



PROSPECTUS

A prospectus for the issue of 10,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$2,000,000.

Lead Manager of the Offer: Townshend Capital Pty Ltd (AFSL 219326)

This Offer is not underwritten.



IMPORTANT INFORMATION

Applicants should read the entire Prospectus for the purposes of making an informed assessment of the assets and liabilities, financial position and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus.

If you do not understand this Prospectus you should consult your accountant, stockbroker or other financial advisor about its contents.

The Shares offered under this Prospectus should be considered speculative and potential investors should consider the risk factors outlined in Section 7 of this Prospectus. This Prospectus is lodged under section 718 of the Corporations Act 2001 (Cth).

CORPORATE DIRECTORY

DIRECTORS

Mr Berthus Budiman (Executive Director)
Mr Anson Gan (Non-Executive Director)
Mr Michael Crichton (Non-Executive Director)

COMPANY SECRETARY

Ms Natalie Teo

REGISTERED OFFICE

79 Broadway
Nedlands WA 6009

Telephone: +61 8 6389 0205
Facsimile: +61 8 6389 2588

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

INVESTIGATING ACCOUNTANT

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

PRINCIPAL PLACE OF BUSINESS

Suite 1
82 Belmont Avenue
Rivervale WA 6103

Email: info@baumart.com.au
Website: www.baumart.com.au

SHARE REGISTRY*

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

AUDITOR*

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

LEAD MANAGER OF THE OFFER

Townshend Capital Pty Ltd
Suite 6, 61 Hampden Road
Nedlands WA 6009

PROPOSED ASX CODE

BMH

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.



CONTENTS

	Page
IMPORTANT NOTICE	2
LETTER TO INVESTORS	3
1. INVESTMENT OVERVIEW	4
2. DETAILS OF THE OFFER	9
3. COMPANY OVERVIEW	13
4. INVESTIGATING ACCOUNTANT'S REPORT	15
5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE	28
6. RISK FACTORS	34
7. MATERIAL CONTRACTS	38
8. ADDITIONAL INFORMATION	41
9. DIRECTORS' AUTHORISATION	47
10. GLOSSARY	48
11. APPLICATION FORMS	49

IMPORTANT NOTICE

This Prospectus is dated 13 May 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Before making an investment decision on the basis of the information contained in this Prospectus you should consider whether investing in BauMart is appropriate to you in light of your particular investment needs, objectives and financial circumstances. This Prospectus has not taken into account your objectives, financial situation or needs. After reading this document you should seek professional legal, taxation or financial advice to determine whether this investment is appropriate for you. The Shares the subject of this Prospectus should be considered speculative.

Risk Factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered speculative. Investors should consider consulting their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the Company's website at www.baumart.com.au. Any person accessing the electronic version of this Prospectus for the

purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.



LETTER TO INVESTORS

13 May 2015

Dear Investor,

On behalf of the Board of Directors, I am pleased to present this opportunity for you to become a shareholder in BauMart Holdings Limited.

BauMart proposes to establish itself as a supplier of building products, including specialised glass products, to the construction industry, including residential and commercial building markets, in Australia. It presently has offices in Western Australia and New South Wales, where the Company's initial operational activities will focus.

The Company believes it is well positioned to capitalise on the demand for building-related products in Australia. Although in the early stages of its development, the Company intends to expand its product range and diversify its activities geographically, both within Australia and overseas. Initial efforts have involved securing select product distributorships, mainly from Asian suppliers.

Part of the Company's business strategy involved the acquisition of sophisticated glass-processing equipment in March 2015, which it is leasing to an operator and which is intended to provide cash flow to the Company whilst complementing the Company's business operations. The operator is the Company's key glass supplier and is located in Smithfield, an industrial precinct of Sydney, NSW.

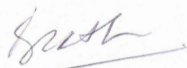
Under this Prospectus, the Company is seeking to issue 10,000,000 Shares at an issue price of \$0.20 each to raise \$2,000,000. The Offer proceeds will primarily be used to fund the continued development and expansion of the BauMart business. The Company will also consider and review investment opportunities in the broader building supplies industry as and when appropriate opportunities present themselves. The Offer will strengthen the Company's balance sheet and its ASX listing is intended to lift the Company's public profile and provide improved access to capital markets.

The Company has a small but dedicated management team to which it will continue to add as its activities develop and the Company begins to establish its presence in selected markets.

This Prospectus sets out the details of the Offer. I encourage you to read it carefully and in its entirety, particularly the risk factors in Section 6.

On behalf of the Directors, I look forward to welcoming you as a fellow shareholder in the Company.

Yours sincerely



Berthus Budiman
Executive Director

1.

INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

1.1 BAUMART HOLDINGS LIMITED

BauMart was incorporated on 31 October 2014 as Buildmart Holdings Pty Ltd. It converted to a public company on 10 April 2015, and changed its name to BauMart Holdings Limited on 13 April 2015. The Company was established to operate in the Australian construction industry through the procurement, supply and installation of building products and materials to both the residential and commercial markets. As an adjunct to that focus, the Company has invested in specialised glass-processing equipment, which it leases to an operator in New South Wales.

The directors and management team of the Company have the commercial, marketing and technical expertise that the Board believes will enable the Company to develop its building products supply business in Australia.

The Company's Directors are Mr Berthus Budiman, Mr Anson Gan and Mr Michael Crichton.

Mr Budiman has more than 25 years' experience in the manufacturing, wholesale and distribution industry across an extensive range of products such as building and raw materials, industrial products, pharmaceutical products and consumer goods in South East Asia. Prior to joining BauMart, he held senior engineering and business positions with global corporations such as Young Corporation (Young Indonesia Pratama, PT), Mahakam Group of Companies and SC Johnson & Son (Indonesia). During his time with the Young Corporation, Berthus oversaw the establishment of various distribution companies and manufacturing facilities in Asia Pacific, Europe, the Middle East and North and South America.

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

Mr Crichton has been involved in the logistics and construction industry for over 20 years. He spent 12 years in senior management positions at TNT Express Worldwide and DHL Worldwide Express in South Australia and Western Australia. He went on to establish new apprenticeship programs with MPA Skills (Master Plumbers and Painters Association WA) before taking on a consulting role in the construction industry, specialising in apprenticeships, on behalf of the Western Australian State Government for 10 years.

The Company has also appointed a Chief Financial Officer, Mr Sok Kiang Teoh, who has over 20 years' experience in senior management roles with large private and multinational companies operating in the manufacturing, logistics services and technology industries.

In June 2015, Mr Andrew Chong will commence with the Company as Project Manager. Andrew has more than 20 years' experience in the construction industry since graduating from the University of Western Australia in 1993, including site construction and management, structural design to estimation, both in Australia and Hong Kong. He has a wide range of project experience including foundations, high rise apartments, rail subway station, bridges, tunnels, port and mine facilities.

Further details of the Company's Directors and management are contained in Section 5 of this Prospectus.

1.2 KEY OBJECTIVES

Following completion of the Offer, BauMart will pursue its business objectives of the development and expansion of a building products and materials supply business to residential and commercial markets in Australia. In addition, the Company has invested in specialised glass-processing equipment for lease to an operator to generate cash flow for the Company and engender product supply relationships.

Key achievements to date include:

Lease of glass-processing equipment

BauMart has invested \$2.2 million in automated glass-processing equipment that is capable of producing a range of custom-made glass products for supply to the building construction industry. The equipment is leased to a third party operator in Smithfield, NSW (refer Section 7.1 for a summary of the key terms of the lease agreement). The Company derives lease income under this arrangement.

Product distributorships

BauMart has secured rights for the distribution in Australia of building and building-related products including natural stone and industrial paint. The Company will continue to source products which it considers suitable for supply to the building industry, and attempt to secure additional arrangements with suppliers, particularly through the Asian region where Messrs Budiman and Gan have broad industry contacts.

Board of Directors and management

BauMart has assembled a Board and management team that comprises individuals with relevant experience in the building industry and a network of contacts in Asia that provide BauMart with the opportunity to expand its supply business.

1.

INVESTMENT OVERVIEW [continued]

1.3 KEY INFORMATION

Key Information	Further Details
Type of security being offered and its rights and liabilities Fully paid ordinary shares in the capital of the Company ranking equally with the existing Shares on issue.	Sections 2.1 and 8.2
How to apply for Shares Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200).	Section 2.8 and Application Form
Will the Shares be listed? Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.	Section 2.9
How will Shares be allocated? The Directors will determine the allottees in their sole discretion.	Section 2.10
Where will the Offer be made? No action has been taken to register or qualify the Shares, or otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.	Section 2.11
CHESS and Issuer Sponsorships The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.	Section 2.14
What benefits are being paid to Directors? Mr Berthus Budiman has entered into an employment agreement with the Company under which he is paid \$60,000 gross per annum (exclusive of statutory superannuation) on the basis that Mr Budiman commits, on average, 20 hours per week to the performance of his services. Director fees of \$20,000 per annum will be paid to each Non-executive Director upon the Company's admission to the Official List of ASX.	Sections 7.4 and 8.3
What interests do Directors have in the securities of the Company? The interests of the Directors at the date of this Prospectus, and following completion of the Offer are detailed in Section 8.3.	Section 8.3

1. INVESTMENT OVERVIEW (continued)

1.4 KEY INVESTMENT RISKS

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively be managed is limited.

Potential investors should consider that an investment in BauMart is highly speculative and should consult their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus. Potential investors should also carefully consider Section 6 of this Prospectus which sets out in further detail the risks of investing in the Company.

The risk factors can be broadly classified as including:

1. risks associated with an investment in BauMart;
2. risks specific to BauMart; and
3. risks associated with the general global economic environment.

Some of the principal risks include:

Business model rollout

There is a risk that management will not be able to implement the Company's business strategy after completion of the listing on ASX. The capacity of management to properly implement and manage the strategic direction of BauMart may affect the Company's operating and financial performance.

The Company has limited historical financial performance. BauMart's efforts to this point have been mainly focussed on securing the glass-processing equipment and the leasing and supply arrangements with the equipment operator, as well as securing product distributorships. There is consequently some uncertainty in relation to the business of BauMart and potential investors should consider BauMart's prospects in light of this limited history and the risk that implementation of the Company's business objectives may be unsuccessful.

Reliance on the building construction industry demand

BauMart's financial performance is sensitive to the level of activity demand within the building construction industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of BauMart. In addition, BauMart may not be able to predict the timing, extent or duration of the activity cycles in the industry.

Any reduction in demand from the building industry, or a reduction in the reliance by the building industry on glass and other products supplied by the Company, particularly where customers opt to substitute those products for other products, may negatively affect the growth prospects, operating results and financial performance of the Company.

Competition risk

Failure by BauMart to win new projects could adversely affect its growth prospects, operating results and financial performance. Aggressive competition by current or future competitors could result in price reductions, reduced margins and loss of market share which may, in turn, adversely affect BauMart's growth prospects, operating results and financial performance. The competitive nature of the sector in which BauMart operates means that there can be no assurance that the Company will be able to compete successfully against current or future competition.

Reliance on key personnel

BauMart's business strategy will be implemented by the Board and the management team led by Mr Berthus Budiman as the Company's Executive Director. As a result, key executives and employees have very specific, and sometimes rare, skillsets in areas of significant importance to the Company. BauMart may not be able to attract and retain these key staff or be able to find suitable replacements if needed in a timely manner. The loss of services of one or more of these people, or a delay in their replacement, may have an adverse effect on the Company's business, operating results and financial condition.

Supplier disruption risks

BauMart relies on suppliers to maintain ongoing supply of products, a key driver to the Company being able to maintain and grow revenues. Should BauMart's suppliers suffer product shortages, or for any reason be unable to deliver product, BauMart's operations may be disrupted. If a supplier ceased to offer its product to BauMart and BauMart was unable to obtain a replacement supplier quickly, this could also lead to disruption of operations.

