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ABN 87 602 638 531

BAUMART HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

CONTENTS

	Page
Corporate Directory	2
Appendix 4E	3
Review of Operations	4
Directors' Report	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to Consolidated Financial Statements	19
Directors' Declaration	50
Independent Auditor's Report	51
Auditor's Independence Declaration	56
Additional Information	57

CORPORATE DIRECTORY

Directors

Mr Hadi Widayat – Executive Director
Mr Ben Talbot – Non-Executive Director
Mr Berthus Budiman – Non-Executive Director
Mr Anson Gan – Non-Executive Director

Company Secretary

Ms Natalie Teo

Principal Place of Business

15 McCabe Street
North Fremantle WA 6159

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

Registered Office

Suite 6, 4 Riseley Street
Applecross WA 6153

Telephone: +61 8 6558 0814

Share Registry

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

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

Auditor

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

Australian Securities Exchange

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

ASX Code: BMH

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APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2023

The following information is provided to the ASX under listing rule 4.3A

Company Name: BauMart Holdings Limited (the Company)
ABN: 87 602 638 531
Reporting Period: Year ended 30 June 2023
Previous Reporting Period: Year ended 30 June 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2023	30 June 2022	Change up/ (down) %
\$ Revenue from ordinary activities (\$'000)	1,463	214	584%
\$ Revenue from discontinued operations (\$'000)	803	6,091	(87%)
\$ Profit (loss) from continuing operations after tax (\$'000)	(301)	(402)	(25%)
\$ Profit (loss) from discontinued operations after tax (\$'000)	625	753	(17%)
\$ Net profit (loss) attributable to members (\$'000)	324	351	(8%)
Net tangible assets per security	0.04	0.04	-

DIVIDENDS

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

FOR FURTHER INFORMATION

The Independent Auditor's Review Report contains a material uncertainty related to going concern.

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

REVIEW OF OPERATIONS

FOR THE YEAR ENDED 30 JUNE 2023

REVIEW OF OPERATIONS

BauMart Holdings Limited (the **Company**) and its controlled entities (the **Group**) provide the following review of operations for the year ended 30 June 2023.

GROUP OPERATIONS

Group Revenue for continuing operations grew to \$1,463,023 for the financial year ended 30 June 2023 (2022: \$214,014). The numbers exclude revenue from discontinued operations, being the sale of the materials handling business. Revenue from discontinued operations was \$803,006 for the months of July and August 2022 prior to completion of the sale. The Group achieved net profit of \$324,179 for the current financial year (2022: \$350,784).

The sale of the materials handling business completed in August 2022, and the Group received cash consideration of \$1 million along with a working capital adjustment payment of \$112,926 (refer Note 28 for further details). Shortly after completion of the sale, Matthew Logan stepped down from his role as Executive Director on 1 September 2022 to focus on other business commitments.

The Group continued to review ongoing operations throughout the year, and management turned their focus towards the Source and Procure Division and two key projects, being the mining supplies project and the Washpod distribution project. The Group also continued its review of corporate and administration costs in second half of financial year 2023 and in line with the Board's cost management and capital allocation objectives, a number of board and personnel changes occurred during the six months ended 30 June 2023, including the appointment of Hadi Widayat as Executive Director and the re-designation of Ben Talbot from Executive Director to Non-Executive Director.

SOURCE & PROCURE UPDATE

The division provides sourcing, procurement, and end-to-end supply chain services for its network of clients, and a key project is the supply of mining consumables and equipment. The division achieved top line revenue of \$1,463,023 (2022: \$214,014) during financial year 2023.

The Group has invested significant resources during the year towards identifying and establishing new business relationships with overseas suppliers and to grow its pipeline of orders. A key focus for financial year ended 30 June 2024 is the expansion of the mining supplies project, with plans to explore trade facility and other financing avenues to fund working capital requirements.

The Group completed sale and leaseback arrangements for several Washpod machines in financial year ended 30 June 2023 and more recently, has progressed discussions with overseas partners on distribution networks and/or arrangements for new markets. The Group continues to work closely with Washpod on product improvements and will continue to review and evaluate distribution opportunities.

BUILDING MATERIALS UPDATE

The level of activity for this division remained low throughout 30 June 2023 and an assessment of the building materials industry is ongoing. The Group continues to work with its resellers on a pre-order basis.

MATERIALS HANDLING UPDATE

Prior to completion of the sale on 29 August 2022, the materials handling division recorded a revenue of \$803,006 (2022: \$6,091,370) and profit of \$87,102 (2022: \$1,105,373) for the months of July and August. Refer to Notes 27 and 28 for additional information.

STRATEGIC BUSINESS OBJECTIVES

The Board will continue to focus on driving the growth of the mining supplies project as well as the distribution of Washpods for financial year ended 30 June 2024, whilst carefully monitoring the Group's cash flow requirements and expenditures. The Board and management remain committed to identifying new projects and opportunities that will provide the Group with new revenue streams and a sustainable business model.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2023

The Board will also continue to review potential funding avenues to secure and access additional working capital for the above objectives.

MATERIAL BUSINESS RISK

The Group has seen its key divisions evolve in FY2023 and set out below are potential risks that may have a material impact on the Group's future financial performance and operations.

The Group makes every effort to identify materials risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

Business model and customer demand

Changes in demand for the Group's products or adverse activities in key industry sectors may influence ongoing demand and pipeline opportunities for the Group's key divisions, including but not limited to supply of materials, global supply chain disruptions, distribution capacity constraints and technology upgrades for mining equipment in the wider industry. Although management recognises and may implement a framework to manage these risks, any of these factors may lead to disruptions in the business model and may have an adverse impact on the Group's financial performance.

Dependence on third party suppliers and/or resellers

The Group's business model is reliant upon third party suppliers and/or resellers and the performance of these parties. The Group has support measures in place, including regular scheduled forecasting, maintenance of supply contracts and dual sourcing of key suppliers however any disruption could materially impact the Group's operations and may affect customer confidence.

Currency risks

The Group presently derives the majority of its revenue in US dollars and has cost exposure mainly in US dollars and Australian dollars. Accordingly, the Group is exposed to foreign exchange risks through operating activities and any changes in the exchange rates between US dollars and Australian dollars will have a direct effect on the performance of the Group.

People risks

Future financial and operational performance of the Group is dependent on the performance and retention of key personnel, in particular executive management. The unplanned or unexpected loss of key personnel, or the inability to attract and retain experienced individuals to the business may adversely affect the Group's future financial performance.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

*The Directors present their report together with the consolidated financial statements of BauMart Holdings Limited (the **Company or Parent Entity**) and its controlled entities (together referred to hereafter as the **Consolidated Entity or Group**) for the year ended 30 June 2023 and the auditor's report thereon.*

DIRECTORS

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

Mr Hadi Widayat

Executive Director – appointed 20 February 2023

Mr Widayat has a wealth of experience in banking and corporate finance, with a career of more than 25 years serving in various senior management and company directorship roles with private and multi-national companies in the South-East Asian region. In his previous roles, he was responsible for a number of value-accretive mergers and acquisitions, and successfully led a number of business expansions and successful joint ventures across a diverse range of industries, spanning from manufacturing to property development. Hadi holds a Bachelor of Business Administration majoring in Finance and Information System from the University of Washington, Seattle.

Mr Matthew Logan

Executive Director, B. Com., MAICD – appointed 8 August 2016 (resigned 1 September 2022)

Mr Logan graduated with a Bachelor of Commerce majoring in Accounting and Business Law from Curtin University in Western Australia and is an experienced commercial manager in the industrial supplies and materials handling industry.

He was responsible for the Eco Pallets Pty Ltd (Eco Pallets) business and worked closely with BauMart since the acquisition of Eco Pallets. He was instrumental in developing the Australia wide infrastructure for all product distribution divisions of BauMart.

