



BauMart Holdings Limited

Suite 1, 82 Belmont Avenue
Rivervale, Western Australia 6103
T: +61 8 9277 2030
www.baumart.com.au
ABN 87 602 638 531

ASX ANNOUNCEMENT

26 FEBRUARY 2016

HALF-YEAR FINANCIAL RESULTS

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2015 and ASX Appendix 4D – Half Year Report of **BauMart Holdings Limited (ASX: BMH)** follow this announcement. The information is to be read in conjunction with the annual report for the year ended 30 June 2015.

AUTHORISED BY:

Berthus Budiman
Executive Director

Company Enquiries:

Berthus Budiman – Executive Director
T: +61 8 9277 2030
E: info@baumart.com.au



Appendix 4D
Half Year Report to the Australian Securities Exchange
BauMart Holdings Limited and Controlled Entities – ABN 87 602 638 531
Period ending 31 December 2015

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

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

Reporting Period	6 Months ending 31 December 2015
Previous Corresponding Reporting Period	Period from incorporation on 31 October 2014 to 31 December 2014

2. Results for announcement to the market

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

\$ Revenue from Ordinary Activities - current period	\$'000	537
\$ Revenue from Ordinary Activities - previous period	\$'000	-
\$ change in Revenue from Ordinary Activities	\$'000	N/A
% change from previous corresponding reporting period	% UP	N/A

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

\$ Profit (loss) from ordinary activities after tax - current period	\$'000	(457)
\$ Profit (loss) from ordinary activities after tax - previous period	\$'000	(18)
\$ change in profit (loss) from ordinary activities after tax	\$'000	(439)
% change from previous corresponding reporting period	%	2,439%

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

\$ Net profit (loss) attributable to members - current period	\$'000	(457)
\$ Net profit (loss) attributable to members - previous period	\$'000	(18)
\$ change in net profit (loss) attributable to members	\$'000	(439)
% change from previous corresponding reporting period	%	2,439%

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

It is not proposed to pay a dividend.

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

Not applicable

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

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

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

Net tangible assets per security	Cents	2.8
Previous corresponding period	Cents	0.02

Appendix 4D
Half Year Report to the Australian Securities Exchange
BauMart Holdings Limited and Controlled Entities – ABN 87 602 638 531
Period ending 31 December 2015

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

4.1 Name of the entity.

None

4.2 The date of the gain or loss of control.

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

None

7.1 Name of the associate or joint venture entity.

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

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



ABN 87 602 638 531

**FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

CONTENTS

	PAGE
Directors' Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Condensed Notes to the Consolidated Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14
Auditor's Independence Declaration	16

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of BauMart Holdings Limited (the **Company** or **Parent Entity**) and its controlled entity (together referred to hereafter as the **Consolidated Entity**) for the half year ended 31 December 2015 and the auditor's review report thereon.

DIRECTORS

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

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

RESULTS

The loss of the Consolidated Entity for the half-year was \$457,436 (2014: \$18,278) after income tax of nil (2014: nil).

REVIEW OF OPERATIONS

The Consolidated Entity incurred a loss of \$457,436 after income tax for the half year.

The principal operations of the Company continue to revolve around securing distributorship rights in Australia for building and building-related materials and establishing sourcing and supply arrangements with various building industry participants. The Company has entered into a third distribution agreement (Agreement), with a manufacturer of wood plastic composite (WPC) products, in addition to its existing distribution agreements for natural stone products and epoxy paint products.

The Agreement includes supply of competitively-priced WPC products for outdoor use, decking, partitions, walls and fencing. The manufacturer is based in Jakarta, Indonesia and has agreed for the Company to act as the exclusive distributor, in Australia, for a period of two years.

The Company's management has worked closely with the manufacturers to establish specialised in-house design consultation services and technical support for the current range of in-house building products and materials. The first shipment of natural stone products from Indonesia was distributed to various building material suppliers in New South Wales during the Period. The next shipment will be distributed to the Western Australian market. The Company has also entered into sourcing arrangements with various suppliers for a range of building products and materials.