Inability to complete orders or delays to completion of orders could lead to a loss of revenue while BauMart is unable to supply product. Further, particularly in the case of prolonged shortages, such disruptions could have a material adverse impact upon BauMart's reputation. This could hinder BauMart's ability to retain existing customers and to attract new customers, potentially having a material adverse impact upon BauMart's growth.

Contractual risk

The Company has entered into agreements with parties, including the lessee of the Company's glass-processing equipment, the performance of which is important to the future of the Company's operations. The non-performance or termination of any of these agreements could have a negative impact on the Company. Further agreements may be entered into by the Company which may also be material to the Company's business. Some of these contracts are, or may be, governed by laws other than laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia. Apart from that, the business dealings of the Company are necessarily exposed to the potential of third party insolvency. If a third party with whom the Company has dealings becomes insolvent, this may also have a significant adverse effect on the Company and on its business and profitability.

1.

INVESTMENT OVERVIEW [continued]

1.5 INDICATIVE TIMETABLE

Key Information	Further Details
Lodgement of Prospectus with the ASIC	13 May 2015
Opening Date	21 May 2015
Closing Date	18 June 2015
Despatch of holding statements	24 June 2015
Expected date for quotation on ASX	26 June 2015

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

1.6 DIVIDEND POLICY

The focus of BauMart's investment strategy is to deliver capital growth to Shareholders. Therefore, it is the current expectation of the Board that BauMart is unlikely to declare and pay any dividends in the short term. It is the Board's current intention that any excess capital generated will be reinvested into future investment opportunities.

The payment and amount of any potential future dividends declared by BauMart are subject to the discretion of the Board and will depend upon, among other things, the Company's earnings, financial position, tax position and capital requirements.

1.7 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of ASX and position the Company to seek to achieve the following objectives:

- promotion of the Company's product range and market development in Western Australia and New South Wales;
- review of new market development opportunities outside of Western Australia and New South Wales;
- review of investment opportunities in the building supplies industry;
- funding the cost of additional equipment purchases as considered appropriate;
- building on the Company's operational and administrative capabilities;
- broaden the Company's shareholder base and provide a liquid market for its Shares;
- improve the Company's future access to capital markets;
- provide additional working capital to the Company; and
- fund the costs associated with the Offer.

Refer to Section 2.4 for further details of the proposed use of proceeds of the Offer.

1. INVESTMENT OVERVIEW [continued]

1.8 FORECASTS

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include a reliable forecast in this Prospectus. Refer to Section 3 for further information in respect to the Company's proposed activities.

1.9 ENQUIRIES

All questions relating to this Prospectus should be directed to the Company by telephone on +61 8 6389 0205 between 8.30am and 5.00pm (WST) on business days.

This Prospectus and information about the Offer are also available on the BauMart website at www.baumart.com.au.

If you are unclear in relation to any matter or are uncertain as to whether BauMart is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional advisor.



2. DETAILS OF THE OFFER

2.1 DESCRIPTION OF THE OFFER

The Company invites applications for 10,000,000 Shares at an issue price of \$0.20 per Share to raise \$2,000,000.

All Shares offered under this Prospectus will be issued as fully paid and will rank equally in all respects with the Shares currently on issue.

The Offer is not underwritten.

No oversubscriptions will be accepted.

2.2 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is 10,000,000 Shares at an issue price of \$0.20 each raising \$2,000,000 before expenses of the Offer. No Shares will be issued pursuant to this Prospectus unless and until the minimum subscription is reached. Should the minimum subscription not be reached within four (4) months after the date of this Prospectus, all Applications will be dealt with in accordance with section 724 of the Corporations Act.

2.3 PURPOSE OF THE OFFER

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of ASX and position the Company to seek to achieve the objectives set out in Section 1.7 of this Prospectus.

2.4 PROCEEDS OF THE OFFER

The proceeds of the Offer are intended to enable BauMart to implement its business strategy, provide working capital for the Company, and pay the costs of the Offer.

Funds available	\$
Gross proceeds under the Offer	2,000,000
Less: Expenses of the Offer ¹	(310,000)
	1,690,000
Add: Existing cash reserves ²	172,479
Total funds available²	1,862,479

Allocation of funds	\$
Costs associated with promotion of the product range and market development in Australia and Asia	100,000
Costs associated with ramp up of operational capabilities	500,000
Costs of establishing corporate and administration capabilities	540,000
Bank guarantee for leased premises	155,000
Additional capital equipment	200,000
Costs associated with review of potential investment opportunities	100,000
Working capital	267,479
Total allocation of funds	1,862,479

¹ Refer to Section 8.6 for further details.

² Refer Notes 2 and 3 of Appendix 3 to the Investigating Accountant's Report in Section 4 of this Prospectus for details of the pro forma cash position as at 31 March 2015.

The Board expects that on completion of the Offer, BauMart will have sufficient working capital to fund its business objectives.

2. DETAILS OF THE OFFER (continued)

2.5 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised below¹:

Shares ²		Options ³	
	Number		Number
Shares currently on issue	114,244,757	Options currently on issue	25,000,000
Shares to be issued pursuant to the Offer	10,000,000	Options to be issued pursuant to the Offer	Nil
Total Shares on completion of the Offer	124,244,757	Total Options on completion of the Offer	25,000,000

¹ Refer to the Investigating Accountant's Report set out in Section 4 of this Prospectus for further details.

² The rights attaching to the Shares are summarised in Section 8.2 of this Prospectus.

³ Each Option will be unquoted and is exercisable at \$0.20 on or before 31 May 2017. Other terms and conditions of the Options are set out in Section 8.7 of this Prospectus.

2.6 SUBSTANTIAL SHAREHOLDERS

Those parties having a relevant interest in 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer are set out in the respective tables below.

As at the date of this Prospectus:

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Jojo Krisnawan	23,050,000	5,000,000	20.2%	20.1%
Benny Lau	20,807,256	10,000,000	18.2%	22.1%
Wonder Holdings Pty Ltd	15,333,334	5,000,000	13.4%	14.6%
Anson Gan	8,500,000	-	7.4%	6.1%
Robert Ang	8,100,000	-	7.1%	5.8%
	75,790,590	20,000,000	66.3%	68.7%

On completion of the Offer:*

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Jojo Krisnawan ¹	23,050,000	5,000,000	18.6%	18.8%
Benny Lau ²	20,807,256	10,000,000	16.8%	20.6%
Wonder Holdings Pty Ltd ³	15,333,334	5,000,000	12.3%	13.6%
Anson Gan	8,500,000	-	6.8%	5.7%
Robert Ang ⁴	8,100,000	-	6.5%	5.4%
	75,790,590	20,000,000	61.0%	64.1%

* assumes the Shareholders do not subscribe for additional Shares under the Offer.

¹ Jojo Krisnawan is not a related party of the Company or associated with any of the Directors of the Company.

² Benny Lau is not a related party of the Company or associated with any of the Directors of the Company.

³ Wonder Holdings Pty Ltd is not a related party of the Company or associated with any of the Directors of the Company.

⁴ Robert Ang is not a related party of the Company or associated with any of the Directors of the Company.



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DETAILS OF THE OFFER [continued]

None of the parties listed above are associates of one another or other Company Shareholders. Following completion of the Offer, none of the substantial Shareholders are considered to be in a position to control the Company.

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

2.7 RESTRICTED SECURITIES

Subject to the Company being admitted to the Official List, the Shares and Options on issue prior to the Offer are considered unlikely to be classified by ASX as restricted securities. Accordingly, there may be no trading restrictions attaching to existing Shares.

The Company will announce to the ASX full details regarding any Shares and Options required to be held in escrow (if any) prior to the Shares commencing trading on ASX.

2.8 HOW TO APPLY UNDER THE OFFER

Applications for Shares under the Offer must be made using the Application Form attached to this Prospectus in accordance with the instructions on the back of the form. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Applications for Shares under the Offer must be accompanied by a cheque or money order for the application amount. Cheques or money orders must be drawn on an Australian financial institution in Australian currency and made payable to "BauMart Holdings Limited" and crossed "Not Negotiable". Cash will not be accepted.

Applicants should mail or deliver their completed Application Forms, together with accompanying payment as follows:

Mail to:

BauMart Holdings Limited
PO Box 3438
Nedlands WA 6909

Deliver to:

BauMart Holdings Limited
79 Broadway
Nedlands WA 6009

Application monies received under the Offer will be held in trust for the Applicants in a separate bank account until the Shares are issued to successful Applicants. No interest will be paid by BauMart on application monies received.

2.9 ASX LISTING

Application for quotation of the Shares offered pursuant to this Prospectus on ASX will be made no later than seven days after the date on which this Prospectus is lodged with ASIC.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.10 ACCEPTANCE OF APPLICATIONS

An Application under the Offer constitutes an irrevocable offer to BauMart to subscribe for Shares on the terms and conditions set out in this Prospectus and the Application Form.

Subject to full subscription of the Offer and ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

2.11 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

2.

DETAILS OF THE OFFER (continued)

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

2.12 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. It is the obligation of potential investors to make their own inquiries concerning the taxation consequences of an investment in BauMart. If you are in doubt as to the course of action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional advisor.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

2.13 ELECTRONIC PROSPECTUS

The Offer made under this Prospectus is available electronically only to Australian residents accessing and downloading or printing the electronic version of this Prospectus within Australia. Australian residents located in Australia may view this Prospectus on the BauMart website at www.baumart.com.au. The Offer made under this Prospectus in electronic form is not available to investors outside Australia, including persons in the United States. Persons who access the electronic version of this Prospectus should ensure they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person in Australia who requests a copy by contacting the Company Secretary on +61 (08) 6389 2688 between 8:30am and 5:30pm (WST) on business days.

Applicants using an Application Form attached to the electronic version of this Prospectus must be located in Australia. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanying a complete and unaltered paper copy or electronic version of this Prospectus.

2.14 CHESS AND HOLDING STATEMENTS

BauMart will apply to have its Shares participate in CHESS. On admission to CHESS, Shares must be held in either the CHESS sub-register or on the issuer-sponsored sub-register. These two sub-registers make up the register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. BauMart and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.15 ENQUIRIES

If you require assistance to complete the Application Form or have any queries relating to the receipt and processing of your Application or require additional copies of this Prospectus, you should contact the Company Secretary on +61 8 6389 0205 between 8:30am and 5:30pm (WST) on business days. This Prospectus and information about the Offer are also available on the BauMart website at www.baumart.com.au. If you are unclear in relation to any matter or are uncertain as to whether BauMart is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional advisor.

3.

COMPANY AND BUSINESS OVERVIEW

3.1 BUSINESS OVERVIEW

BauMart was incorporated on 31 October 2014 as Buildmart Holdings Pty Ltd. The Company converted to a public company on 10 April 2015, and changed its name to BauMart Holdings Limited on 13 April 2015.

The Company was established in order to operate in the Australian property construction industry through the supply and installation of building products and materials procured from local and offshore suppliers, to both the residential and commercial markets. As an adjunct to that focus, the Company has invested in specialised glass-processing equipment, which it leases to an operator in New South Wales.

BauMart intends to provide an integrated service platform whereby developers and builders are able to source a range of quality building and complementary products.

BauMart's business model encompasses the following approach to establishing market share in Australia:

1. **BauMart services** – a building materials business that 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.
2. **Equipment investments** – a business focused on acquiring specialised equipment to support BauMart Services. The business model contemplates the acquisition of specialised equipment with the intention of leasing the equipment to specialised operators, providing the Company with lease income. Additionally, BauMart may consider entering into supply arrangements with the equipment operators for customer contracts it may secure.