Mr Logan was formerly an associate of a private practice for over 10 years where he provided corporate and accounting services to various ASX clients in the mining, energy, industrial and technology industries.

Mr Ben Talbot

Executive Director – appointed 1 January 2022 (transitioned from Executive Director to Non-Executive Director on 1 April 2023)

Ben has over 15 years' experience as a senior financial and engineering consultant with special interests in the aviation industry and rural communities. In this role, he provided strategic planning, compliance and corporate services to his clients in various engineering and development projects, all over regional Western Australia.

Between 2000-2005 Ben developed a security solutions business installing integrated electronic security systems and access control solutions for his clients. Ben has also been involved in the management of his family's farming interests in the south-west region of WA and has over 25 years' experience in the agribusiness and finance sector.

Ben holds a Juris Doctor from the University of Southern Queensland, and MBA from Murdoch University and a Bachelor of Business from the Edith Cowan University, and an Advanced Diploma of Electrical Engineering from EIT. He also holds a commercial pilot's licence with a flight instructor rating.

Mr Berthus Budiman

Non-Executive Director – appointed 31 October 2014 (transitioned from Executive Director to Non-Executive Director on 1 February 2022)

Mr Budiman has more than 30 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, Mr Budiman 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, Mr Budiman oversaw the establishment of various distribution companies and manufacturing facilities in Asia Pacific, Europe, the Middle East and North and South America. Mr Budiman studied at the Christian University of Indonesia's Faculty of Mechanical Engineering from 1967 to 1970.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Mr Anson Gan

Non-Executive Director, B.Eng (Hons) – appointed 19 March 2015

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

COMPANY SECRETARY

Ms Natalie Teo, B. Com. – appointed 19 March 2015

Ms Teo graduated with Bachelor of Commerce majoring in Marketing and Management and a Master's in Accounting from Curtin University in Western Australia. She also holds a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia.

Ms Teo is a Chartered Secretary and an Associate of the Governance Institute of Australia. She is currently the secretary to several ASX and NSX-listed entities and is working with a firm which provides company secretarial and accounting services to both listed and unlisted entities.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of directorship	
		From	To
Mr H Widayat ¹	Not Applicable	-	-
Mr M Logan ²	Not Applicable	-	-
Mr B Talbot	Not Applicable	-	-
Mr B Budiman	Not Applicable	-	-
Mr A Gan	Not Applicable	-	-

¹ Mr Widayat was appointed on 20 February 2023

² Mr Logan resigned on 1 September 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS' INTERESTS

The relevant interests of each director in the securities of the Company at the date of this report are as follows:

Director	Shares
Mr H Widayat ¹	-
Mr B Talbot	-
Mr B Budiman	1,000,001
Mr A Gan	8,500,000

¹ Mr Widayat was appointed on 20 February 2023

DIRECTORS' MEETINGS

The number of Directors' meetings held and the number of meetings attended by each of the Directors of the Company during the year are:

Director	Board Meetings	
	Held	Attended
Mr H Widayat ¹	2	1
Mr B Talbot	2	2
Mr B Budiman	2	2
Mr A Gan	2	2

¹ Mr Widayat was appointed on 20 February 2023

PRINCIPAL ACTIVITY

The origins of the Company began with sourcing distribution partnerships with suppliers of building materials and its investment and leasing of automated glass-processing equipment. Since its listing in June 2015, the Company has diversified its business across a broad range of divisions, including, but not limited to:

- sourcing, procurement and end-to-end supply chain services;
- supply and distribution of industrial products, including the Washpod machine; and
- other managed services.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no ordinary fully paid shares issued during the year.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year, apart from the divestment of its materials handling business, as outlined in Note 28.

Total shares on issue at 30 June 2023 were 144,744,757 fully-paid ordinary shares.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue to develop its principal activities as described above, including the expansion of its mining supplies project. The supply of plastic materials handling unit load products ceased after the completion of the sale of Eco Pallets in August 2022.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

ENVIRONMENTAL REGULATION

The Directors are not aware of any particular and significant environment regulation under a law of the Commonwealth, State or Territory relevant to the Consolidated Entity.

CORPORATE GOVERNANCE

The Company's 2023 Corporate Governance Statement can be found on the Company's website: <https://baumart.com.au/corporate-governance/>

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

SHARE OPTIONS

Options granted, exercised or lapsed

No options have been granted, exercised or lapsed since the end of the previous financial year and to the date of this report.

Unissued shares under option

There were no options to subscribe for ordinary fully paid shares at the end of the year or at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors and Company Secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not, during or since the year indemnified or agreed to indemnify the auditor of the Company or any related entity against liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NON-AUDIT SERVICES

The Company's auditor, Stantons, did not provide any non-audit services during the year.

	30 June 2023 \$	30 June 2022 \$
Stantons International Audit and Consulting Pty Ltd Amounts paid for audit services provided during the year are set out below:		
Audit and review of financial reports	36,458	65,045
Total remuneration for audit services	36,458	65,045

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 56.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

REMUNERATION REPORT - AUDITED

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

For the purposes of this report, key management personnel of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Key management personnel

The following were key management personnel of the Consolidated Entity at any time during the year and unless otherwise indicated were key management personnel for the entire year:

Name	Position held
Mr H Widayat	Executive Director - appointed 20 February 2023
Mr M Logan	Executive Director - appointed 8 August 2016, resigned 1 September 2022
Mr B Talbot	Executive Director - appointed 1 January 2022 Transitioned from Executive Director to Non-Executive Director on 1 April 2023
Mr B Budiman	Non-Executive Director - appointed 31 October 2014 Transitioned from Executive Director to Non-Executive Director on 1 February 2022
Mr A Gan	Non-Executive Director - appointed 19 March 2015

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT – AUDITED (continued)

Principles of remuneration

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the achievement of strategic objectives;
- the Consolidated Entity's performance including:
 - the growth in share price; and
 - the amount of incentives within each key management person's compensation.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive directors' remuneration is clearly distinguished from that of executives and senior managers. Remuneration is determined by the Board as a whole as the Company has not yet established a remuneration committee.

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by shareholders in general meeting. Total remuneration for all non-executive directors, last voted upon by shareholders at a meeting held in February 2015, is not to exceed \$300,000 per annum. Directors' fees cover all main board activities and membership of committees if applicable.

Non-executive directors do not receive any retirement benefits, other than statutory superannuation, nor do they receive any performance-related compensation.

Non-executive directors' fees as at the reporting date are as follows:

Name	Non-executive directors' fees excluding superannuation
Mr B Talbot	\$20,000 per annum
Mr B Budiman	\$20,000 per annum
Mr A Gan	\$20,000 per annum

Please note the above directors are entitled to superannuation on top of the above directors' fees.

Executive remuneration

Remuneration for executives is set out in employment agreements. Details of the employment agreement with the Executive Director are provided below.

Executive directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the Consolidated Entity.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT – AUDITED (continued)

Long-term incentive

Long-term incentives (LTI) may be provided to key management personnel in the form of options over ordinary shares of the Company. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to directors subject to approval by shareholders in general meeting.

There were no options issued as LTI during the year.

The Company has introduced a policy that prohibits employees and Directors of the Company from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Company securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Consolidated Entity performance and link to remuneration

There were no performance related remuneration transactions during the year.

The earnings of the Consolidated Entity for the year are summarised below:

	30 June 2023	30 June 2022
Net profit for the year attributable to owners of the Company	\$324,179	\$350,784
Dividends paid	Nil	Nil
Change in share price		
Share price at beginning of the year	\$0.19	\$0.20
Share price at end of the year	\$0.10	\$0.19
Earnings per share from continuing operations	0.21 cents	0.28 cents

Use of remuneration consultants

The Consolidated Entity did not engage the services of a remuneration consultant during the year.