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

At a strategic level, the Company is looking to acquire specialised equipment to support the supply and installation of building products and materials, with the aim of providing alternative, innovative and sustainable building options. This aim is consistent with the objective of the Company to provide an integrated service platform whereby property developers and builders are able to source a range of quality building materials and complementary products. The Company continues to assess the Australian and international markets for sustainable and innovative materials and associated plant and equipment that may present investment opportunities.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 10 to the financial statements, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

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

A handwritten signature in black ink, appearing to read "Berthus", followed by a long horizontal line.

Berthus Budiman
Executive Director

Dated at Perth this 26th day of February 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
for the half year ended 31 December 2015

	31 December 2015 \$	Period from 31 October 2014 to 31 December 2014 \$
Revenue and other income		
Sale of goods	71,023	-
Other revenue	465,887	-
Total Revenue	<u>536,910</u>	<u>-</u>
Cost of sales	(71,957)	-
Total cost of sales	<u>(71,957)</u>	<u>-</u>
Gross profit	<u>464,953</u>	<u>-</u>
Other income	12,032	-
Expenses		
Operational expenses	(656,137)	(1,787)
Corporate and administrative expenses	(278,284)	(16,491)
Total expenses	<u>(934,421)</u>	<u>(18,278)</u>
Loss before income tax	(457,436)	(18,278)
Income tax benefit/(expense)	-	-
Net loss for the Period	<u>(457,436)</u>	<u>(18,278)</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the Period, net of tax	<u>-</u>	<u>-</u>
Total comprehensive loss for the Period attributable to the ordinary equity holders of the Company	<u>(457,436)</u>	<u>(18,278)</u>
Basic and diluted loss per share attributable to the ordinary equity holders of the Company		
Basic and diluted loss per share (cents)	<u>(0.37)</u>	<u>(0.03)</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		936,717	1,617,493
Trade and other receivables	4	316,713	290,775
Inventories		16,128	-
Other current assets		99,758	3,657
Total current assets		1,369,316	1,911,925
NON-CURRENT ASSETS			
Property, plant & equipment	5	2,256,223	2,139,726
Total non-current assets		2,256,223	2,139,726
TOTAL ASSETS		3,625,539	4,051,651
CURRENT LIABILITIES			
Trade and other payables		184,431	128,590
Employee benefits		6,967	26,791
Total current liabilities		191,398	155,381
TOTAL LIABILITIES		191,398	155,381
NET ASSETS		3,434,141	3,896,270
EQUITY			
Issued capital	6	4,280,648	4,285,341
Accumulated losses		(846,507)	(389,071)
TOTAL EQUITY		3,434,141	3,896,270

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2015

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 30 June 2015	4,285,341	(389,071)	3,896,270
Loss for the Period	-	(457,436)	(457,436)
Total comprehensive loss for the Period	-	(457,436)	(457,436)
Transactions with equity holders in their capacity as equity holders:			
Issue of ordinary shares, net of transaction costs	(4,693)	-	(4,693)
Balance at 31 December 2015	4,280,648	(846,507)	3,434,141

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 31 October 2014	-	-	-
Loss for the Period	-	(18,278)	(18,278)
Total comprehensive loss for the Period	-	(18,278)	(18,278)
Transactions with equity holders in their capacity as equity holders:			
Issue of ordinary shares, net of transaction costs	975	-	975
Balance at 31 December 2014	975	(18,278)	(17,303)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2015