BauMart raised initial seed capital of \$2.5 million for the purpose of acquiring specialised glass-processing equipment that is capable of producing a range of glass products (glass-processing equipment), in addition to providing working capital to commence the development of its supply operations.

The glass-processing equipment allows for the design, manufacture and supply of a wide range of glass products, primarily for the residential and commercial building industry. The glass-processing equipment acquired by BauMart has been leased to an operator in Smithfield, New South Wales, where the equipment is located (refer Section 7.1 for a summary of the key terms of the lease agreement).

BauMart has assembled an experienced management team who are focused on securing exclusive distribution arrangements with building materials manufacturers and suppliers, along with creating relationships with key developers and builders to whom the Company intends to supply the materials.

The Company will look to secure exclusivity to market and supply these building materials within Australia. The Board believes the management team have the technical, commercial and marketing expertise capable of developing the business across Australia.

3.2 BUSINESS MODEL

BauMart is of the opinion that the outlook for the Australian property construction industry is positive. This is apparent by the number of mooted residential, commercial and hotel property developments currently in planning, approval and tendering stages, across Australia, particularly in Sydney, Melbourne and Perth. Strategically BauMart has offices located in both Sydney and Perth, providing them with a footprint in both the east and west coast markets.

Property construction industry markets are becoming increasingly innovative in the design of buildings and the materials used in them, whilst at the same time face increasing pressure to keep material costs competitive or provide low-cost alternatives to traditional products. With a focus on supply from the Asian region, BauMart is focused on securing attractive products that meet these criteria.

BauMart will seek to offer building materials to developers and builders and attempt to establish itself as a specialist supplier of premium building and building-related products.

BauMart - services

The primary focus of the services business will be to identify and source building products and materials, from local and offshore suppliers, which can be supplied to the Australian construction industry.

The Company will seek to obtain exclusive distribution agreements with product suppliers for a term of two or more years, with the objective of securing market share over that period and developing relationships with both suppliers and customers.

In conjunction with the objective of securing new distribution agreements, BauMart will initiate discussions with property industry participants, including developers and builders, and seek to negotiate on commercial supply agreements.

The building materials currently under consideration by the Company include industrial paints, stone, bamboo and timber flooring, glues, sealants and floor polishes, amongst others.

The supply of glass products will be one of the main areas of focus for the Company's activities. It will look to supply glass products that provide a spectrum of architectural, safety, security, fire protection, noise reduction and energy efficiency solutions for use in residential homes and commercial buildings in Australia.

3.

COMPANY AND BUSINESS OVERVIEW [continued]

BauMart – Equipment investments

Developers and builders are driving to achieve sustainable accreditations for not only themselves, but end users too.

As developers and builders continue to look for alternative, innovative and sustainable building options, certain materials and manufacturing plant and equipment may become attractive for investment purposes.

The Company will continue to assess the Australian and international property markets for opportunities involving innovative and sustainable materials and the associated equipment requirements that may present investment opportunities.

The Board believes that an ASX listing will be a strategic step in the continued development of BauMart by lifting the business profile within the sector, providing additional capital to fund future growth and enabling access to additional capital.

3.3 PRODUCT DISTRIBUTORSHIPS

Since inception, the management team has set out to identify specific manufacturers and suppliers of building materials from the Asian region, with a focus on establishing suitable distribution arrangements for selected building products.

The Company has entered into two distribution agreements to date:

Stone Products

The agreement includes the supply of multiple stone types, including sandstone, basalt, limestone, lavastone, slate and green quartz stone, suitable for benchtops, indoor and outdoor floor and wall application, pavers and tiling.

The manufacturer is based in Indonesia and has supplied stone to end users through individual builders or contractors in the Australian market previously. The manufacturer has agreed for BauMart to act as the exclusive distributor for their stone products, in Australia, for a period of two years.

Epoxy Paint Products

The agreement includes the supply of epoxy paints and coatings suitable for application onto concrete floors and walls in residential and commercial construction.

The manufacturer is based in Indonesia, has been manufacturing epoxy paint since 1985, and has supplied epoxy paint to several property construction projects in Indonesia. The manufacturer has agreed for BauMart to act as the exclusive distributor for their epoxy paint products, in Australia, for a period of two years.

BauMart will endeavour to secure further distribution agreements with specialised building product manufacturers as it attempts to expand its operations in Australia.

3.4 INDUSTRY COMMENT

BauMart's business and strategy is primarily focussed on opportunities in the Australian building and construction industry.

One key advantage of Australian commercial property markets is that they are transparent and operate within an established legal framework comparable to other developed economies.

For residential property, Australia is a desirable location for Asian investors because it offers diversification from domestic risks and also provides access to education and other social service infrastructure.

In recent times, historically low interest rates have sustained housing demand for local investors, whilst the fall in the Australian dollar has continued to draw in foreign purchasers. Both continue to contribute to the local economy by stimulating construction activity and increasing housing stock across the country.

Low interest rates have also driven increased demand with both owner occupiers and investors in the residential market responding to lower debt costs. Since 2012, the build-up in demand has been illustrated through boosted building approvals across all capital city markets. Building approvals have remained at record levels throughout 2014 and into 2015.

Increased levels of dwelling construction in Australia stem from longstanding structural undersupply of new housing relative to demographic demand. Population growth remains the key driver of demand for new housing supply, and in residential markets demand exceeding supply has been most evident through low vacancy rates driving rental growth and investors responding by increasing activity levels. Australia's estimated resident population reached 23.5 million at 30 June 2014, with the majority of population growth in 2013-14 occurring in capital cities.

An increasing population in urban centres and the demand this has placed on the housing market to provide acceptable accommodation in areas where work is available may present opportunities for innovative new players to enter the market. Suppliers who are capable of delivering attractive, innovative products at competitive prices may be able to take advantage of the market opportunities that present through the current levels of consumer demand.

4.

INVESTIGATING ACCOUNTANT'S REPORT

Stantons International Securities

8 May 2015

The Directors
BauMart Holdings Limited
Suite 1, 82 Belmont Avenue
RIVERVALE WA 6103

PO Box 1908
West Perth WA 6872
Australia
Level 2, 1 Walker Avenue
West Perth WA 6005
Australia
Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 42 128 908 289
AFS Licence No: 448697

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of BauMart Holdings Limited ("BauMart" or "the Company") for inclusion in a Prospectus to be dated on or around 8 May 2015 ("the Prospectus") relating to the proposed offer and issue by BauMart of 10,000,000 shares to be issued at a price of 20 cents each to raise a gross \$2,000,000.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed consolidated statement of financial position (balance sheet) of BauMart and the pro-forma consolidated statement of financial position of BauMart as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for BauMart (including its subsidiary) the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 1.4 and 6 of the Prospectus.

3. Background

BauMart was incorporated on 31 October 2014 as Buildmart Holdings Pty Ltd with an issued capital of one share. In February 2015, the Company's shareholders approved a new Constitution that allowed for the Company to become a Limited company and on 13 April 2015 the Company changed its name to BauMart Holdings Limited.

The Company in November 2014 issued 97,578,088 shares at 0.001 cents each to various promoters to raise a gross \$975.78 and issued 25,000,000 share options, exercisable at 20 cents each, on or before 31 May 2017. In January 2015, the Company issued 3,333,334 shares at 15 cents each to seed capitalists to raise a gross \$500,000 and in March 2015 issued a further 13,333,334 shares at 15 cents each to seed capitalists to raise a further \$2,000,000.

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

BauMart currently has offices located in Western Australia and New South Wales, with its Executive Director based in Rivervale, WA and the Company's wholly owned subsidiary, Buildmart Services Pty Ltd ("Buildmart"), based in the industrial precinct of Smithfield, New South Wales, approximately 30 kilometres from the Sydney CBD. The Rivervale premises are currently rent free but it is expected to pay commercial rent of around \$5,000 per month from August 2015.

The BauMart Group's operations in WA are centred on the development of distributorship agreements with suppliers of premium quality building products, including natural stone for indoor and outdoor applications and industrial paints for floor and ceramic coatings. To 30 April 2015, two distributor agreements have been signed but more are expected to be signed over the ensuing months. The Company's Smithfield office concentrates on the provision of an extensive range of glass products that provide a spectrum of architectural, safety, security, fire protection, noise reduction and energy efficiency solutions for use in residential homes and commercial buildings in Australia. Section 3 of the Prospectus refers to the business plans of the BauMart Group.

In January 2015, via an Asset Sale Deed, BauMart acquired glass manufacturing equipment (Glass Equipment) at a cost of \$2,200,000 plus GST. The acquisition of the Glass Equipment was settled on 23 March 2015.

On 23 March, BauMart leased out the Glass Equipment to another party (known as the Lessee) over a five year period commencing 1 April 2015 at a monthly lease fee of \$30,000 (plus GST). The Lessee was the original owner of the Glass Equipment. The Lessee has an option to extend the lease for a further two terms of five years each and if it exercises the options the total lease term would be 15 years. The lease fee is to be reviewed after 3 years from the Commencement Date and the fixed increased percentage is 12%. Further information on the lease of the Glass Equipment to the Lessee is outlined in the Prospectus, particularly Section 7.1.

The Company has entered into a lease agreement (a Deed of Consent to Assignment of Lease) to rent premises in Smithfield NSW from 1 March 2015 for an initial period expiring 18 April 2023 with an option to renew for three periods of five years each. Under the original lease agreement with the landlord and the original lessor, the annual rental was \$544,000 (\$45,333.33 per month) plus GST with annual CPI increase reviews on 19 April of each year, the first commencing on 19 April 2014 and then each 19 April to 19 April 2022. A market review is also due on 19 April 2018. The current annual rental is \$560,320 per annum (plus GST) after the CPI increase on 19 April 2014 was applied (the landlord has agreed to forego the 19 April 2015 CPI increase).

The Company is required to provide a bank guarantee to the landlord of \$154,088 (inclusive of GST) by 28 August 2015.

The Company has sublet the said premises to the Lessee of the Glass Equipment (who was the original lessor) effective from 1 March 2015 at an annual fee of \$480,000 (\$40,000 per month) plus GST for an initial period expiring 18 April 2023. All outgoings (as defined) in relation to the premises are payable by the other party, effective from 1 March 2015.

The Company's wholly owned subsidiary, Buildmart (incorporated on 11 November 2014) (that operates an aluminium window and door business). The initial share investment was \$1 and loans totalling \$43,999 have been made to Buildmart to 31 March 2015. Subsequent to 31 March 2015 and to 18 April 2015, the Company has advanced a further \$27,000 to Buildmart so that as at 18 April 2015, the amount owing to Buildmart by way of loans is \$70,999. Once Buildmart's 31 March 2015 creditors of \$48,412 are paid by BauMart, the loan amount will increase to \$119,411. Recoverability of the loans and any future loans is subject to the successful business operations of Buildmart or sale of assets held by Buildmart at amounts exceeding the carrying value of the loans.

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

Effective from 1 December 2014, the Company entered into an employment contract with Berthus Budiman to act as its Executive Director. The term is for a period of one year and the salary is \$60,000 plus statutory superannuation. The Company is required to provide three months' notice to cancel the employment contract. Further details are outlined in Section 7 of the Prospectus.

Effective from 13 February 2015, the Company entered into an employment contract with Sok Kiang Teoh to act as its Chief Financial Officer. The initial term is for a period of one year and the salary is \$125,000 plus statutory superannuation. The Company is required to provide three months' notice to cancel the employment contract.

Effective from 1 June 2015, Buildmart has entered into an employment contract with Andrew Chong to act as its Project Manager (signed 30 April 2015). The initial term is for a period of one year from 1 June 2015 and the salary is \$80,000 plus statutory superannuation. The Company is required to provide three months' notice to cancel the employment contract.