Employment agreement

Executive Directors

The Company has entered into an employment agreement with its Executive Director, Mr Hadi Widayat, effective from 20 February 2023 (**Employment Agreement**). The Employment Agreement outlines the components of remuneration paid to Mr Widayat and will be reviewed on an annual basis. The Employment Agreement specifies the duties and obligations to be fulfilled by Mr Widayat in the role of Executive Director. As of 20 February 2023, the Company currently pays to Mr Widayat \$100,000 per annum (exclusive of statutory superannuation) for his services.

Following the appointment of Mr Hadi Widayat as Executive Director, on 1 April 2023, Mr Ben Talbot transitioned from his role as Executive Director to Non-Executive Director for the Company. Mr Talbot is entitled to an annual director's fee of \$20,000 per annum (exclusive of statutory superannuation) on his transition to a non-executive director role and all other terms of appointment otherwise remain materially unchanged.

In addition, the other Executive Director, Mr Matthew Logan, stepped down from his role on 1 September 2022 following the completion of the sale of Eco Pallets. Prior to his resignation, the Company paid Mr Logan an annual salary of \$125,000 per annum (exclusive of statutory superannuation) for his services in accordance with an employment agreement. Mr Logan received \$34,914 (including accrued leave balances) for his services during the financial year ended 30 June 2023.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT – AUDITED (continued)

Either the Executive Director or BauMart Holdings may terminate the agreement at any time by giving three months' written notice to the Company. Executive Directors have no entitlement to termination payment should they terminate the agreement by written notice. BauMart Holdings may, by giving written notice to either Executive Directors, immediately terminate the agreement should a number of specified occurrences happen, including a serious breach of the agreement or serious misconduct. Executive Directors have no entitlement to termination payment in the event of removal for misconduct.

Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Remuneration of key management personnel

2023		Short-term employment benefits		Post-employment benefits	Share-based payments	Total	Proportion of remuneration performance related %
		Salary & fees ¹ \$	Other \$	Superannuation benefits \$	Options \$		
Executive Directors							
Mr H Widayat ²	2023	36,250	-	3,806	-	40,056	-
	2022	-	-	-	-	-	-
Mr M Logan ³	2023	20,833	11,893	2,188	-	34,914	-
	2022	125,000	-	12,500	-	137,500	-
Mr B Talbot ⁴	2023	75,000	-	7,875	-	82,875	-
	2022	50,000	-	5,000	-	55,000	-
Mr B Budiman ⁵	2022	58,333	14,086	7,242	-	79,661	-
Non-Executive Directors							
Mr B Budiman ⁵	2023	20,000	-	2,100	-	22,100	-
	2022	8,333	-	833	-	9,166	-
Mr B Talbot	2023	5,000	-	525	-	5,525	-
	2022	-	-	-	-	-	-
Mr A Gan	2023	20,000	-	2,100	-	22,100	-
	2022	20,000	-	2,000	-	22,000	-
Mr M Crichton ⁶	2022	10,000	-	1,000	-	11,000	-
Total	2023	177,083	11,893	18,594	-	207,570	-
Total	2022	271,666	14,086	28,575	-	314,327	-

- Salary & fees include employee benefits paid during the year.
- Mr Widayat was appointed on 20 February 2023.
- Mr Logan resigned on 1 September 2022. The Company paid \$11,893 to Mr Logan in respect of accrued leave entitlements.
- Mr Talbot transitioned to Non-Executive Director on 1 April 2023.
- Mr Budiman transitioned to Non-Executive Director on 1 February 2022. The Company paid \$14,086 to Mr Budiman in respect of accrued leave entitlements.
- Mr Crichton resigned on 31 December 2021.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

REMUNERATION REPORT – AUDITED (continued)

Share-based remuneration

There were no share-based remuneration transactions during the year.

Loans to key management personnel

There were no loans provided to key management personnel of the Consolidated Entity or their close family members or entities related to them during the year.

Key management personnel equity holdings

Fully paid ordinary shares

The movement during the year in the number of ordinary shares in the Company held, directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

Key management person	Held at 30 June 2022	Held at date of appointment	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2023
Mr H Widayat ¹	-	Nil	-	-	-	-
Mr B Talbot	-	-	-	-	-	-
Mr B Budiman	1,000,001	N/A	-	-	-	1,000,001
Mr A Gan	8,500,000	N/A	-	-	-	8,500,000
Mr M Logan ²	3,200,000	N/A	-	-	3,200,000	N/A

Key management person	Held at 30 June 2021	Held at date of appointment	Granted as remuneration	Other changes	Held at date of resignation	Held at 30 June 2022
Mr M Logan	3,200,000	N/A	-	-	-	3,200,000
Mr B Talbot ³	-	Nil	-	-	-	-
Mr B Budiman	1,000,001	N/A	-	-	-	1,000,001
Mr A Gan	8,500,000	N/A	-	-	-	8,500,000
Mr M Crichton ⁴	1,000,000	N/A	-	-	1,000,000	N/A

¹ Mr Widayat was appointed on 20 February 2023

² Mr Logan resigned on 1 September 2022

³ Mr Talbot was appointed on 1 January 2022

⁴ Mr Crichton resigned on 31 December 2021

Share options

Directors did not hold any options at the beginning or end of the financial year.

This concludes the remuneration report, which has been audited.

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

Dated at Perth, Western Australia this 31st day of August 2023



Hadi Widayat
Executive Director
BauMart Holdings Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
CONTINUING OPERATIONS			
Revenue and other income			
Sale of goods		1,463,023	214,014
Total Revenue		1,463,023	214,014
Cost of sales			
Total cost of sales		(1,179,441)	(173,224)
Gross profit		283,582	40,790
Other revenue	8 (a)	713,855	915,772
Net finance income / (expense)	8 (b)	(18,120)	244,916
Expenses			
Corporate and administrative expenses		(518,430)	(704,378)
Operational expenses		(24,689)	(57,953)
Occupancy expenses	8 (c)	18,706	(40,121)
Marketing expenses		(31,412)	(495)
Depreciation and amortisation expenses	12 & 15(c)	(724,212)	(767,798)
Other expenses		-	(33,286)
Total expenses		(1,280,037)	(1,604,031)
Profit / (Loss) before income tax		(300,720)	(402,553)
Income tax benefit/(expense)	7 (a)	-	-
Net profit / (loss) from continuing operations		(300,720)	(402,553)
DISCONTINUED OPERATIONS			
Gain on disposal of discontinued operations	28	537,797	-
Net profit / (loss) from discontinued operations	28	87,102	753,337
Net profit /(loss) for the year		324,179	350,784
Other comprehensive income			
Items that will not be reclassified to profit or loss	19	(583,333)	(233,334)
Items that may be reclassified subsequently to profit or loss	19	(654)	628
Other comprehensive income for the year, net of tax		(583,987)	(232,706)
Total comprehensive profit / (loss)		(259,808)	118,078
Profit / (Loss) attributable to:			
Owners of the Company		324,179	350,784
Non-controlling interests		-	-
		324,179	350,784
Total comprehensive profit / (loss) attributable to:			
Owners of the Company from continuing operations		(884,707)	(635,259)
Owners of the Company from discontinuing operations		624,899	753,337
Non-controlling interests		-	-
		(259,808)	118,078
Basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company			
Basic & diluted (loss) per share (cents) on continuing operations	25	(0.21)	(0.28)
Basic & diluted earnings per share (cents) on discontinuing operations	25	0.43	0.52

