period	**$'000**	**1,235**
$ Revenue from Ordinary Activities - previous period	**$'000**	**537**
$ change in Revenue from Ordinary Activities	**$'000**	**698**
% change from previous corresponding reporting period	**% UP**	**130%**

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.

$ Profit (loss) from ordinary activities after tax - current period	**$'000**	**(259)**
$ Profit (loss) from ordinary activities after tax - previous period	**$'000**	**(457)**
$ change in profit (loss) from ordinary activities after tax	**$'000**	**198**
% change from previous corresponding reporting period	**% DOWN**	**43%**

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.

$ Net profit (loss) attributable to members - current period	**$'000**	**(256)**
$ Net profit (loss) attributable to members - previous period	**$'000**	**(457)**
$ change in net profit (loss) attributable to members	**$'000**	**201**
% change from previous corresponding reporting period	**% DOWN**	**44%**

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.

Net tangible assets per security	**Cents**	**2.14**
Previous corresponding period	**Cents**	**2.76**

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. 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 uncertainly 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 2016

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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 2016 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 *Executive Director*	Director since 31 October 2014
Mr Matthew Logan *Executive Director*	Director since 8 August 2016
Mr Michael Crichton *Non-Executive Director*	Director since 19 March 2015
Mr Anson Gan *Non-Executive Director*	Director since 19 March 2015

RESULTS

The loss of the Consolidated Entity for the half-year was $259,181 (2015: $457,436) after income tax of nil (2015: nil).

REVIEW OF OPERATIONS

The December 2016 half year was the first full reporting period for the Consolidated Entity as a diversified building materials and building products supplier.

The principal operations of the Consolidated Entity continue to revolve around sourcing and securing distributorship rights in Australia for building and building-related materials and establishing sourcing and supply arrangements with various building industry participants. The Consolidated Entity continued to improve its position as a premium supplier of natural stones, wood plastic composite decking and raw and finished glass material. A new marketing plan has been rolled out with the aim of generating brand and product awareness.

The Consolidated Entity continues to supply a variety of glass products for use in residential homes and commercial buildings in both the east and west coast markets. These premium-treated glass products provide a range of architectural, safety, security, fire protection, noise reduction and energy efficiency solutions for residential and commercial projects and are customisable to suit the requirements of clients. These glass products are produced by fully automated glass-processing equipment, acquired by the Consolidated Entity in 2015. The glass-processing equipment is currently leased to a third-party operator in Smithfield, New South Wales.

The new materials handling division performed well in its first half year period since acquisition. The division focused its marketing efforts into the food and beverage, pharmaceutical and export industries, with a significant proportion of its sales coming from businesses related to these industries. This is in line with the division's strategy to diversify its client base into non-cyclical industries.

In line with its growth plans, the Consolidated Entity continues to evaluate a healthy pipeline of potentially accretive distributorship rights, partnerships and acquisitions.

EVENTS SUBSEQUENT TO REPORTING DATE

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 27th day of February 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2016

	31 December 2016 $	31 December 2015 $
Revenue and other income		
Sale of goods	866,391	71,023
Total Revenue	866,391	71,023
Cost of sales	(690,941)	(71,957)
Total cost of sales	(690,941)	(71,957)
Gross profit/(loss)	175,450	(934)
Other revenue – rental income	375,391	465,887
Net finance (expense)/ income	(6,531)	12,032
Expenses		
Corporate and administrative expenses	(274,118)	(358,378)
Operational expenses	(118,896)	(202,352)
Occupancy expenses	(354,414)	(373,568)
Marketing expenses	(56,063)	(123)
Total expenses	(803,491)	(934,421)
Loss before income tax	(259,181)	(457,436)
Income tax benefit/(expense)	-	-
Net loss for the half year	(259,181)	(457,436)
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the half year, net of tax	-	-
Total comprehensive loss	(259,181)	(457,436)
Loss attributable to:		
Owners of the Company	(255,986)	(457,436)
Non-controlling interests	(3,195)	-
	(259,181)	(457,436)
Total comprehensive loss attributable to:		
Owners of the Company	(255,986)	(457,436)
Non-controlling interests	(3,195)	-
	(259,181)	(457,436)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company		
Basic and diluted loss per share (cents)	(0.19)	(0.37)