On 18 March 2015, the Company entered into a company secretarial services agreement with Broadway Corporate Services Pty Ltd (ACN 169 234 833) ("Broadway") ("Company SSA"). The Company SSA is effective for a term of three years (unless extended by the parties). In relation to company secretarial services to be provided by Broadway, the Company has agreed to pay Broadway a fee of \$4,000 (excluding GST) per month for the first year and then annual CPI increases. The Company SSA contains standard termination rights for an agreement of this type.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of the BauMart Group. Further details on all significant (material) contracts entered into by the Company and its subsidiary relevant to new and existing investors and are referred to in Section 7 of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities to prepare an Independent Accountant's Report on:

- a) The consolidated statement of profit and loss and other comprehensive income of BauMart for the period from incorporation to 31 March 2015;
- b) The consolidated statement of financial position of BauMart as at 31 March 2015; and
- c) The consolidated pro-forma statement of financial position of BauMart at 31 March 2015 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited however has been subject to audit review. The Directors of BauMart are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion.

Our examination included:

- a) Discussions with Directors and other key management of BauMart;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents.

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of BauMart as at 31 March 2015 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and statements of financial position, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 31 March 2015 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2015 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd or Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in BauMart either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd (and Stantons International) were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International was appointed auditors of the Company in April 2015.

Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD



**John Van Dieren – FCA
Director**

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – UNAUDITED CONSOLIDATED CONDENSED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	BauMart Group From Incorporation to 31 March 2015
	\$
Revenue- bank interest income	-
Revenue- sales income (by the subsidiary)	80,135
Revenue- Rental income	40,000
	120,135
Cost of sales (by the subsidiary)	(58,531)
Gross Profit	61,604
Employment related expenses	(76,496)
Consultancy fees	(15,000)
Rent	(46,693)
Depreciation	(5,425)
Insurance	(9,444)
Accounting fees	(12,866)
Other expenses	(1,956)
Net (loss) before tax	(106,276)
Income tax	-
Net (loss) after tax	(106,276)
Other Comprehensive Income	-
Total Comprehensive (Loss) for the period	(106,276)
(Loss) attributable to:	
Equity holders of the Company	(106,276)
	(106,276)
Total Comprehensive Profit (Loss) attributable to:	
Equity holders of the Company	(106,276)
	(106,276)

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

APPENDIX 2 – UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	BauMart Consolidated 31 March 2015	BauMart Pro-forma Unaudited Consolidated 31 March 2015
		\$	\$
Current Assets			
Cash assets	3	11,254	1,862,479
Receivables	4	353,199	45,751
Total Current Assets		364,453	1,908,230
Non-Current Assets			
Plant and equipment	5	2,194,575	2,194,575
Investment in subsidiaries	7	-	-
Total Non Current Assets		2,194,575	2,194,575
Total Assets		2,559,028	4,102,805
Current Liabilities			
Trade and other payables	7	146,223	-
Provisions- employee entitlements	8	18,105	18,105
Total Current Liabilities		164,328	18,105
Total Liabilities		164,328	18,105
Net Assets		2,394,700	4,084,700
Equity			
Issued capital	9	2,500,976	4,190,976
Share based payments reserve	10	-	-
Accumulated losses	11	(106,276)	(106,276)
Total Equity		2,394,700	4,084,700

Condensed Notes to and forming part of the above condensed consolidated statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The audited and unaudited condensed consolidated Statement of Profit and Loss and Other Comprehensive Income and unaudited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. The Glass Equipment is being depreciated over a 10 year period.

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

- (d) **Trade and other accounts payable**
Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.
- (e) **Recoverable Amount of Non Current Assets**
The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.
- (f) **Revenue and Other Income**
Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that expenditure is recoverable.

Interest revenue is recognised on an accrual basis.

All revenue is stated net of the amount of goods and services tax (GST)

- (g) **Issued Capital**
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.
- (h) **Principles of Consolidation**
The consolidated financial statements comprise the financial statements of BauMart and its subsidiary ("the Group").
Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

- (i) **Employee benefits**
Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

- (j) **Financial Instruments**
Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

- (k) **Accounting for business combinations**
The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the

value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2 Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2015 unaudited consolidated condensed Statement of Financial Position of BauMart in the pro-forma consolidated Statement of Financial Position of BauMart are as follows:

- (a) The issue of 10,000,000 shares raising the amount of \$2,000,000 from the capital raising at 20 cents each;
- (b) The incurring of capital raising costs estimated at \$310,000;
- (c) The payment of 31 March 2015 payables and accruals of approximately \$146,223 (including the subsidiary payables of \$48,412); and
- (d) The collection of GST receivables outstanding as at 31 March 2015 of \$221,941 and part of receivables of \$35,640 and \$49,867.

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

	Note 2	Unaudited Consolidated BauMart 31 March 2015 \$	Unaudited Consolidated BauMart Pro-forma 31 March 2015 \$
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 March 2015		11,254	11,254
Issue of Shares under the Prospectus	(a)	-	2,000,000
Prospectus issue costs	(b)	-	(310,000)
Repayment of payables	(c)	-	(146,223)
Collection of GST and receivables	(d)	-	307,448
		<u>11,254</u>	<u>1,862,479</u>
4. Receivables			
Current			
Other receivables		131,258	131,258
GST receivables		221,941	221,941
Less: Collected subsequently		-	(307,448)
		<u>353,199</u>	<u>45,751</u>
Non current			
Loans to subsidiary		43,999	43,999
Add: Payment of subsidiary payables	(c)	-	48,412
Less: Elimination on consolidation		(43,999)	(92,411)
		<u>-</u>	<u>-</u>
5. Plant and equipment			
At cost		2,200,000	2,200,000
Less: Accumulated depreciation		(5,425)	(5,425)
		<u>2,194,575</u>	<u>2,194,575</u>
6. Investments in subsidiary			
Shares in wholly owned subsidiary Buildmart Services Pty Ltd (100% owned)		1 (1)	1 (1)
Less: Eliminated on consolidation		-	-
Total Share Investment in subsidiary		<u>-</u>	<u>-</u>

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

	Note 2	Unaudited Consolidated BauMart 31 March 2015 \$	Unaudited Consolidated BauMart Pro-forma 31 March 2015 \$
7. Trade and other payables			
Trade and other payables		146,223	146,223
Less: Payment of payables	(c)	-	(146,223)
		<u>146,223</u>	<u>-</u>
Loans from BauMart			
Loan from BauMart	(c)	43,999	92,411
Less: Eliminated on consolidation		(43,999)	(92,411)
		<u>-</u>	<u>-</u>
The loans to subsidiary are unsecured and interest free.			
8. Provisions			
Annual leave		18,105	18,105
		<u>18,105</u>	<u>18,105</u>
9. Issued Capital			
1 share on incorporation		-	-
97,578,088 shares to Promoters		976	976
16,666,668 Seed capital shares issued		2,500,000	2,500,000
10,000,000 Shares pursuant to the Prospectus	(a)	-	2,000,000
		<u>2,500,976</u>	<u>4,500,976</u>
Less: estimated share issue costs	(b)	-	(310,000)
Pro-forma (124,244,757 shares)		<u>2,500,976</u>	<u>4,190,976</u>
10. Share Based Payments Reserve			
Balance as at 31 March 2015		-	-
		<u>-</u>	<u>-</u>

The number of share options on issue are as follows:

25,000,000 share options exercisable at 20 cents each, on or before 31 May 2017

4.

INVESTIGATING ACCOUNTANT'S REPORT (continued)

	Note 2	Unaudited Consolidated BauMart 31 March 2015 \$	Unaudited Consolidated BauMart Pro-forma 31 March \$
11. Accumulated losses			
Balance as at 31 March 2015		106,276	106,276
		<u>106,276</u>	<u>106,276</u>

12. Contingent Liabilities and Commitments

The Company has NSW lease commitments as noted in the Background section 3 but has sub-leased out the premises to the Lessee (of the Glass Equipment) at an initial rent of \$480,000 per annum plus GST. The Company has a commitment to provide a bank guarantee for \$154,088 to cover security for the lease of the premises. It is expected that a rental agreement for the Rivervale premises in WA will be signed shortly and it is proposed to sign further distributorship agreements with various building suppliers over the coming months.

The Company and Buildmart have commitments under employment and/or secretarial contracts as outlined in the Background section 3 above. There are in existence three other employment contracts (not associated with Budiman, Teoh or Chong) where the combined annual salary is \$225,000 plus superannuation and car/phone allowances. These other contracts have no fixed term.

Non-executive director fees are not to exceed an aggregate of \$300,000 per annum and any fees are only payable from the date the Company achieves an ASX listing. It is expected that each non-executive director would initially be paid \$20,000 per annum.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Prospectus for further possible contingencies and commitments.

For details on proposed commitments pertaining to the expanded BauMart Group, refer to the Proceeds of the Offer Section 2.4 of the Prospectus.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

5.1 BAUMART BOARD

Mr Berthus Budiman *Executive Director*

Berthus has more than 25 years' experience in the manufacturing, wholesale and distribution industry across an extensive range of products such as building and raw materials, industrial products, pharmaceutical products and consumer goods in South East Asia.

Prior to joining BauMart, Berthus held senior management positions with global corporations such as Young Corporation (Young Indonesia Pratama, PT), Mahakam Group of Companies and SC Johnson & Son (Indonesia). During his time with the Young Corporation as Vice President, Berthus oversaw the establishment of various distribution companies and manufacturing facilities in Asia Pacific, Europe, the Middle East and North and South America.

Berthus studied at the Christian University of Indonesia's Faculty of Mechanical Engineering from 1967 to 1970.

Mr Anson Gan, BEng (Hons) *Non-Executive Director*

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

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

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

Mr Michael Crichton *Non-Executive Director*

Michael has been involved in the logistics and construction industry for over 20 years. He spent 12 years in senior management positions at TNT Express Worldwide and DHL Worldwide Express in South Australia and Western Australia.

Michael went on to establish new apprenticeship programs with MPA Skills (Master Plumbers and Painters Association WA) before taking on a consulting role in the construction industry, specialising on apprenticeships, on behalf of the Western Australian State Government for 10 years.

5.2 COMPANY SECRETARY

Ms Natalie Teo, BCom MAcc *Company Secretary*

Natalie graduated with Bachelor of Commerce majoring in Marketing and Management and a Masters in Accounting from Curtin University in Western Australia and is currently pursuing a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

Natalie is currently working with a firm which provides company secretarial and accounting services to both listed and unlisted entities.

5.3 MANAGEMENT

Mr Sok Kiang Teoh, BBus, CPA *Chief Financial Officer*

Teoh is an accounting and finance graduate and is a Certified Practising Accountant. He has over 20 years' experience in senior management roles with large private and multinational companies operating in the manufacturing, logistics services and technology industries. In recent years Teoh held the positions as financial controller and head of finance and information technology departments of these companies.

Teoh graduated from Edith Cowan University in 1991 with a Bachelor of Business degree with a double major in Accounting and Finance.

Mr Andrew Chong, BEng(Civ)(Hons) BCompSc (Hons) *Project Manager*

The Company has appointed Andrew as Project Manager in Western Australia effective from 1 June 2015.

Andrew has more than 20 years' experience in the construction industry, from site construction and management, structural design to estimation in both Australia and Hong Kong. He has a wide range of project experience including foundations, high rise apartments, rail subway station, bridges, tunnels, port and mine facilities.

Andrew was previously the Regional Design Manager at RMD Australia Pty Ltd in WA, and has held senior positions in DTMT Construction in Australia, and Paul Y Construction in Hong Kong.