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 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	24 (c)	80,693	110,544
Trade and other receivables	9	1,504,395	198,807
Other current assets	10	31,610	8,637
Inventories	11	565,518	1,038,088
Assets held for sale		-	1,787,801
Total current assets		2,182,216	3,143,877
NON-CURRENT ASSETS			
Property, plant, and equipment	12	-	2,679
Other non-current assets	20	3,500,000	4,083,333
Right of use assets	15 (a)	29,439	735,220
Total non-current assets		3,529,439	4,821,232
TOTAL ASSETS		5,711,655	7,965,109
CURRENT LIABILITIES			
Trade and other payables	13	317,144	292,096
Employee benefits	14	22,415	30,819
Current tax liabilities		2,943	2,943
Lease liabilities	15 (b)	21,117	723,386
Loans & borrowings	16 (a)	151,000	183,152
Liabilities directly associated with assets held for sale		-	1,300,875
Total current liabilities		514,619	2,533,271
NON-CURRENT LIABILITIES			
Lease liabilities	15 (b)	25,006	-
Total non-current liabilities		25,006	-
TOTAL LIABILITIES		539,625	2,533,271
NET ASSETS		5,172,030	5,431,838
EQUITY			
Issued capital	17	8,251,219	8,251,219
Accumulated losses	18	(3,079,189)	(3,403,368)
Reserves	19	-	583,987
TOTAL EQUITY		5,172,030	5,431,838

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital \$	Accumulated Profit (Losses) \$	Reserves \$	Total Equity \$
Balance at 30 June 2022	8,251,219	(3,403,368)	583,987	5,431,838
Profit for the year from continuing operations	-	(300,720)	-	(300,720)
Profit for the year from discontinuing operations	-	87,102	-	87,102
Gain on disposal of discontinued operations	-	537,797	-	537,797
Share equity reserves	-	-	(583,333)	(583,333)
Foreign currency translation reserves	-	-	(654)	(654)
Total comprehensive profit for the year	-	324,179	(583,987)	(259,808)
Transaction with equity holders, in their capacity as equity holders	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 30 June 2023	8,251,219	(3,079,189)	-	5,172,030
Balance at 30 June 2021	8,251,219	(3,754,152)	816,693	5,313,760
Loss for the year from continuing operations	-	(402,553)	-	(402,553)
Profit for the year from discontinuing operations	-	753,337	-	753,337
Share equity reserves	-	-	(233,334)	(233,334)
Foreign currency translation reserves	-	-	628	628
Total comprehensive profit for the year	-	350,784	(232,706)	118,078
Transaction with equity holders, in their capacity as equity holders	-	-	-	-
Issue of ordinary shares, net of transaction costs	-	-	-	-
Balance at 30 June 2022	8,251,219	(3,403,368)	583,987	5,431,838

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Receipts in the course of operations (continuing and discontinued operations)		1,864,992	7,901,106
Government grants and tax incentives received		150,165	293,901
Payments in the course of operations		(2,409,765)	(9,182,580)
Interest received		-	327,605
Interest paid		(21,247)	(25,823)
Net cash (outflow) / inflow from operating activities	24	(415,855)	(685,791)
Cash flows from investing activities			
Purchase of property, plant, and equipment		-	(2,710)
Lease payments received		-	1,315,676
Payment on mining-equipment acquired and leased to a third party		-	(361,815)
Proceeds from disposal of entities		1,112,926	-
Net cash (outflow) from investing activities		1,112,926	951,151
Cash flows from financing activities			
Proceeds from borrowings		613,518	50,505
Repayments of borrowings		(645,669)	-
Proceeds from sale-leaseback		62,500	-
Payments for lease liabilities		(757,271)	(837,637)
Net cash (outflow) / inflow from financing activities		(726,922)	(787,132)
Net (decrease) in cash and cash equivalents		(29,851)	(521,772)
Cash and cash equivalents as at beginning of year		110,544	750,505
Effect of movement in exchange rates on cash held		-	8,572
Cash and cash equivalents as at end of year	24 (c)	80,693	237,305¹

¹ The cash and cash equivalents include amounts related to discontinued operations, represented by cash and cash equivalents:

- cash and cash equivalents for continuing operations of \$110,544; and
- cash and cash equivalents of discontinued operations totalling \$126,761.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

BauMart Holdings Limited (“**BauMart**”, “**Company**” or “**Parent Entity**”) is a public company limited by shares, whose shares are publicly traded on the Australian Securities Exchange. The financial statements cover BauMart Holdings Limited as a consolidated entity consisting of BauMart and its subsidiaries (together referred to as the “**Consolidated Entity**” or “**Group**”) for the year ended 30 June 2023.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements. The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IASB**).

Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The functional currency of the Company and subsidiaries are measured using the currency of the primary economic environment in which the Company and subsidiaries operate; being Australian Dollars and New Zealand Dollars. However, the financial statements are presented in Australia dollars and all values are rounded to the nearest dollar unless otherwise stated.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial statements are taken to profit or loss. During the year, comparative figures have been adjusted and/or reclassified where necessary to conform to changes in presentation for the current year.

Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the Group and are consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Accounting Standards and Interpretations adopted by the Group

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments

The Entity adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

New and Amended Accounting Policies Not Yet Adopted by the Entity

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. BASIS OF PREPARATION (CONTINUED)

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-7b & c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 Insurance Contracts which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Accounting Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 12.

Business combinations

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently by the Consolidated Entity throughout the year presented in these financial statements.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 23.

Basis of consolidation

The consolidated financial statements comprise the financial statements of BauMart Holdings Limited and its subsidiaries (together referred to as the **Consolidated Entity**) as at 30 June each year.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Profit / (Losses) incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

The excess of the cost of the business combination over the net fair value of the Consolidated Entity's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Consolidated Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Going Concern

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

The Consolidated Entity recorded a net profit attributable to the owners of the Company of \$324,179 for the year (2022: \$350,784 net profit) and cash and cash equivalents of \$80,693 (2022: \$110,544). The ability of the Consolidated Entity to pay its debts as and when they fall due and to continue as a going concern is dependent upon the Consolidated Entity's ability to generate positive cash flows through its existing business and/or raise further equity. This indicates that a material uncertainty exists may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

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

- The Consolidated Entity has a net surplus in working capital of \$1,667,597 (2022: \$610,606) including cash reserves of \$80,693 (2022: \$237,305) at 30 June 2023.
- The Directors are confident that the trade receivables' amount of \$1,504,395 (2022: \$198,807) referred to in Note 9 are fully recoverable following discussions with the debtors. Of this, \$1,050,057 are not yet due and less than 30 days old.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The budget and forecasts reviewed and approved by the Directors for the next 12 months anticipate that the business will continue to produce improved results.
- While it is the Consolidated Entity's intention to be cash flow positive through operations, the Consolidated Entity may be required to raise additional capital either through equity or debt in order to continue as a going concern. The Directors are confident that the Consolidated Entity will be able to raise further working capital either through debt or equity as and when required to continue to support the business.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- (a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- (a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised.

Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included in current liabilities in the statement of financial position.

Trade and other receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are generally due for settlement no more than 90 days from the date of recognition. Please refer to Note 9 for the ageing of the past due but not impaired.

As per AASB 9, an expected loss model is applied, not an incurred credit loss as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model require the Group to account for expected credit loss since initial recognition. The Group recognises a loss allowance for expected credit losses on trade and other receivables using simplified approach, which does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss.

Provisions and employee benefits

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(iv) Share-based payments

The Consolidated Entity may provide benefits to employees (including Directors) and consultants of the Consolidated Entity in the form of share based payment transactions, whereby services are rendered in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payments (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant recipients become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment is depreciated using the straight line and units of production methods over the estimated useful lives.

Depreciation rates used for each class of assets vary to the estimated useful lives at the time of acquisition, and are typically:

Class of fixed asset	Depreciation rates	Method
Motor vehicles	33%	Straight line
Office equipment	20% - 50%	Straight line
Pooled equipment	20%	Straight line
Fixtures and fittings	20% - 25%	Straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, in accordance with AASB 136: *Impairment of Assets* unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Consolidated Entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses for goodwill are not subsequently reversed.