	31 December 2015 \$	Period from 31 October 2014 to 31 December 2014 \$
Cash flows from operating activities		
Receipts in the course of operations	515,745	-
Payments in the course of operations	(1,079,962)	(17,255)
Interest received	12,032	-
Net cash outflow from operating activities	(552,185)	(17,255)
Cash flows from investing activities		
Purchase of property, plant and equipment	(137,534)	-
Proceeds from sale of property, plant and equipment	13,636	-
Net cash outflow from investing activities	(123,898)	-
Cash flows from financing activities		
Proceeds from the issue of share capital, net of transaction costs	(4,693)	25,000
Net cash (outflow)/inflow from financing activities	(4,693)	25,000
Net (decrease)/increase in cash and cash equivalents	(680,776)	7,745
Cash and cash equivalents at the beginning of the period	1,617,493	-
Cash and cash equivalents at the end of the period	936,717	7,745

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



CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2015

1. REPORTING ENTITY

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

These consolidated financial statements comprise the Company and its subsidiary (together referred to as the "**Consolidated Entity**"). They were authorised for issue by the Board of Directors on 26 February 2016.

2. BASIS OF PREPARATION

This interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with accounting standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Consolidated Entity as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial period ended 30 June 2015 and considered together with any public announcements made by Baumart during the half-year ended 31 December 2015 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year, except for the impact of the new or amended standards became applicable for the current reporting period. However, the Consolidated Entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

In preparing the interim financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the period ended 30 June 2015. Critical accounting judgements, estimates and assumptions adopted by management are discussed below.

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

Estimation of useful lives of assets

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

Comparative information

The comparative reporting period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cashflows and Note 9 is for the period from 31 October 2014 to 31 December 2014.

Going Concern

The interim financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a net loss of \$457,436 during the half year (2014: \$18,278). Included in trade and other receivables at 31 December 2015 is an amount of \$275,597 owed of which \$121,597 is overdue but has not been provided for. Since 31 December 2015 an amount of \$44,597 has been received.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2015

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

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

- The Consolidated Entity has net working capital of \$1,177,918 including cash reserves of \$936,717 at 31 December 2015;
- The directors are confident that the amounts of \$275,597 referred to above are fully recoverable following discussions with the debtor and payment plans put in place;
- The Consolidated Entity has no loans or borrowings; and
- The budgets and forecasts reviewed by the Directors for the next 12 months anticipate the business will continue to produce improved results.

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

	31 December 2015 \$	30 June 2015 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	312,064	214,750
Other receivables	4,649	76,025
	316,713	290,775

5. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Total \$
At 30 June 2015				
Cost	2,200,000	-	-	2,200,000
Accumulated depreciation	(60,274)	-	-	(60,274)
Net book amount	2,139,726	-	-	2,139,726
Half-year ended 31 December 2015				
Opening net book amount	2,139,726	-	-	2,139,726
Additions	250,399	1,700	6,943	259,042
Depreciation charges	(122,214)	(59)	(272)	(122,545)
Disposals	(20,000)	-	-	(20,000)
Closing net book amount	2,247,911	1,641	6,671	2,256,223
At 31 December 2015				
Cost	2,430,399	1,700	6,943	2,439,042
Accumulated depreciation	(182,488)	(59)	(272)	(182,819)
Net book amount	2,247,911	1,641	6,671	2,256,223

	31 December 2015 \$	30 June 2015 \$
6. ISSUED CAPITAL		
124,244,757 fully paid ordinary shares	4,280,648	4,285,341

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2015

6. ISSUED CAPITAL (continued)

Ordinary shares

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

	2015 number	2014 number	2015 \$	2014 \$
Balance at beginning of the half-year	124,244,757	-	4,285,341	-
Issue of shares at \$0.00001 each on incorporation	-	1	-	-
Issue of shares at \$0.00001 each on 21 November 2014	-	97,578,088	-	975
Share issue costs	-	-	(4,693)	-
Balance at the end of the half-year	124,244,757	97,578,089	4,280,648	975

Options

The following options to subscribe for ordinary fully paid shares were outstanding at the end of the half-year:

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

No options were exercised or expired during the half year.

7. COMMITMENTS AND CONTINGENCIES

The changes to the commitments and contingencies disclosed in the most recent annual report are specified below. Other than the changes mentioned below, all other commitments and contingencies remain consistent with those disclosed in the 2015 annual report.