Andrew has a double honours degree in Engineering and Computer Science with a major in Structural Engineering, and double major in Computer Science and Information Technology from the University of Western Australia. He is a member of Engineers Australia and the Hong Kong Institution of Engineers.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE (continued)

5.4 CORPORATE GOVERNANCE

This Section 5.4 explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company. The Board is committed to maximising performance, generating financial returns and greater value for Shareholders, and achieving growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company, which will take effect from the Company's listing on ASX, are summarised below. In addition, many governance elements are contained in the Constitution. The Company's code of conduct outlines how the Company expects Directors and other personnel to behave and conduct business in a range of circumstances. In particular, the code specifies standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors, management and employees and requires awareness of, and compliance with, laws and regulations relevant to the Company's operations as well as other policies that Directors and employees are required to comply with, including occupational health and safety, privacy and fair dealing and conflict of interest. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available on the Company's website, www.baumart.com.au.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities ("ASX Recommendations") in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptive, but guidelines. However, under ASX Listing Rules, the Company is required to provide a statement disclosing the extent to which it will follow, as at the date of its admission to the Official List, the recommendations set by the ASX Corporate Governance Council. Where the Company does not intend to follow a recommendation, it must separately identify the recommendation that will not be followed and state its reasons for not following the recommendation, and what (if any) alternative governance practices it intends to adopt in lieu of the recommendation. The Company's departures from the ASX Recommendations are identified in Section 5.4.9.

5.4.1 Board of Directors

The Board of Directors comprises one Executive Director and two Non-Executive Directors. The Company presently does not have a chairman.

Biographies of the Board members are provided in Section 5.1.

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's Management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board charter sets out guidelines for the purpose of determining the independence of Directors, primarily having regard to the factors set out in the ASX Recommendations.

The Board considers Michael Crichton to be an Independent Director for the purpose of the ASX Recommendations as he is free from any interest, position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement. Berthus Budiman is an Executive Director of the Company and therefore not independent. Anson Gan is a substantial shareholder of the Company and therefore not considered to be independent.

Accordingly, the Board consists of one-third Independent Directors and no chairman has been appointed. Regardless, the Board considers that both of the Non-Executive Directors bring objective and independent judgement to the Board's deliberations and both make a valuable contribution to the Company through the skills they bring to the Board and their understanding of the Company's business.

5.4.2 Board charter

The Board considers that strong and effective corporate governance can add to the Company's performance, create value for Shareholders, and engender investor confidence. To that end, the Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees (if established).

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE [continued]

The Board's role is to, among other things:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- oversee the Company, including its control and accountability systems;
- oversee the nomination and appointment, and monitor the performance of, Management;
- conduct succession planning for Management;
- review performance, operations and compliance reports from the Executive Director, including reports and updates on strategic issues and risk management matters;
- review, ratify and monitor systems of risk management, internal compliance and control, codes of conduct and legal compliance;
- monitor Management's performance, implementing strategy and seeking to ensure appropriate resources are available;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestments;
- approve budgets;
- monitor the Company's financial performance and liaise with the Company's external auditor; and
- adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure the financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements.

Matters which are specifically reserved for the Board or its committees include:

- appointment of the Chairman;
- appointment and removal of the CEO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and their delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestments in excess of authority levels delegated to Management;
- calling of meetings of Directors or Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Executive Director as directed by the Board (and by officers to whom the management function is properly delegated by the Executive Director). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to access Management and to request additional information at any time they consider it appropriate. The Board collectively, and individual Directors, may seek independent professional advice at the Company's reasonable expense, and the advice received being made available to the Board as a whole.

5.4.3 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

The Board has not established any committees at the present time. Committees may be established by the Board at any time as considered appropriate. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

5.4.4 Risk Management Policy

The identification and proper management of the Company's risks is an important function of the Board. The Company has adopted a risk management policy appropriate for its business. The policy highlights the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies, including reviewing and ratifying the risk management structure, process and guidelines which are to be developed, maintained and implemented by Management. The responsibilities include overseeing the establishment and implementation of risk management and internal compliance and control systems and reviewing the Company's financial risk management procedures to ensure that it complies with its legal obligations, including assisting the CEO and CFO (or equivalents) to provide declarations required under section 295A of the Corporations Act.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE (continued)

5.4.5 Continuous Disclosure Policy

Once listed on the ASX, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exception contained in the ASX Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a policy to take effect once it is listed on the ASX which establishes procedures aimed at ensuring that Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

Under the disclosure policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements will also be made available on the Company's website, www.baumart.com.au.

5.4.6 Securities Trading Policy

The Company has adopted a securities trading policy which will apply to the Company and its Directors, officers and employees, including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. The policy is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish procedures in relation to dealings in Shares by Directors, Management or employees.

The policy defines certain closed periods during which trading in Shares by the Company's Directors and employees (and any associates of those people, including spouses and dependants under 18 years of age) is prohibited. The closed periods are currently defined as:

- the period commencing one month prior to the release of the Company's half-yearly results to ASX and ending 24 hours after such release;
- the period commencing one month prior to the release of the Company's full year results to ASX and ending 24 hours after such release;
- the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting; and
- any additional periods determined by the Board from time to time.

During closed periods, unless certain exceptions (set out in the policy) apply, Directors, employees and other affected parties must receive clearance for any proposed dealing in Shares, which will only be provided in exceptional circumstances. In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information.

5.4.7 Code of conduct

The Board recognises the need to observe high standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct to be followed by Directors, officers and employees.

The key aspects of this code are that Directors, officers and employees are to:

- act with honesty, integrity and fairness and in the best interests of the Company as a whole;
- act in accordance with all applicable laws, regulations, policies and procedures;
- have responsibility and accountability for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The code of conduct sets out or refers to separate documents outlining the Company's policies on various matters including ethical conduct, fair dealing, compliance, privacy, confidentiality, integrity and conflicts of interest.

5.4.8 Shareholder Communications Policy

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and to inform them of major developments affecting the state of affairs of the Company in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX as well as publishing information on the Company's website, www.baumart.com.au.

In particular, the Company's website will contain information about the Company, including media releases, key policies and the terms of reference of its Board committees (if any). All relevant announcements made to the market and any other relevant information will be posted on the Company's website after release to the ASX (subject to applicable securities laws).

5.4.9 Departures from ASX Recommendations

Under ASX Listing Rules, the Company is required to provide a statement disclosing the extent to which it will follow, as at the date of its admission to the Official List, the recommendations set by the ASX Corporate Governance Council. Where the Company does not intend to follow a recommendation, it must separately identify the recommendation that will not be followed and state its reasons for not following the recommendation, and what (if any) alternative governance practices it intends to adopt in lieu of the recommendation.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE (continued)

Except as set out below, the Board does not anticipate that it will depart from the ASX Recommendations. However, it may do so in the future if it considers that such departure would be reasonable.

RECOMMENDATION	COMMENT ON DEPARTURE
1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company has not established a diversity policy. The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the Company grows and increases in size and activity, the Board will consider the adoption of a formal diversity policy. As a consequence of not having a diversity policy, and until such time as a diversity policy is adopted, the Company will not disclose at the end of each reporting period the measurable objectives for achieving gender diversity and progress towards achieving them.
2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company has not established a nomination committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a nomination committee. The whole Board conducts the functions of the nomination committee and is guided by the charter for the Nomination and Remuneration Committee which will be posted on the Company's website.
2.4 A majority of the board of a listed entity should be independent directors.	The majority of the Board are not independent directors. Refer to commentary in Section 5.4.1 above.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company does not presently have a chairman. The Directors consider that the current composition of the Board does not require the appointment of a chairman.

5. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE (continued)

RECOMMENDATION	COMMENT ON DEPARTURE
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company has not established an audit committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having an audit committee, with the whole Board preferring to conduct the functions of the audit committee. In that regard, the Board is guided by the charter for the Audit and Risk Committee which will be posted on the Company's website. As the operations of the Company develop the Board will reassess the requirement for the establishment of an audit committee.
7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Company has not established a risk committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a risk committee, with the whole Board preferring to conduct the functions of such a committee. In that regard, the Board is guided by the charter for the Audit and Risk Committee which will be posted on the Company's website. As the operations of the Company develop the Board will reassess the requirement for the establishment of a risk committee.
8.1 The Board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Company has not established a remuneration committee. The Board considers that the current size and level of activities of the Company are not of a sufficient level to justify having a remuneration committee. The whole Board conducts the functions of the remuneration committee and is guided by the charter for the Nomination and Remuneration Committee which will be posted on the Company's website.

6.

RISK FACTORS

6.1 INTRODUCTION

BauMart's business activities are subject to risks which are specific to its operations, as well as of a general nature. Individually, or in combination, these risks may affect the future operating performance of BauMart and the value of an investment in the Company.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed. Prospective investors should ensure they have sufficient awareness of the risks and have regard to their own investment objectives, financial circumstances and taxation position before deciding to invest.

If you do not understand any part of this Prospectus, or are in doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your broker, solicitor, accountant or other qualified advisor before deciding whether to invest.

6.2 RISKS SPECIFIC TO BAUMART

The business, assets and operations of BauMart are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which such risks can be managed is limited.

Set out below are specific risks that BauMart is exposed to.

6.2.1 Limited history

The Company was incorporated on 31 October 2014 as Buildmart Holdings Pty Ltd. It converted to a public company on 10 April 2015 and changed its name to BauMart Holdings Ltd on 13 April 2015. The Company has limited historical financial performance. BauMart's efforts to this point have been mainly focussed on securing the glass equipment and the leasing and supply arrangements with the equipment operator, as well as securing product distributorships. There is consequently some uncertainty in relation to the business of BauMart and potential investors should consider BauMart's prospects in light of this limited history and the risk that implementation of the Company's business objectives may be unsuccessful.

6.2.2 Contractual risk

The Company has entered into agreements with third parties, including the lessee of the Company's glass-processing equipment, the performance of which is important to the future of the Company's operations. The non-performance or termination of any of these agreements could have a negative impact on the Company. Further agreements may be entered into by the Company which may also be material to the Company's business. Some of these contracts are, or may be, governed by laws other than laws of Australia. There may be difficulties in enforcing contracts in jurisdictions other than Australia.

Apart from the usual vagaries of litigation, there may be regulatory or practical considerations which frustrate the enforceability, or enforcement, of such contracts, particularly against foreign or foreign-owned counterparties. Any inability to enforce its rights against third parties may have a significant adverse effect on the Company's business and profitability.

Apart from that, the business dealings of the Company are necessarily exposed to the potential of third party insolvency. If a third party with whom the Company has dealings becomes insolvent, this may also have a significant adverse effect on the Company and on its business and profitability.

6.2.3 Supplier disruption risks

BauMart relies on suppliers to maintain ongoing supply of products, a key driver to the Company being able to maintain and grow revenues. Should BauMart's suppliers suffer product shortages, or for any reason be unable to deliver product, BauMart's operations may be disrupted. If a supplier ceased to offer its product to BauMart and BauMart was unable to obtain a replacement supplier quickly, this could also lead to disruption of operations.

Inability to complete orders or delays to completion of orders could lead to a loss of revenue while BauMart is unable to supply product. Further, particularly in the case of prolonged shortages, such disruptions could have a material adverse impact upon BauMart's reputation. This could hinder BauMart's ability to retain existing customers and to attract new customers, potentially having a material adverse impact upon BauMart's growth.

6.

RISK FACTORS (continued)

6.2.4 Reliance on the building construction industry demand

BauMart's financial performance is sensitive to the level of activity demand within the building construction industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of BauMart. In addition, BauMart may not be able to predict the timing, extent or duration of the activity cycles in the industry.

Any reduction in demand from the building industry, or a reduction in the reliance by the building industry on glass and other products offered by the Company (particularly where customers opt to substitute BauMart products for other products), may negatively affect the growth prospects, operating results and financial performance of BauMart.