Inventory

Finished goods are stated at the lower of cost and net realisable value. Cost in relation to finished goods comprises delivery costs, direct labour and import duties or other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Leases

The Company as a lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonable certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Company as a lessee

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or assumed, is recognised in profit and loss as other income or finance costs. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Fair value measurement

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to members of the Company for the reporting period by the weighted average number of ordinary shares of the Company.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (**FVOCI**); and
- fair value through profit or loss (**FVPL**).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (OCI)

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *AASB 132 Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Revenue recognition

The Consolidated Entity generates its revenue from the following streams:

Sale of goods

The Group generates revenue from the sale of goods, which is recognised at a point in time when the goods are delivered, the legal title has passed and/or the customer has accepted the goods. The amount of revenue recognised for goods delivered is adjusted by expected returns.

The Group does not provide or offer any warranties for sale of goods.

Service revenue

Revenue from the provision of services is recognised in the period in which the services are rendered. The performance obligation is the supply of services over the contractual terms. The terms represent distinct contracted services that are substantially the same with the same pattern of transfer, such that they would be recognised over time.

Discontinued operations

A discontinued operation is a component (or subsidiary) of the Consolidated Entity that has been disposed of or is classified as held for sale. The results of discontinued operations are presented separately on the face of the statement of profit and loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Consolidated Entity. The Consolidated Entity's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk, and currency risk). The overall risk management strategy focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. Risk management is carried out under the direction of the Board.

The Consolidated Entity holds the following financial instruments as at the reporting date:

	30 June 2023 \$	30 June 2022 \$
Financial assets		
Cash and cash equivalents	80,693	110,544
Cash and cash equivalents held for sale	-	126,761
Restricted cash	-	-
Restricted cash held for sale	-	-
Finance lease receivable	-	-
Finance lease receivable held for sale	-	-
Financial assets @ FVOCI	3,500,000	4,083,333
Financial assets @ FVOCI held for sale	-	-
Trade receivables ¹	1,504,395	198,807
Trade receivables held for sale ²	-	520,793
	5,085,088	5,040,238
Financial liabilities		
Trade payables	317,144	292,096
Trade payables held for sale	-	1,266,067
Trade finance facility	151,000	183,152
Trade finance facility held for sale	-	-
Lease liabilities	46,123	723,386
Lease liabilities held for sale	-	-
	514,267	2,464,701

1. Refer to Note 9
2. Refer to Note 28

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

The Consolidated Entity is exposed to currency risk on overseas purchases that are denominated in a currency other than the functional currency of the Consolidated Entity, being the Australian dollar. The Consolidated Entity had the following exposures as at the reporting date:

30 June 2023

Currency	Receivables	Sensitivity		Payables	Sensitivity	
		+10%	-10%		+10%	-10%
USD	\$366,851	\$403,536	\$330,166	Nil	Nil	Nil

30 June 2022

Currency	Receivables	Sensitivity		Payables	Sensitivity	
		+10%	-10%		+10%	-10%
USD	\$10,168	\$11,185	\$9,151	-	-	-

The Consolidated Entity does not have any overseas borrowings. The Consolidated Entity does not currently hedge any of its estimated foreign currency exposure in respect of forecast sales and purchases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The following table sets out the interest rates applicable to financial instruments that are exposed to interest rate risk:

Consolidated	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
	30 June 2023	30 June 2023	30 June 2023	30 June 2023
	\$	\$	\$	%
Financial assets				
Cash and cash equivalents	(50)	80,743	80,693	0.01%
Financial assets @FVOCI	-	3,500,000	3,500,000	N/A
Trade receivables	-	1,504,395	1,504,395	N/A
Total financial assets	(50)	5,085,138	5,085,088	
Financial liabilities				
Trade payables	-	317,144	317,144	N/A
Trade finance facility	151,000	-	151,000	11.22%
Lease liabilities	46,123	-	46,123	5.99%
Total financial liabilities	197,123	317,144	514,267	

Consolidated	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	\$	\$	\$	%
Financial assets				
Cash and cash equivalents	14	110,530	110,544	0.01%
Cash and cash equivalents held for sale	50	126,711	126,761	0.01%
Finance lease receivable	-	-	-	14.32%
Finance lease receivable held for sale	-	-	-	-
Financial assets @FVOCI	-	4,083,333	4,083,333	-
Financial assets @FVOCI held for sale	-	-	-	-
Trade receivables	-	198,807	198,807	-
Trade receivables held for sale	-	520,793	520,793	-
Total financial assets	64	5,040,174	5,040,238	
Financial liabilities				
Trade payables	-	292,096	292,096	-
Trade payables held for sale	-	1,266,067	1,266,067	-
Trade finance facility	183,152	-	183,152	4.68%
Trade finance facility held for sale	-	-	-	-
Lease liabilities	723,386	-	723,386	5.00%
Lease liabilities held for sale	-	-	-	-
Total financial liabilities	906,538	1,558,163	2,464,701	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL RISK MANAGEMENT (continued)

There is no interest rate applicable on trade receivables or trade and other payables. The Consolidated Entity has a bank overdraft facility with interest of 12% and trade finance facility with interest of 11.22% (being base rate of 4.68% plus variable). Management believes a change of 5% in the interest rate will not have a material effect on the result of operations or equity of the Consolidated Entity.

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers.

Trade and other receivables

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Consolidated Entity regularly assesses customers' creditworthiness. The Consolidated Entity is reliant on one customer in respect of the Equipment Investments segments.

The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	30 June 2023	30 June 2022
	\$	\$
Financial assets		
Cash and cash equivalents	80,693	237,305
Financial assets @FVOCI	3,500,000	4,083,333
Trade receivables	1,504,395	719,600
	<u>5,085,088</u>	<u>5,040,238</u>

The credit quality is assessed and monitored as follows:

Credit quality of financial assets	Equivalent S&P rating ¹ AA-	Other No default	Total
At 30 June 2023			
Cash and cash equivalents	80,693	-	80,693
Financial assets @FVOCI ³	-	3,500,000	3,500,000
Trade receivables – current ²	-	1,504,395	1,504,395
	<u>80,693</u>	<u>5,004,395</u>	<u>5,085,088</u>
At 30 June 2022			
Cash and cash equivalents	110,544	-	110,544
Cash and cash equivalents held for sale	126,761	-	126,761
Financial assets @FVOCI ³	-	4,083,333	4,083,333
Trade receivables – current ²	-	198,807	198,807
Trade receivables – current held for sale	-	520,793	520,793
	<u>237,305</u>	<u>4,802,933</u>	<u>5,040,238</u>

The Consolidated Entity receives interest on its cash management deposits based on daily balances at a variable interest rate of 2.1% per annum (2022: 0.01% per annum). At balance date, it was not exposed to this as cash balances were held in operating accounts. The Consolidated Entity's operating accounts do not attract interest.

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
2. Trade and other receivables represent sale of goods and rental income receivables (Refer Note 9).
3. Listed investment AG1 shares valued at financial year end (Refer Note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL RISK MANAGEMENT (continued)

Allowance for impairment loss

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

There were no balances within trade and other receivables containing amounts that were impaired during 30 June 2023. The Consolidated Entity considered balances within trade and other receivables as impaired after reviewing credit terms of customers based on collection practices. Refer to Note 9 for details of past due receivables.