Operating lease commitments

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

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

	31 December 2015 \$	30 June 2015 \$
Within one year	560,320	560,320
After one year but not more than five years	2,241,280	2,241,280
More than five years	1,260,720	1,540,880
	4,062,320	4,342,480

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, are payable as follows:

	31 December 2015 \$	30 June 2015 \$
Within one year	33,333	176,458

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2015

7. COMMITMENTS AND CONTINGENCIES (continued)

Service commitments

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

	31 December 2015 \$	30 June 2015 \$
Within one year	95,500	66,000
After one year but not more than five years	70,000	94,000
	165,500	160,000

Contingencies

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

8. SUBSIDIARY

	Class of shares	Beneficial interest 31 December 2015	Beneficial interest 31 December 2014
<i>Shares in controlled entity:</i>			
Buildmart Services Pty Ltd (incorporated in WA)	Ordinary	100%	100%

9. SEGMENT INFORMATION

The Board has determined that the Consolidated Entity has three reportable segments, being building materials supply, equipment investments and corporate and administrative.

31 December 2015	Building Materials Supply \$	Equipment Investments \$	Corporate and Administrative \$	Consolidated Entity \$
Segment revenue	72,313	180,000	284,597	536,910
Segment result	(179,568)	57,455	(335,323)	(457,436)
Segment assets	113,190	2,247,911	1,264,438	3,625,539
Segment liabilities	15,050	-	176,348	191,398

31 December 2014	Building Materials Supply \$	Equipment Investments \$	Corporate and Administrative \$	Consolidated Entity \$
Segment revenue	-	-	-	-
Segment result	(2,395)	-	(15,883)	(18,278)
Segment assets	227	-	7,738	7,965
Segment liabilities	622	-	24,646	25,268

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 January 2016 the Company incorporated a new entity Baumax Pty Ltd ACN 610 461 437 ("Baumax"). Baumax is 90% owned by Baumart Holdings Limited.

DIRECTORS' DECLARATION

In the opinion of the Directors of Baumart Holdings Limited:

1. the consolidated financial statements and notes, set out on pages 5 to 12, are in accordance with the Corporations Act 2001, including:
 - (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 26th day of February 2016

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Berthus", followed by a long horizontal line.

Berthus Budiman
Executive Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Baumart Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Baumart Holdings Limited (the consolidated entity). The consolidated entity comprises both Baumart Holdings Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Baumart Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Baumart Holdings Limited on 26 February 2016.

Conclusion

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

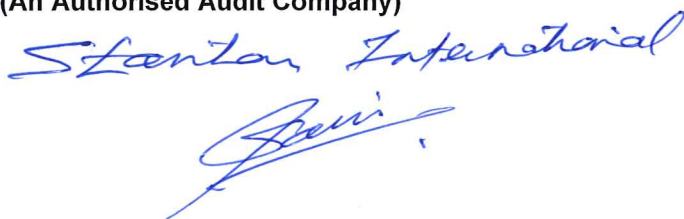
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter Regarding Going Concern and Carrying Values of Assets

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

As referred to in Note 3 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2015, the entity had working capital of \$1,177,918 but had incurred a loss for the half year amounting to \$457,436 and a debt of \$275,597 was overdue. The ability of the consolidated entity to continue as a going concern is subject to the consolidated entity returning to profitability, the ability of management to collect the receivables from rent and achieve the budgeted revenues. In the event that the Board is not successful in collecting the receivables from rent and achieving budgeted revenues, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values.

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



Samir Tirodkar
Director

West Perth, Western Australia
26 February 2016

26 February 2016

Board of Directors
Baumart Holdings Limited
Suite 1, 82 Belmont Avenue
RIVERVALE WA 6103

Dear Directors

RE: BAUMART HOLDINGS LIMITED

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

As Audit Director for the review of the financial statements of Baumart Holdings Limited for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

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



Samir Tirodkar
Director