6.2.5 Competition and new products

The industry in which BauMart is involved is subject to vigorous domestic competition. While BauMart will undertake all reasonable due diligence in its business decisions and operations, it is unlikely to have any influence or control over the activities or actions of its competitors, whose activities or actions may negatively affect the operating and financial performance of BauMart's business. Changes in consumer preferences may result in some of BauMart's existing product range becoming obsolete. Furthermore, new products may not meet market expectations or margin expectations due to many factors, including BauMart's inability to accurately predict demand, end-user preferences and evolving industry standards, or to supply products that meet consumer demand in a timely and cost-effective manner.

Increased competition could also result in price and/or margin reductions, under-utilisation of employees and loss of market share. This could adversely affect the Company's business, operating results and financial performance.

6.2.6 Liquidity risk and concentration of shareholding

The Shares to be issued pursuant to this Prospectus will comprise 8.0% of the Company's issued share. In addition, major shareholders will hold more than 66% of the Company's shares on issue (refer Section 2.6 for further details of substantial Shareholders). There can be no guarantee that an active market in the Company's Shares will develop or that there will be an ongoing liquid market for the Company's Shares. Accordingly, there is a risk that, should the market for the Company's Shares become illiquid, Shareholders will be unable to realise their investment in the Company. In addition, any sale of Shares by a substantial Shareholder could have a negative impact on the price of Shares.

6.2.7 Funding for BauMart

Although the Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its stated business objectives, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that it can be obtained on favourable terms or at all. If additional funds are raised by issuing equity securities, this may result in dilution of some or all of the existing Shareholders of BauMart.

BauMart's ability to raise capital from either debt or equity markets on favourable terms for future activities cannot be guaranteed and is dependent on a number of factors, including:

- the general economic climate;
- the state of debt and equity capital markets; and
- the performance, reputation and financial strength of BauMart.

A lack of or increased cost of capital could impact the funding costs of BauMart and therefore impact the Company's earnings.

6.2.8 Management of future growth

The Company may experience rapid growth and an increase in the number of its employees. This growth will potentially result in new and increased responsibilities for management and place a significant strain on the Company's management. The Company will be required to continue to implement and improve its systems in a timely manner in order to accommodate the increased number of transactions and customers and the increased size of its operation. A failure to do so may adversely affect the Company's revenue and profitability.

6.2.9 Reliance on key personnel

BauMart's business strategy will be implemented by the Board and the management team led by Berthus Budiman as the Company's Executive Director. As a result, key executives and employees have very specific, and sometimes rare, skillsets in areas of significant importance to the Company. BauMart may not be able to attract and retain these key staff or be able to find suitable replacements if needed in a timely manner. The loss of services of one or more of these people, or a delay in their replacement, may have an adverse effect on the Company's business, operating results and financial condition.

6.

RISK FACTORS (continued)

6.2.10 Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in, complementary companies, services, technologies and/or products. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements and achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

6.2.11 Risks associated with the regulatory environment

BauMart's main operating entity is Australian based and subject to Australian regulation. BauMart is required to comply with the Corporations Act and the Competition and Consumer Act 2010. Users, competitors, members of the general public or regulators could allege breaches of this legislation, if they considered an advertisement to be misleading or deceptive. This could result in remedial action or litigation, which could potentially lead to BauMart being required to pay compensation or a fine.

BauMart's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon BauMart's profitability. In addition, if regulators took the view that BauMart had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to BauMart and consequently impact upon its revenue.

6.2.12 Force majeure risks

Force majeure is a term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war and strikes. The Company does not have insurance for all force majeure risks, some of which are, in any event, uninsurable. To the extent that any such risks occur, there may be an adverse effect on the operations and profitability of the Company's business.

6.2.13 Litigation risk

Neither BauMart nor its subsidiary is currently involved in any material contractual dispute or litigation matter with their customers or third parties. However, there is a risk that future disputes may arise with customers, suppliers or other third parties (including payment disputes) and that this may have an adverse impact on the Company's growth prospects, operating results and financial performance.

In addition, if BauMart breaches the law, this may result in a fine or penalty. Such matters may have a material adverse effect on BauMart's reputation, divert its financial and management resources from more beneficial uses, and/or have a material adverse effect on BauMart's future financial performance or position. BauMart is not aware of any uninsured claims or legal proceedings of a material nature against BauMart.

6.2.14 Currency and exchange rate risks

Some of BauMart's products are sourced from overseas countries and as a result expenditures may be denominated in currencies other than the Australian dollar. Accordingly, the Company's expenditures and cash flows will be exposed to fluctuations and volatilities in exchange rates, as determined by the international markets. BauMart will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and foreign currencies and will have to monitor this risk on an ongoing basis.

6.3 GENERAL MARKET RISKS

6.3.1 Economic risk

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on BauMart's activities, as well as on the Company's ability to fund those activities.

6. RISK FACTORS (continued)

6.3.2 Share market conditions

There are risks associated with any investment in listed securities. The market price of listed securities such as the Shares in BauMart may fluctuate, resulting in the Shares trading at prices below or above the Offer price. These fluctuations may be due to a number of factors including:

- changes to general economic conditions in Australia and abroad including inflation, interest rates and exchange rates;
- demand for securities in the industry in which BauMart operates;
- changes in government policy, legislation and regulations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- general and operational business risks.

Consequently, the Shares may not fully reflect BauMart's underlying business and net asset value. The value of an investment in BauMart could decrease as well as increase and investors who decide to sell their Shares may receive less than the amount invested.

Further, BauMart has no trading history on public markets prior to the Offer. Consequently, following listing on ASX there is no guarantee that an active trading market will develop for the Shares. Liquidity of the Shares will be dependent on the number of relative buyers and sellers in the market at any given time. Additionally, large Shareholders choosing to trade out of their positions at discounts to prevailing market prices may also affect the market. Increased trading price volatility may occur as a result of any of these factors.

None of BauMart, its Directors or any other person guarantees the performance of the Shares.

6.3.3 Legislative, regulatory and policy changes

Legislative or regulatory changes, or the interpretation of such, may have legal, tax or accounting consequences that adversely affect BauMart. Any such changes may operate retrospectively.

6.3.4 Taxation risk

Changes in income tax, capital gains tax, GST or stamp duty legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation and other tax authorities, may adversely affect BauMart's profitability and cash flow, as well as the tax treatment of returns received by Shareholders.

6.3.5 General business risk

BauMart is exposed to general business risk. This includes, but is not limited to, counterparty performance risk, staff retention risk, occupational health and safety risk, taxation change risk, other regulatory change risk, dispute risk, environmental and contamination risk and insurance coverage risk.

7. MATERIAL CONTRACTS

Set out below is a summary of certain key contracts to which BauMart is a party and which may be material in terms of the operation of the BauMart business, or otherwise may be relevant to a potential investor in BauMart.

7.1 EQUIPMENT LEASE

On 23 March 2015 the Company (previously Buildmart Holdings Pty Ltd) (as **Lessor**) entered into an equipment lease with Origin Oz Holdings Ltd (ACN 152 700 420) (**Origin Oz**) (as **Lessee**) in relation to the lease of equipment associated with glass-processing (**Equipment**) to Origin Oz. The Equipment leased to Origin Oz comprises of assets that were purchased by the Company from Origin Oz pursuant to an asset sale deed between the Company (as purchaser) and Origin Oz (as vendor).

The material terms and conditions of the equipment lease are set out in the table below:

Lessor	Company
Lessee	Origin Oz
Equipment	Multiple pieces of machinery and equipment associated with glass processing.
Commencement Date	1 April 2015
Term	Five (5) years
Expiry	The date which is five (5) years after and including the Commencement Date.
Further Term	5 + 5 years
Commencing Rental	\$30,000 (plus GST) per month
Rental Review	On each third anniversary of the Commencement Date during the Term, with a fixed increase percentage of 12%.
Other Matters	- The Lessee may not dispose of, or create any encumbrance over the Equipment. - The Lessee is required to maintain the Equipment throughout the lease term. - The Lessee is required to maintain insurance for the Equipment for its full replacement value or reinstatement value. - Other terms are considered to be on standard commercial terms for an agreement of this type.

7.2 DEED OF CONSENT TO ASSIGNMENT OF LEASE

On 1 March 2015, the Company (previously Buildmart Holdings Pty Ltd) (as **Incoming Tenant**), OTERM Pty Ltd, formerly known as Origin Oz Pty Ltd (ACN 134 714 300) (**OTERM**) (as **Outgoing Tenant**), and Mustera Property Group Ltd (ACN 142 375 522) (**Mustera**) (as Landlord) entered into a deed of consent to assignment of lease (**Deed of Consent**) in relation to the premises at 238-251 Woodpark Road, SMITHFIELD, NSW, 2164.

The Landlord consented to the assignment of the lease from the Outgoing Tenant to the Company on 1 March 2015 (**Assignment Date**) pursuant to the Company providing a bank guarantee to the Landlord within 90 days of the Assignment Date (**Bank Guarantee Payment Date**) for an amount of \$154,088 (being an amount equivalent to 3 months' rent (plus GST)). As at the date of this Prospectus, the Company has not provided the bank guarantee to the Landlord. The Landlord has given the Company written confirmation that the Landlord is willing to extend the Bank Guarantee Payment Date by 90 days in the event the Company has not provided the bank guarantee by 30 May 2015.

Other terms contained within the Deed of Consent are considered to be on standard commercial terms for an agreement of this type.

7. MATERIAL CONTRACTS (continued)

7.3 SUBLEASE

On 1 March 2015, the Company (previously Buildmart Holdings Pty Ltd) (as Sublessor), Origin Oz (as **Sublessee**), and Mustera (as **Landlord**) entered into a sublease in relation to the premises at 238-251 Woodpark Road, SMITHFIELD, NSW, 2164 (**Land**).

The material terms of the sublease are set out below:

Sublessor	Company
Sublessee	Origin Oz
Landlord	Mustera
The Premises	238-251 Woodpark Road, SMITHFIELD, NSW, 2164.
Commencement Date	1 March 2015
Term	Eight (8) years
Expiry	18 April 2023
Further Term	5 + 5 + 5 years
Commencing Rental	\$40,000 (plus GST) per month
Rental Review	Annually to CPI from 19 April 2016 and each anniversary thereof until expiry (other than that anniversary which ends on 19 April 2018, at which point a market review shall take place in lieu of a CPI increase / decrease).
Outgoings	The Sublessee is responsible for all outgoings payable by the Sublessor under the head lease, being 100% of the amount of the outgoings in respect of the whole of the Land or the building existing thereon.
GST	Payable by the Sublessee
Other Matters	- There is no bank guarantee, security deposit or guarantor required under the lease (i.e. no income security). - Other terms are considered to be on standard commercial terms for an agreement of this type.

7.4 CONTRACT OF EMPLOYMENT – BERTHUS BUDIMAN

On 1 December 2014 (**Commencement Date**), Mr Berthus Budiman entered into an employment agreement with the Company (previously Buildmart Holdings Pty Ltd) under which he was appointed as an executive director of the Company for a term of one year commencing on the Commencement Date.

In relation to Mr Budiman's role as an executive director of the Company, Mr Budiman is to be paid \$60,000 per annum (exclusive of statutory superannuation) on the basis of an approximate 20 hour work week. In addition to his salary, Mr Budiman is entitled to appropriate incentive benefits (no incentive benefits have been negotiated between Mr Budiman and the Company to date), and allowances in relation to travel and accommodation expenses associated with Company business.

Mr Budiman's employment may be terminated as follows:

- by Mr Budiman or the Company by giving 3 months' notice;
- by the Company immediately upon any serious misconduct committed by Mr Budiman; and
- by the Company due to any permanent injury or illness of Mr Budiman.