Fair value measurement of financial instruments

Note 4 outlines the Consolidated Entity's approach to fair value assessment of its assets and liabilities. The carrying amounts of the Consolidated Entity's financial instruments are assumed to approximate their fair value due to either their short-term nature or their terms and conditions.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and the Consolidated Entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

Financing arrangements

Unused borrowing facilities (see Note 16) with the bank at the reporting date:

	30 June 2023 \$		30 June 2022 \$	
	Facility amount	Unused portion	Facility amount	Unused portion
Bank overdraft facility	50,000	49,950	50,000	49,950
Trade finance facility	250,000	99,000	250,000	66,848
	<u>300,000</u>	<u>148,950</u>	<u>300,000</u>	<u>116,798</u>

6. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

Audit services – Stantons International Audit and Consulting Pty Ltd
Audit and review of financial statements

	30 June 2023 \$	30 June 2022 \$
	36,458	65,045
	<u>36,458</u>	<u>65,045</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. INCOME TAX

	30 June 2023 \$	30 June 2022 \$
(a) Income tax expense - current	-	-
(b) Numerical reconciliation between tax benefit and pre-tax net profit / (loss)		
Profit / (Loss) before income tax benefit	324,179	350,784
Income tax calculated at 25% (30 June 2022: 25%)	81,045	87,696
Tax effect of:		
Non-deductible expenses and temporary differences	(82,058)	(50,522)
Section 40-880 deduction	(75)	(75)
Future tax benefit not brought to account	1,219	-
Prior year tax losses utilised	-	(37,289)
Effect of higher foreign tax rate	(131)	190
Income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable) Potential at 25% (30 June 2022: 25%)	97,025	-
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised at 25% (30 June 2022: 25%):		
- Provisions and other timing differences	15,936	28,542
- Section 40-880 deduction	298	298
Unrecognised deferred tax assets relating to the above temporary differences	16,234	28,840

(e) Tax rates

The potential tax benefit at 30 June 2023 in respect of tax losses not brought into account has been calculated at 25% (30 June 2022: 25%). The balance at 30 June 2022 was Nil.

The income tax expense has been computed on the group basis as the Group is a consolidated tax entity. There is no income tax expense on the discontinuing operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. REVENUE AND EXPENSES

Note

		30 June 2023	30 June 2022
		\$	\$
(a) Other revenue			
Rental from sublet of leased property		533,928	630,641
R&D refund		150,165	69,665
Other income		29,762	215,466
		713,855	915,772
(b) Net finance income / (expense)			
Interest income		-	60
Interest income from finance lease		-	254,394
Interest expense		(16,678)	(8,300)
Interest expense from finance lease		-	39,427
Interest expense from unwinding of interest	15 (d)	(1,442)	(40,665)
		(18,120)	244,916
(c) Occupancy expenses			
Rental expense for warehouse		-	-
Rental expense for office premises		18,706	40,121
		18,706	40,121

9. TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	\$	\$
Current		
Trade receivables – normal activities	1,504,395	198,807
	1,504,395	198,807

The Consolidated Entity's exposure to credit risk related to trade and other receivables is disclosed in Note 5.

Past due but not impaired

Customers with balances past 90 days due but without provision for impairment of receivables amount to \$131,365 at 30 June 2023 (2022: \$961). Of this, \$129,354 pertains to sale of mining consumables (under the terms of the consignment agreement) and the sale of Washpods. The remaining portion \$2,011 relates to rental receivable for leased Washpods.

Management considers receivables are fully recoverable and has assessed that no provision for impairment is required to be made for the year ended 30 June 2023.

The Consolidated Entity does not consider that there is a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	30 June 2023	30 June 2022
	\$	\$
1-30 days	1,050,057	109,064
31-60 days	187,028	88,782
61-90 days	135,945	-
90+ days	131,365	961
	1,504,395	198,807

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

10. OTHER CURRENT ASSETS

	30 June 2023	30 June 2022
Current	\$	\$
Deposits to suppliers	26,340	-
Prepaid insurance	5,270	5,451
Prepaid services	-	3,186
	31,610	8,637

11. INVENTORIES

Building materials supply	-	38,902
Source and procure supply	565,518	999,186
	565,518	1,038,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12. PROPERTY, PLANT & EQUIPMENT

	Plant & equipment \$	Furniture & fittings \$	Office equipment \$	Pooled assets \$	Total \$
At 30 June 2023					
Cost	-	19,743	21,212	-	40,955
Additions	-	-	-	-	-
Accumulated depreciation	-	(19,101)	(20,007)	-	(39,108)
Disposals	-	(642)	(1,205)	-	(1,847)
Net book amount	-	-	-	-	-
At 30 June 2022					
Cost	-	19,743	20,940	-	40,683
Additions	-	-	272	-	272
Accumulated depreciation	-	(18,607)	(19,669)	-	(38,276)
Disposals	-	-	-	-	-
Net book amount	-	1,136	1,543	-	2,679

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

Year ended 30 June 2023					
Opening net book amount	-	1,136	1,543	-	2,679
Additions	-	-	-	-	-
Depreciation charges	-	(494)	(428)	-	(922)
Disposals / reclassification	-	(642)	(1,115)	-	(1,757)
Closing net book amount	-	-	-	-	-
Year ended 30 June 2022					
Opening net book amount	201,285	7,519	9,554	825	219,183
Additions / reclassification	-	-	272	-	272
Depreciation charges	-	(3,420)	(2,610)	-	(6,030)
Disposals	(201,285)	(2,963)	(5,673)	(825)	(210,746)
Closing net book amount	-	1,136	1,543	-	2,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

12. PROPERTY, PLANT & EQUIPMENT (continued)

Impairment Test for Plant & Equipment

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of the recoverable amount.

Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognised in profit or loss in the reporting period in which the write-down occurs.

The Consolidated Entity's Property, Plant and Equipment were fully depreciated at 30 June 2023.

13. TRADE AND OTHER PAYABLES

	30 June 2023	30 June 2022
Current	\$	\$
Trade payables – normal activities	179,555	327,760
Other payables	137,589	(35,664)
	<u>317,144</u>	<u>292,096</u>

The ageing of the past due trade payables – normal activities are as follows:

1-30 days	19,718	162,561
31-60 days	72,706	117,961
61-90 days	87,131	35,777
90+ days	-	11,461
	<u>179,555</u>	<u>327,760</u>

The Consolidated Entity's exposure to liquidity risk related to trade and other payables is disclosed in Note 5.

14. EMPLOYEE BENEFITS

	30 June 2023	30 June 2022
Current	\$	\$
Liability for annual leave and other entitlements	<u>22,415</u>	<u>30,819</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

15. LEASES

	Property lease	Equipment lease	30 June 2023 \$ Total	30 June 2022 \$
(a) Right-of-use assets (ROU)				
Opening net book value	735,220	-	735,220	1,520,086
Additions	16,771	31,751	48,522	12,106
Adjustment to ROU	(31,013)	-	(31,013)	(35,204)
Depreciation	(720,978)	(2,312)	(723,290)	(761,768)
Closing net book value	-	29,439	29,439	735,220
(b) Lease liabilities				
Current	-	21,117	21,117	723,386
Non-current	-	25,006	25,006	-
	-	46,123	46,123	723,386
(c) Depreciation charge of ROU				
Depreciation expense per AASB 16	720,978	2,312	723,290	761,768
(d) Interest expense on lease liabilities (under net finance income) – property lease				
Interest expense from the unwinding of interest per AASB 16 8 (b)	947	495	1,442	40,665
(e) Other AASB 16 adjustments – property lease	31,013	-	31,013	35,204
Total yearly cash outflows for leases	753,291	3,980	757,271	837,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

16. LOANS AND BORROWINGS

This note provides information about the contractual terms of The Consolidated Entity's interest-bearing loans and borrowings. For more information about The Consolidated Entity's exposure to interest rate and liquidity risk, see Note 5.

	30 June 2023 \$		30 June 2022 \$	
	Facility drawdown	Facility available	Facility drawdown	Facility available
(a) Trade finance NAB facility - \$250,000 limit	151,000	99,000	183,152	66,848
(b) Bank overdraft NAB facility - \$50,000 limit	50	49,950	50	49,950

Terms of loans and borrowings

Details	Trade finance facility	Bank overdraft
Facility provider	National Australia Bank	National Australia Bank
Facility limit	\$250,000	\$50,000
Interest rate	4.68% p.a., plus variable	12.00% p.a.
Term of drawings	120 days	No limit
Services fees	1.00% p.a. on trade finance limit	\$50 per month
Application fees	\$1,000 once off	\$600 once off
Maturity date	18 October 2023	Revolving term, subject to annual review

Assets pledged as security

The finance facilities provided by NAB comprises of trade refinance facility and an overdraft facility. Should The Consolidated Entity fail to make on-time repayments on these facilities and breaching the covenants, NAB are deemed as secured creditors and are first in line to The Consolidated Entity's cash & cash equivalents and any income from trade receivables received as securities totalling the amounts owed to the limit of drawdown. The trade refinance facility is a revolving term facility and there is no reason that the Consolidated Entity will not have continued access to the facility after the maturity date of 18 October 2023.