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

BAUMART HOLDINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
CURRENT ASSETS			
Cash and cash equivalents		232,379	496,033
Trade and other receivables	4	494,721	547,559
Other current assets		137,683	86,396
Inventories		225,467	212,999
Total current assets		1,090,250	1,342,987
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,128,177	2,244,768
Intangibles		4,544	4,853
Total non-current assets		2,132,721	2,249,621
TOTAL ASSETS		3,222,971	3,592,608
CURRENT LIABILITIES			
Trade and other payables		212,163	275,591
Employee benefits		8,754	9,527
Loans and borrowings		162,016	208,271
Current tax liabilities		2,943	2,943
Total current liabilities		385,876	496,332
TOTAL LIABILITIES		385,876	496,332
NET ASSETS		**2,837,095**	**3,096,276**
EQUITY			
Issued capital	6	5,880,648	5,880,648
Accumulated losses		(3,038,353)	(2,782,367)
Equity attributable to owners of the Company		2,842,295	3,098,281
Non-controlling interests		(5,200)	(2,005)
TOTAL EQUITY		**2,837,095**	**3,096,276**

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 2016

	Issued Capital $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 30 June 2016	**5,880,648**	**(2,782,367)**	**3,098,281**	**(2,005)**	**3,096,276**
Loss for the half year	-	(255,986)	(255,986)	(3,195)	(259,181)
Total comprehensive loss for the half year	-	(255,986)	(255,986)	(3,195)	(259,181)
Transaction with equity holders, in their capacity as equity holders					
Issue of ordinary shares, net of transaction costs	-	-	-	-	-
Balance at 31 December 2016	**5,880,648**	**(3,038,353)**	**2,842,295**	**(5,200)**	**2,837,095**
Balance at 30 June 2015	**4,285,341**	**(389,071)**	**3,896,270**	**-**	**3,896,270**
Loss for the Period	-	(457,436)	(457,436)	-	(457,436)
Total comprehensive loss for the Period	-	(457,436)	(457,436)	-	(457,436)
Transaction with equity holders, in their capacity as equity holders					
Issue of ordinary shares, net of transaction costs	(4,693)	-	(4,693)	-	(4,693)
Balance at 31 December 2015	**4,280,648**	**(846,507)**	**3,434,141**	**-**	**3,434,141**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2016

	31 December 2016 $	31 December 2015 $
Cash flows from operating activities		
Receipts in the course of operations	1,380,456	515,745
Government grants and tax incentives received	59,557	-
Payments in the course of operations	(1,648,742)	(1,079,962)
Interest received	1,173	12,032
Interest paid	(3,958)	-
Net cash (outflow) from operating activities	(211,514)	(552,185)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,140)	(137,534)
Proceeds from sale of property, plant and equipment	-	13,636
Net cash (outflow) from investing activities	(2,140)	(123,898)
Cash flows from financing activities		
Proceeds from the issue of share capital, net of transaction costs	-	(4,693)
Repayment of borrowings	(50,000)	-
Net cash (outflow) from financing activities	(50,000)	(4,693)
Net (decrease) in cash and cash equivalents	(263,654)	(680,776)
Cash and cash equivalents as at beginning of the period	496,033	1,617,493
Cash and cash equivalents as at end of the period	**232,379**	**936,717**

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

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 27 February 2017.

2. BASIS OF PREPARATION

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 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 2016, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 27 February 2017.

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 that became effective for reporting periods beginning on or after 1 January 2016 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 2016. 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 is assessed at least once per year and considered against the remaining useful life.

Comparative information

The comparative reporting period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cashflows is for the half year ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

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 $259,181 during the half year (2015: $457,436). Included in trade and other receivables at 31 December 2016 is an amount of $293,113 owed of which $124,000 is overdue but has not been provided for. Since 31 December 2016 an amount of $62,000 has been received. The ability of the consolidated entity to pay its debts as and when they fall due and to continue as a going concern is dependent upon the Consolidated Entity's ability to generate positive cash flows through its existing business and/or raise further equity.