7. MATERIAL CONTRACTS

7.5 CONTRACT OF EMPLOYMENT – SOK KIANG TEOH

On 13 February 2015 (**Commencement Date**), Mr Sok Kiang Teoh entered into an employment agreement with the Company (previously Buildmart Holdings Pty Ltd) under which he was appointed as the chief financial officer of the Company for a term of one year commencing on the Commencement Date.

In relation to Mr Teoh's role as the chief financial officer of the Company, Mr Teoh is to be paid \$125,000 per annum (exclusive of statutory superannuation) on the basis of an approximate 38 hour work week. In addition to his salary, Mr Teoh is entitled to appropriate incentive benefits (no incentive benefits have been negotiated between Mr Teoh and the Company to date), and allowances in relation to travel and accommodation expenses associated with Company business.

Mr Teoh's employment may be terminated as follows:

- (a) by Mr Teoh or the Company by giving 3 months' notice;
- (b) by the Company immediately upon any serious misconduct committed by Mr Teoh; and
- (c) by the Company due to any permanent injury or illness of Mr Teoh.

7.6 LEAD MANAGER MANDATE

On 28 April 2015, the Company entered into a lead manager mandate (**Mandate**) with Townshend Capital Pty Ltd (ACN 099 900 188) (**Townshend Capital**) for the purpose of engaging Townshend Capital as lead manager to the Company's initial public offering.

In consideration for Townshend Capital entering into the Mandate, subject to the Company being admitted to the official list of the ASX, Townshend Capital will be entitled to receive a management fee of 5% (excluding GST) of all funds raised under this Prospectus.

Further, the Mandate contains general representations, warranties, and indemnities for an arrangement of this type.

7.7 COMPANY SECRETARIAL SERVICES AGREEMENT

On 18 March 2015, the Company entered into a company secretarial services agreement with Broadway Corporate Services Pty Ltd (ACN 169 234 833) (**Broadway**) (**Company SSA**). The Company SSA is effective for a term of three years from the date that the Company is admitted to the Official List of the ASX (unless extended by the parties).

In relation to company secretarial services to be provided by Broadway, the Company has agreed to pay Broadway a fee of \$4,000 (excluding GST) per month.

The Company SSA contains standard termination rights for an agreement of this type.

8.

ADDITIONAL INFORMATION

8.1 LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 RIGHTS ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those Shares (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, to be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set a value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

8.

ADDITIONAL INFORMATION (continued)

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

8.3 INTERESTS OF DIRECTORS OF THE COMPANY

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with the formation or promotion of the Company, or the Offer.

The Company has paid no remuneration to its non-executive Directors since incorporation to the date of this Prospectus and no remuneration will be paid or will accrue until such time as the Company is admitted to the Official List.

Shareholding qualifications

The Directors are not required to hold any Shares in the Company under the Constitution.

Directors' Shareholdings

At the date of this Prospectus the relevant interests of each of the Directors in Shares and Options of the Company are as follows:

Director	Shares	Options
Mr Berthus Budiman	1,000,001	Nil
Mr Anson Gan	8,500,000	Nil
Mr Michael Crichton	1,000,000	Nil

Shares held by the Directors are held directly. The Directors may apply for Shares pursuant to this Prospectus. The terms and conditions of the Options are set out in Section 8.7 of the Prospectus.

Directors' remuneration

Non-executive directors' fees not exceeding an aggregate of \$300,000 per annum have been approved by the Company in general meeting. The level of these fees may be varied by the Company in general meeting in accordance with its Constitution and the ASX Listing Rules.

Non-executive directors' fees to be paid by BauMart upon admission to the Official List of ASX are as follows:

Non-Executive Director	Remuneration per annum
Mr Anson Gan	\$20,000
Mr Michael Crichton	\$20,000

Non-executive Directors are entitled to be paid additional remuneration on commercial terms for any extra services undertaken by them at the request of the Board.

An employment agreement has been entered into between the Company and Executive Director Mr Berthus Budiman, details of which are set out in Section 7.4 of the Prospectus.

In addition, the Directors have each entered into a deed of indemnity, access and insurance with the Company on terms and conditions considered standard for an agreement of this type.

Related Parties

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

8.

ADDITIONAL INFORMATION (continued)

8.4 INTERESTS OF EXPERTS AND ADVISORS

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided by them in connection with the formation or promotion of the Company or the Offer.

Stantons International Securities Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 4 of this Prospectus. The Company estimates it will pay Stantons International Securities Pty Ltd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons International Securities Pty Ltd has not received any fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in providing general advice in relation to the Offer and this Prospectus and the preparation of the summary of Material Contracts which is included in Section 7 of this Prospectus. The Company estimates it will pay Steinepreis Paganin between \$20,000 and \$30,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any fees from the Company for any other services.

Townshend Capital Pty Ltd is the lead manager to the Offer. The Company estimates it will pay \$100,000 (excluding GST) to Townshend Capital Pty Ltd for these services. The terms of the agreement with Townshend Capital Pty Ltd are set out in Section 7.6 of this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Townshend Capital Pty Ltd has not received fees from the Company for any other services.

8.5 CONSENTS

Each of the parties referred to in this Section 8.5:

(a) does not make, or purport to make, any statement in this Prospectus, nor is there a statement in the Prospectus based on a statement made by the party, other than those referred to in this Section 8.5; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.5.

Stantons International Securities Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 4 of this Prospectus in the form and context in which the information and report is included. Stantons International Securities Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus and to the inclusion of the summary of Material Contracts in Section 7 of this Prospectus in the form and context in which the summary is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with the ASIC:

- (a) Stantons International Audit and Consulting Pty Ltd as the Company's auditor;
- (b) Advanced Share Registry Limited as the share registry to the Company; and
- (c) Townshend Capital Pty Ltd as lead manager to the Company's Offer.

8.

ADDITIONAL INFORMATION (continued)

8.6 EXPENSES OF THE OFFER

The total expenses of the Offer (excluding GST) are expected to be applied towards the items set out in the table below:

Item of Expenditure	\$
Lead Manager fees (5%)	100,000
ASX fees	83,500
Legal and professional fees	78,000
Investigating Accountant's fees	10,000
Printing and distribution costs	15,000
ASIC fees	2,300
Miscellaneous (registry, website, travel, postage, etc)	21,200
	310,000

8.7 TERMS AND CONDITIONS OF OPTIONS

a) Exercise Price

Subject to adjustment in accordance with paragraph (i), the exercise price of each Option is 20 cents (\$0.20).

b) Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

c) Option Period

The Options will expire at 5.00pm WST on 31 May 2017. Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

d) Ranking of Share Allotted on Exercise of Option

Subject to any restriction or escrow arrangements imposed by ASX or voluntarily agreed with the Company, each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.

e) Voting

A registered owner of an Option (Option Holder) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

f) Transfer of an Option

Options are transferrable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX or any voluntary restriction agreement applicable to the Options.

g) Method of Exercise of an Option

- (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 10,000 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 10,000, then the total of all Options held by that Option Holder must be exercised.
- (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of 20 cents (\$0.20) per Share.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (iv) Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (v) If the Company is listed on the ASX, the Company will on the date of issue of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the ASX Listing Rules.
- (vi) The Company will generally comply with the requirements of the ASX Listing Rules in relation to the timetables imposed when Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the ASX Listing Rules, the timetable outlined in the ASX Listing Rules shall apply.

8.

ADDITIONAL INFORMATION [continued]

h) ASX Quotation

The Options will not be quoted on ASX.

i) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

j) Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least seven (7) business days after such new issues are announced (or such other date if required under the ASX Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

k) Adjustment for pro-rata issues [except a bonus issue]

There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option exercise price shall be reduced according to the formula specified in the ASX Listing Rules.

8.8 INCENTIVE OPTION SCHEME

The Company has adopted a plan called the BauMart Holdings Limited Incentive Option Scheme ("IOS").

There have been no issues of securities pursuant to the IOS as at the date of this Prospectus.

A summary of the terms and conditions of the IOS is set out below:

(a) The purpose of the IOS is to attract, motivate and retain eligible participants, and to encourage their participation in the Company through share ownership. An eligible participant means at any time a person who then is a Director or an employee (whether full-time, part-time or casual) or contractor of the Company or of an associated body corporate of the Company ("Eligible Participant").

- (b) The number of Shares to be received on exercise of options granted under the IOS, when aggregated with the number of Shares which would be issued were each outstanding option issued under the IOS exercised, and the number of Shares issued during the previous 3 years pursuant to the IOS or any other employee share scheme, must not exceed 10% of the total number of issued Shares as at the time of the offer under the IOS.
- (c) No consideration will be payable for the issue of the options.
- (d) A certificate will be issued for the options.
- (e) The options will expire ("Expiry Date") at a date to be determined by the Board, subject to any restriction in the Corporations Act from time to time. Options not validly exercised on or before the Expiry Date will automatically lapse.
- (f) Subject to conditions (m) and (n) the option is a right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("Share").
- (g) The subscription price per Share payable by an option holder on exercise of an option will be determined by the Board on such terms as the Board considers appropriate, having regard to the market value of the Shares when the Board resolves to offer the options ("Exercise Price").
- (h) The Exercise Price of Shares the subject of the options will be payable in full on exercise of the options.
- (i) Options will be exercisable by the delivery to the Company's secretary of a signed notice in writing stating the intention of the option holder to:
 - A. exercise all or a specified number of options; and
 - B. pay the subscription monies in full for the exercise of each option.
- (j) The notice must be accompanied by an option certificate and payment to the Company for the subscription monies for the Shares. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (k) The Company will allot the resultant Shares and deliver the share certificate or holding statement within ten business days of the exercise of the option.
- (l) Options will not be listed for Official Quotation on ASX.
- (m) Notwithstanding the terms of the options, the options may be exercised in the event of specified occurrences, including a change of control allowing replacement of all or a majority of the Board or during the period of a takeover bid for the Company.
- (n) Unless the Board determines otherwise, if an Eligible Participant ceases to be an Eligible Participant before the earliest date for exercise of their options for any reason whatsoever (including without limitation resignation but excluding termination for cause) and the exercise conditions (if any) have not been met, the option holder

8.

ADDITIONAL INFORMATION (continued)

must exercise the options within a period of 120 days after the ceasing date (or a further date as determined by the Board after the ceasing date) otherwise the options will lapse; or

If the Eligible Participant ceases to be an Eligible Participant because of termination for cause, whether or not any exercise conditions have been met, the options will lapse.

- (o) There will be no participating entitlements inherent in the options to participate in new issues of capital which may be offered to Shareholders during the currency of the options. Prior to any new pro rata issue of securities to Shareholders, the record date will be at least six (6) business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (p) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the options, the exercise price of the options will be adjusted in the manner provided for in the Listing Rules.
- (q) In the event of a bonus issue the number of Shares over which the options are exercisable may be increased by the number of Shares which the option holders would have received if the options had been exercised before the record date for the bonus issue.
- (r) In the event of any reorganisation of the issued capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules.
- (s) Shares allotted pursuant to an exercise of options will rank, from the date of allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
- (t) The Company will in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of options listed for Official Quotation.
- (u) The options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant options.

8.9 CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.10 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution of the Company;
- (c) the consents referred to in Section 8.5 of this Prospectus; and
- (d) the material contracts summarised in Section 7 of this Prospectus.

8.11 PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

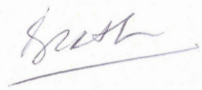
You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

A handwritten signature in dark ink, appearing to read 'Berthus', is written over a horizontal line.

Berthus Budiman
Executive Director

For and on behalf of
BauMart Holdings Limited

10.

GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$	means an Australian dollar.
Applicant	means a person who submits an Application.
Application Form	means the application form attached to or accompanying this Prospectus relating to the Offer.
ASIC	means Australian Securities & Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.
ASX Listing Rules	means the official listing rules of ASX.
Board	means the board of Directors as constituted from time to time.
CHESS	means Clearing House Electronic Subregister System (CHESS) operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited.
Closing Date	means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).
Company	means BauMart Holdings Limited (ACN 602 638 531).
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company at the date of this Prospectus.
Exposure Period	means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.
Issue	means the issue of 10,000,000 Shares pursuant to this Prospectus.
BauMart	means BauMart Holdings Limited (ACN 602 638 531).
Offer	means the offer to the public of 10,000,000 Shares at an issue price of \$0.20 per Share to raise \$2,000,000.
Official List	means the official list of ASX.
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules.
Option	means an option to acquire a Share.
Optionholder	means a holder of an Option.
Prospectus	means this prospectus.
Section	means a section of this Prospectus.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of Shares.
WST	means Western Standard Time as observed in Perth, Western Australia.



APPLICATION FORM

BauMart Holdings Ltd ACN 602 638 531

This Application Form relates to a prospectus dated 13 May 2015 ("the Prospectus") and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Share Registry Use Only

Before completing this Application Form, you should read the attached Prospectus and the instructions overleaf. No Applications will be accepted later than 5.00pm (WST time) 18 June 2015 (subject to the right of BauMart to vary this date).

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.

I/We apply for

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Shares in BauMart Holdings Ltd at \$0.20 per Share or such lesser number of Shares which may be allocated to me/us by the Directors. [Minimum application is 10,000 Shares. Applications for more than 10,000 Shares must be in multiples of 100 Shares]

I/We lodge full application monies

B	\$							.	0	0
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(Cheques to be payable to "**BauMart Holdings Ltd**")

Full name (Title, given name(s) & surname or company name)

[illegible]

Joint applicant #2

[illegible]

Joint applicant #3

[illegible]

Postal address

[illegible]

Street number

Street name

[illegible]

Suburb/town

State

Postcode

Contact name

Home telephone no.

Work telephone no.

[illegible]

ACN/ARBN (for companies only)

E-mail address

[illegible]

CHES Participant

G	x								
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Please note that if you supply a CHES HIN but the name and address details on your form do not correspond exactly with the registration details held at CHES, your application will be deemed to be made without the CHES HIN, and any securities issued as a result of the Offer will be held on the Issuer Sponsored Subregister.

Holder Identification Number (HIN)

Tax File Number or exemption

Applicant #2

Applicant #3

[illegible]**Payment Details** [Cheques to be payable to **"BauMart Holdings Ltd"**]

Cheque details

I	Drawer	Bank	BSB & Account number	Amount of cheque
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DECLARATION

1. I/We declare that by lodging this Application Form, I/we represent and acknowledge that I/we have received, read and understood the Prospectus to which this Application Form relates. I/We hereby authorise BauMart to complete and execute any document necessary to effect the allotment and issue of any Shares to me/us.
2. By lodging this Application Form, I/we declare that this Application is completed and lodged according to the Prospectus and that all statements made by me/us are complete and accurate.
3. I/We also declare that this Application Form is completed according to this declaration and agree to be bound by the terms and conditions set out in the Prospectus and the Constitution of BauMart.
4. I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in BauMart and that no notice of acceptance of the application will be provided.

NO SIGNATURE IS REQUIRED

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 13 MAY 2015.

TREATMENT OF APPLICATION

The return of an Application Form with your payment of the application money will constitute your offer to purchase or subscribe for Shares. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid.

The decision of BauMart as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final. The decision on the number of Shares to be allocated to you shall also be final. You will not, however, be treated as having offered to purchase more Shares than is indicated on the Application Form.

Investors whose Application is not accepted, or is accepted in respect of a lower number of Shares than the number applied for, will receive a refund of all or part of their application money without interest, as applicable.

CORRECT FORMS OF REGISTRABLE NAMES

Only legal entities may be registered as holders of the Shares. Applications must be in the full name(s) of natural persons, companies or other legal entities. Shares cannot be registered in the name of a trust and no trust can be implied. The name of a beneficiary or any other registrable name may be included by way of account description if completed exactly as described in the examples of correct forms of registrable names below.

TYPE OF INVESTOR	CORRECT FORM	EXAMPLE OF INCORRECT FORM
Individuals Give full name - not initials	JOHN FRED WILLIAMS	J. F. Williams
Persons under the age of 18 Do not use the name of the minor, use name(s) of parent(s)/guardian(s)	MICHAEL JOHN WILSON & SARAH JANE WILSON <ANDREW WILSON A/C>	Andrew Wilson
Companies Use company title, not abbreviations	JOHN WILLIAMS PTY LTD	J. Williams Co. John Williams P/L
Trusts Do not use the name of the trust, use name(s) of trustee(s)	JOHN FRED WILLIAMS <WILLIAMS FAMILY A/C>	John Williams Family Trust
Deceased Estates Do not use the name of deceased, use personal names of executor(s)	JANE MARY MCDONALD <EST JOHN SMITH A/C>	Estate of the Late John Smith
Partnerships Do not use the name of partnership, use personal names of partners	SARAH JANE WILSON & MICHAEL JOHN WILSON <SARAH WILSON & SON A/C>	Sarah Wilson & Son
Clubs/Unincorporated Bodies Do not use name of clubs etc, use personal names of office bearer(s)	JOHN FRED WILLIAMS <ABC TENNIS ASSOCIATION A/C>	ABC Tennis Association
Superannuation Fund Do not use name of fund use name(s) of trustee(s)	SARAH WILSON PTY LTD <SUPER FUND A/C>	Sarah Wilson Pty Ltd Superannuation Fund

How to complete the Application Form

Please complete all relevant sections of the Application Form in BLOCK LETTERS. These instructions are cross-referenced to each section of the Form.

- A** Insert the **Number of Shares** you wish to apply for in Section A. The Application must be for a minimum of 10,000 Shares and thereafter must be in multiples of 100 Shares.
- B** Insert your **application money** by multiplying the number of Shares by \$0.20 per Share in Section B.
- C** Enter the **Full Name(s)** and **Title(s)** of all legal entities that are to be recorded as the registered holder(s) of the Shares. You should refer to the back of the Application Form for the correct forms of name which can be registered. Applications using the wrong form of name may be rejected.
- Up to three joint Applicants may register. An account designation may be entered on the last line of this section. It should be contained within <> brackets with A/C at the end eg <SUPER FUND A/C>.
- D** Enter your **Postal Address** for all correspondence. All communications to you from BauMart Holdings Ltd will be mailed to the person(s) and address as shown. For joint applications, only one address can be entered.
- E** Please insert your **Telephone Number(s)** and contact name in case there are irregularities with your Application.
- F** If the applicant is a company, insert A.C.N. or A.R.B.N
- G** BauMart will apply to ASX Limited to participate in the Clearing House Electronic Subregister System ("**CHESS**"), operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHESS, BauMart will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the principal register of securities. BauMart will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a Chess participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS Holder Identification Number or "HIN". Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allotted a Securityholder Reference Number or "SRN".
- H** Enter the **tax file number(s)** or **exemption category** (e.g. non-resident exemption code) of the Applicants. With a joint holding, only the tax file number ("**TFN**") of two holders are required. An Applicant is not obliged to quote their TFN, however in cases where no TFN is quoted BauMart must deduct from any dividends payable (to the extent they are not franked) at the top personal marginal tax rate (including the Medicare levy).
- I**
- **Make your cheque(s) or bank draft(s) payable to "BauMart Holdings Ltd"** in Australian currency. Your cheque or bank draft must be drawn on an Australian bank and should be crossed "Not Negotiable". Cash should not be forwarded.
 - Attach your cheque(s) or bank draft(s) to the Application Form where indicated. Complete the details of your cheque(s) or bank draft(s) in this section

LODGEMENT OF APPLICATIONS

Return your completed Application Form and cheque(s) or bank draft(s) to:

By mail: BauMart Holdings Ltd
PO Box 3438
NEDLANDS WA 6909

OR

By hand: BauMart Holdings Ltd
79 Broadway
NEDLANDS WA 6009

Applications must be received at the above address by 5.00pm WST time on 18 June 2015 (subject to the right of BauMart to vary this date)



APPLICATION FORM

BauMart Holdings Ltd ACN 602 638 531

This Application Form relates to a prospectus dated 13 May 2015 ("the Prospectus") and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

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A								
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Shares in BauMart Holdings Ltd at \$0.20 per Share or such lesser number of Shares which may be allocated to me/us by the Directors. [Minimum application is 10,000 Shares. Applications for more than 10,000 Shares must be in multiples of 100 Shares]

I/We lodge full application monies

[illegible]

(Cheques to be payable to "**BauMart Holdings Ltd**")

Full name (Title, given name(s) & surname or company name)

[illegible]

Joint applicant #2

[illegible]

Joint applicant #3

[illegible]

Postal address

[illegible]

Street number

Street name

[illegible]

Suburb/town

State

Postcode

Contact name

Home telephone no.

Work telephone no.

[illegible]

ACN/ARBN (for companies only)

E-mail address

[illegible]

CHES Participant

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Applicant #2

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2. By lodging this Application Form, I/we declare that this Application is completed and lodged according to the Prospectus and that all statements made by me/us are complete and accurate.
3. I/We also declare that this Application Form is completed according to this declaration and agree to be bound by the terms and conditions set out in the Prospectus and the Constitution of BauMart.
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Deceased Estates Do not use the name of deceased, use personal names of executor(s)	JANE MARY MCDONALD <EST JOHN SMITH A/C>	Estate of the Late John Smith
Partnerships Do not use the name of partnership, use personal names of partners	SARAH JANE WILSON & MICHAEL JOHN WILSON <SARAH WILSON & SON A/C>	Sarah Wilson & Son
Clubs/Unincorporated Bodies Do not use name of clubs etc, use personal names of office bearer(s)	JOHN FRED WILLIAMS <ABC TENNIS ASSOCIATION A/C>	ABC Tennis Association
Superannuation Fund Do not use name of fund use name(s) of trustee(s)	SARAH WILSON PTY LTD <SUPER FUND A/C>	Sarah Wilson Pty Ltd Superannuation Fund

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- F** If the applicant is a company, insert A.C.N. or A.R.B.N
- G** BauMart will apply to ASX Limited to participate in the Clearing House Electronic Subregister System ("**CHESS**"), operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited. In CHESS, BauMart will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the principal register of securities. BauMart will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a Chess participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS Holder Identification Number or "HIN". Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allotted a Securityholder Reference Number or "SRN".
- H** Enter the **tax file number(s)** or **exemption category** (e.g. non-resident exemption code) of the Applicants. With a joint holding, only the tax file number ("**TFN**") of two holders are required. An Applicant is not obliged to quote their TFN, however in cases where no TFN is quoted BauMart must deduct from any dividends payable (to the extent they are not franked) at the top personal marginal tax rate (including the Medicare levy).
- I**
- **Make your cheque(s) or bank draft(s) payable to "BauMart Holdings Ltd"** in Australian currency. Your cheque or bank draft must be drawn on an Australian bank and should be crossed "Not Negotiable". Cash should not be forwarded.
 - Attach your cheque(s) or bank draft(s) to the Application Form where indicated. Complete the details of your cheque(s) or bank draft(s) in this section

LODGEMENT OF APPLICATIONS

Return your completed Application Form and cheque(s) or bank draft(s) to:

By mail: BauMart Holdings Ltd
PO Box 3438
NEDLANDS WA 6909

OR

By hand: BauMart Holdings Ltd
79 Broadway
NEDLANDS WA 6009

Applications must be received at the above address by 5.00pm WST time on 18 June 2015 (subject to the right of BauMart to vary this date)



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BauMart Holdings Limited
Suite 1, 82 Belmont Avenue
Rivervale, Western Australia 6103
www.baumart.com.au