17. ISSUED CAPITAL

	30 June 2023 \$	30 June 2022 \$
144,744,757 fully paid ordinary shares (30 June 2022: 144,744,757)	<u>8,251,219</u>	<u>8,251,219</u>

(a) Ordinary shares

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

	30 June 2023 number	30 June 2022 number	30 June 2023 \$	30 June 2022 \$
Balance at beginning of the year	144,744,757	144,744,757	8,251,219	8,251,219
Share issues	-	-	-	-
Balance at the end of the year	<u>144,744,757</u>	<u>144,744,757</u>	<u>8,251,219</u>	<u>8,251,219</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

17. ISSUED CAPITAL (CONTINUED)

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

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

Options granted, exercised or lapsed

No options have been granted, exercised or lapsed since the end of the previous financial year and to the date of this report.

Unissued shares under option

There were no options to subscribe for ordinary fully paid shares at the end of the financial year or at the date of this report.

(c) Capital risk management

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

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

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

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

18. ACCUMULATED LOSSES

	30 June 2023 \$	30 June 2022 \$
Accumulated losses at the beginning of the year	(3,403,368)	(3,754,152)
Net profit for the year	324,179	350,784
Accumulated losses at the end of the year	<u>(3,079,189)</u>	<u>(3,403,368)</u>

19. RESERVES

	30 June 2023 \$	30 June 2022 \$
Fair value reserve opening balance	583,333	816,667
Movement in fair value reserve ¹	(583,333)	(233,334)
Fair value reserve closing balance	-	583,333
Foreign currency translation opening balance	654	26
Movement in foreign currency translation reserve ²	(654)	628
Foreign currency translation closing balance	-	654
Total reserves	<u>-</u>	<u>583,987</u>

1. Downward revaluation of long-term equity investment in AG1 (Refer Note 20).

2. Foreign currency translation reserves with respect to foreign held subsidiary during the year (being the New Zealand subsidiary of Eco Pallets Pty Ltd, Eco Pallets New Zealand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

20. OTHER NON-CURRENT ASSETS

Long Term Equity Investments

	30 June 2023	30 June 2022
	\$	\$
Fair value as at 30 June 2022	4,083,333	4,316,667
Movement in fair value	(583,333)	(233,334)
Fair value as at 30 June 2023	<u>3,500,000</u>	<u>4,083,333</u>

The Company holds 11,666,667 ordinary fully paid shares in Australia Sunny Glass Group Limited (**AG1**), an entity listed on the National Stock Exchange (NSX).

NSX is a principal market and the only one in which AG1 transacts, representing an orderly market with directly observable inputs. AG1's shares are tightly held with ~97% held by the Top 20 shareholders (refer AG1 Annual Report for year ended 30 June 2022). This tightly held nature of AG1 shares has resulted in trading volumes being impacted on NSX (the on-market trade was on 7 December 2020 and there have been no trades since the balance date of this report). Therefore, the Company has also obtained a report with off-market trading activity to conduct its fair value assessment.

During the six months to 31 December 2022, a total of 6 off-market transfers for a total of 8,276,537 shares were processed, with prices ranging from \$0.00001 to \$0.40 per share. The last off-market trade was at \$0.00001 per share and registered on 29 November 2022. For disclosure purposes, the off-market trade preceding the last trade was transacted at \$0.40 per share on 5 August 2022.

In the second half of the 2023 financial year, a further 2 off-market transfers for a total of 6,771,486 shares were processed at price of \$0.30 per share. The last off-market trade took place on 20 March 2023 at \$0.30 per share.

During the year, AG1 also completed a placement of 10 million shares at \$0.30 per share, raising \$3 million before costs. A nominal cleansing offer of 3,333 shares at \$0.30 per share was also completed in December 2022, to remove any trading restrictions on the sale of shares issued by AG1.

The Company has considered the above in its valuation assessment of AG1 shares at year end and determined that the issue price of \$0.30, (in respect of the placement and cleansing offer shares and most recent off-market trade), is an observable input and comparable to the quoted price in an active market. It is this price that the Company has used to value its investment in AG1 as at 30 June 2023. This is a Level 2 valuation technique. As the most recent fair value assessment was done at 31 December 2022 which valued this investment at \$0.30 per share, no further adjustment was required at balance date.

AASB 13: Fair Value Measurement requires the Company to classify its assets held at fair value based on the quoted prices (unadjusted) in active markets for relevant assets. The Company has followed this methodology by recognising its investment in AG1 to reflect quoted prices as of 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the Consolidated Entity during the year is set out below:

	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	188,976	285,752
Post-employment benefits	18,594	28,575
	<u>207,570</u>	<u>314,327</u>

22. RELATED PARTY TRANSACTIONS

(a) Parent entity

BauMart Holdings Limited is the parent entity (**Company**).

(b) Subsidiaries

The Company's interests in its subsidiaries for the year are set out below. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interest held equals the voting rights held by the Company. The country of incorporation is also its principal place of business.

Name of entity	Country of incorporation	Ownership interest as at 30 June 2023		Principal activities
		Equity holding 2023	Equity holding 2022	
Buildmart Services Pty Ltd	Australia	100%	100%	Project management, source and procure services
Eco Pallets Pty Ltd	Australia	-	100%	Materials handling product supply
Eco Pallets NZ Ltd	New Zealand	-	100%	Materials handling product supply

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

During the period the Consolidated Entity divested its wholly owned subsidiary Eco Pallets Pty Ltd (**Eco Pallets**) (including Eco Pallets' subsidiary, Eco Pallets NZ). Disclosures relating to the divestment of Eco Pallets' are set out in Note 28.

(c) Key management personnel compensation

The following were key management personnel of the Consolidated Entity at any time during the year and unless otherwise indicated were key management personnel for the year:

Mr Hadi Widayat (Executive Director) – appointed on 20 February 2023

Mr Matthew Logan (Executive Director) – resigned 1 September 2022

Mr Ben Talbot (Executive Director) – appointed 1 January 2022, transitioned to Non-Executive Director on 1 April 2023

Mr Berthus Budiman (Non-Executive Director)

Mr Anson Gan (Non-Executive Director)

Disclosures relating to key management personnel are set out in Note 21 and the Remuneration Report (as set out in the Directors' Report).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity for the year ended 30 June 2023.

	30 June 2023 \$	30 June 2022 \$
Statement of profit or loss and other comprehensive income		
Profit / (Loss) after income tax	356,964	697,511
Total comprehensive profit / (loss)	356,964	697,511
Statement of financial position		
Total current assets	239,030	248,425
Total assets	4,791,811	5,907,947
Total current liabilities	425,152	1,314,919
Total liabilities	425,152	1,314,919
Equity		
Issued capital	8,251,219	8,251,219
Accumulated losses	(3,884,560)	(4,241,524)
Reserves	-	583,333
Total equity	<u>4,366,659</u>	<u>4,593,028</u>

(a) Guarantees entered into by the parent entity

The parent entity did not have any guarantees at year end.

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities at year end.