The Directors 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 $704,374 including cash reserves of $232,379 (of which $157,137 is restricted) at 31 December 2016;
- The directors are confident that the amounts of $293,113 referred to above are fully recoverable following discussions with the debtor and payment plans put in place; 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

	31 December 2016 $	30 June 2016 $
Current		
Trade receivables	494,721	689,309
Provision for impairment	-	(141,750)
	494,721	**547,559**

5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment $	Furniture & fittings $	Office equipment $	Total $
At 30 June 2016				
Cost	2,580,636	1,700	12,705	2,595,041
Accumulated depreciation	(346,484)	(229)	(3,560)	(350,273)
Net book amount	2,234,152	1,471	9,145	**2,244,768**
Half-year ended 31 December 2016				
Opening net book amount	2,234,152	1,471	9,145	2,244,768
Additions	-	-	2,140	2,140
Depreciation charges	(116,980)	(172)	(1,579)	(118,731)
Disposals	-	-	-	
Closing net book amount	2,117,172	1,299	9,706	2,128,177
At 31 December 2016				
Cost	2,580,636	1,700	14,845	2,597,181
Accumulated depreciation	(463,464)	(401)	(5,139)	(469,004)
Net book amount	**2,117,172**	**1,299**	**9,706**	**2,128,177**

6. ISSUED CAPITAL

	31 December 2016 $	30 June 2016 $
132,244,757 (30 June 2016: 132,244,757) fully paid ordinary shares	**5,880,648**	**4,280,648**

(a) Ordinary shares

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

	2016 number	2015 number	2016 $	2015 $
Balance at beginning of the half-year	132,244,757	124,244,757	5,880,648	4,285,341
Share issue costs	-	-	-	(4,693)
Balance at the end of the half-year	**132,244,757**	**124,244,757**	**5,880,648**	**4,280,648**

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.

At balance date, the following unissued ordinary shares of the Company are under option:

Class	Expiry date	Exercise Price	Date Granted	Number of Options
Unlisted Options	31 May 2017	$0.20	21 November 2014	25,000,000

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

(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.

7. COMMITMENTS AND CONTINGENCIES

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

	31 December 2016 $	30 June 2016 $
Within one year	560,320	560,320
After one year but not more than five years	2,241,280	2,241,280
More than five years	747,093	980,560
	3,548,693	**3,782,160**

The Consolidated Entity has provided a bank guarantee of $154,088 to the landlord on 30 September 2015 (being an amount equivalent to 3 months' rent (plus GST)).

Service commitments

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

Within one year	48,000	48,000
After one year but not more than five years	24,000	46,000
	72,000	**94,000**

Contingencies

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

8. SUBSIDIARY

Name of entity	Country of incorporation	Equity holding 2016	Equity holding 2015	Principal activities
Buildmart Services Pty Ltd	Australia	100%	100%	Supply and installation of building materials
BauMax Pty Ltd	Australia	100%	0%	IT related services
Eco Pallets Pty Ltd	Australia	100%	0%	Materials handling product supply

9. 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 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 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.

9. 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 2016 $	31 December 2015 $	31 December 2016 $	31 December 2015 $	31 December 2016 $	31 December 2015 $	31 December 2016 $	31 December 2015 $	31 December 2016 $	31 December 2015 $
Segment revenue	294,429	72,313	571,963	-	50,290	180,000	325,100	284,597	1,241,782	**536,910**
Segment result	43,199	(179,568)	6,658	-	(66,104)	57,455	(242,933)	(335,323)	(259,181)	**(457,436)**
Segment assets	134,800	113,190	569,240	-	1,904,337	2,247,911	614,594	1,264,438	3,222,971	**3,625,539**
Segment liabilities	5,991	15,050	301,119	-	-	-	78,767	176,348	385,876	**191,398**

10. EVENTS SUBSEQUENT TO REPORTING DATE

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.

DIRECTORS' DECLARATION

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 2016 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 27th day of February 2017

Signed in accordance with a resolution of the Directors.

Matthew Logan
Executive Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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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 2016, 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, 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 2016 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 27 February 2017.

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 2016 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 2016, the entity had working capital of $704,374 but had incurred a loss for the half year amounting to $259,181. The ability of the consolidated entity to continue as a going concern is subject to the consolidated entity returning to profitability, the ability of management to collect the receivables from rent and achieve the budgeted revenues. In the event that the Board is not successful in collecting the receivables from rent and 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 Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
27 February 2017

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27 February 2017

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 2016, 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

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Samir Tirodkar
Director