(c) Contractual commitments for capital expenditure

The parent entity did not have any commitment in relation to capital expenditure contracted but not recognised as liabilities as at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

24. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

(a) Cash flows from operating activities	30 June 2023 \$	30 June 2022 \$
Profit for the year	324,179	350,784
Adjustments of non-cash/non-operating items:		
Depreciation and amortisation	724,213	778,286
Net foreign exchange (gain)	-	(89,443)
Stock write-off	38,902	-
Profit from discontinued operations	(87,102)	-
Gain on disposal of discontinued operations	(537,797)	-
Operating profit before changes in working capital and provisions	462,395	1,039,627
Change in trade and other receivables	(1,305,588)	656,076
Change in trade and other receivables classified to held for sale	-	(520,793)
Change in inventories	433,668	(710,727)
Inventories classified as held for sale	-	(836,081)
Prepayments and other current assets held for sale	-	(91,813)
Change in prepayments and other current assets	(22,973)	103,952
Change in trade and other payables	25,048	(1,598,615)
Trade and other payables held for sale	-	1,266,067
Change in employee benefits	(8,405)	(28,292)
Employee benefits held for sale	-	34,808
Net cash (used in) / provided by operating activities	(415,855)	(685,791)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing during the year ended 30 June 2023 (2022: Nil).

(c) Cash and cash equivalents

Cash on hand	80,743	1,016
Cash in bank	-	109,578
Bank overdraft	16 (b) (50)	(50)
Cash and cash equivalents	80,693	110,544

25. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

The calculation of basic loss per share at 30 June 2023 was based on the following:

Earnings / (Loss) attributable to ordinary shareholders	30 June 2023 \$	30 June 2022 \$
(Loss) from continuing operations	(300,720)	(402,553)
Profit from discontinued operations	624,899	753,337
Net profit for the year attributable to owners of the Company	324,179	350,784
Weighted average number of ordinary shares	Number	Number
Balance at beginning of year	144,744,757	144,744,757
Balance at end of year	144,744,757	144,744,757

Diluted earnings/(loss) per share must be calculated where potential ordinary shares on issue are dilutive. There are no potential ordinary shares outstanding as set out in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

26. COMMITMENTS AND CONTINGENT LIABILITIES

The Consolidated Entity has no commitments or contingent liabilities as at 30 June 2023 other than salary obligations and leave entitlements per the employee contracts with its employees.

The Consolidated Entity, through its wholly owned subsidiary Buildmart Services Pty Ltd, is required to fulfil an annual order quantity of 100 Washpods each year over a 2-year period under a worldwide distribution agreement with Washpod Consolidated Pty Ltd (refer ASX announcements dated 31 January 2022 and 22 March 2023). If the Consolidated Entity fails to meet the annual condition, Washpod Consolidated Pty Ltd can elect to terminate the agreement or remove the exclusive worldwide distribution rights.

27. SEGMENT INFORMATION

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

Types of products and services by segment

Building Materials Supply

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

Source & Procurement Supply

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

Materials Handling Supply

The Materials Handling Supply division is focused on the Australia and New Zealand wide supply of plastic materials handling unit load devices, such as plastic pallets and plastic crates. This division was sold during the period. Refer Note 28 for additional details.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted.

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

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

Segment Assets

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

Segment Liabilities

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

Unallocated items

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

27. SEGMENT INFORMATION (CONTINUED)

	Segment Revenue ^a		Segment Results		Segment Assets		Segment Liabilities	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
Materials Handling Supply^b	803,006	6,091,370	624,899	(1,105,373)	-	1,787,801	-	1,300,875
Building Materials Supply^c	-	122,554	-	(821,360)	3,500,000	4,860,085	425,152	1,314,869
Source & Procurement Supply	1,463,023	345,854	265,076	502,614	1,972,626	1,107,699	111,530	(85,416)
Corporate & Administrative	695,736	1,158,624	(565,796)	1,774,903	239,029	209,524	2,943	2,943
Consolidated Entity (Total)	2,961,765	7,718,402	324,179	350,784	5,711,655	7,965,109	539,625	2,533,271

- a) Segment revenue includes sale of goods, income from delivery of services and other revenue earned during the year.
b) Discontinued operations, refer Note 28 below.
c) Segment assets consist of the equity investment in AG1, refer Note 20.

28. DISPOSAL OF SUBSIDIARIES

Sale of Eco Pallets (discontinued operations)

The Company refers to its ASX announcements dated 23 June 2022, 18 August 2022 and 29 August 2022, relating to the sale of Eco Pallets Pty Ltd (**Eco Pallets**) (including Eco Pallets' subsidiary, Eco Pallets NZ) to APX Holdings Pty Ltd for cash consideration of \$1 million.

The sale completed in August 2022 and a further working capital adjustment payment of \$112,926 was received by the Company in addition to the cash consideration of \$1 million.

The following were the results of the discontinued operations for the year:

	2 months ended 29 August 2022 \$	12 months ended 30 June 2022 \$
Revenue	803,006	6,091,370
Cost of goods sold	(576,710)	(5,033,660)
Gross profit	226,296	1,057,710
Other income	-	256,031
Net finance expense	-	(3,700)
Operating expenses	(139,194)	(556,703)
Profit before income tax	87,102	753,338
Income tax expense/(benefit)	-	-
Profit after income tax	87,102	753,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

28. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The Consolidated Entity recognised the following gain on sale of the subsidiary:

	30 June 2023
	\$
Net assets disposed of (excluding goodwill)	573,372
Attributable goodwill ¹	1,511,458
Goodwill fully impaired, at date of disposal	(1,511,458)
Gain on disposal of discontinued operation ³	539,554
Total consideration received ²	<u>1,112,926</u>
Satisfied by cash, and net cash inflow arising on disposal	<u>1,112,926</u>

1. Goodwill attributable to Eco Pallets at acquisition date of 31 May 2016 as reported in the 2016 Annual Report. This was fully impaired at disposal date of 29 August 2022.
2. The total cash paid by APX Holdings Pty Ltd for 100% of the issued capital in Eco Pallets (and Eco Pallets' subsidiary, Eco Pallets NZ) was \$1,112,926 (comprised of \$1 million agreed consideration and working capital adjustment payment of \$112,926).
3. Carrying value of fixed assets of \$1,757 was written off by the parent entity (BauMart Holdings Limited) due to disposal of discontinued operations.

29. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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DIRECTORS' DECLARATION

In the opinion of the directors of BauMart Holdings Limited:

- (a) the financial statements and notes, set out on pages 15 to 49, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Executive Director required by section 295A of the *Corporations Act 2001* for the year ended 30 June 2023. In accordance with section 295A, those declarations were that:

- (a) the financial records of the Consolidated Entity have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- (b) the financial statements and notes comply with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 in all material respects; and
- (c) the financial statements and notes give a true and fair view, in all material respects, of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of directors made pursuant to section 295 (5) (a) of the *Corporations Act 2001 (Cth)*.

Dated at Perth, Western Australia this 31st day of August 2023



Hadi Widayat
Executive Director
BauMart Holdings Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BAUMART HOLDINGS LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Baumart Holdings Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

Without modifying our opinion expressed above, attention is drawn to the following matter:

As referred to in Note 4 to the financial statements, the financial statements have been prepared on the going concern basis. At 30 June 2023 the Consolidated Entity had cash and cash equivalents totalling \$80,693, working capital of \$1,667,597 and has incurred a loss before tax from continuing operations for the period of \$300,720. The Consolidated Entity's ability to continue operations is dependent upon the Consolidated Entity's ability to generate positive cashflows from its existing businesses, collecting receivables from customers, and/or raise further equity. This indicates that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

Emphasis of Matter - Carrying Value of Equity Investments

We draw attention to Note 20 to the financial report, which discloses the carrying value of the investment in Australia Sunny Glass Group Limited ("AG1"). Our conclusion is not modified in respect of this matter.

The Company holds 11,666,667 ordinary shares in AG1, which is listed on the National Stock Exchange of Australia ("NSX") and is valued at \$0.30 per share totalling \$3,500,000. The share price of AG1 shares has not changed since December 2020 as there have been no trades on the NSX in the AG1 shares. In order to estimate the fair value of these shares, the management have considered the share price for shares issued by AG1 as well as the off-market trading in AG1 shares. After considering the share price for shares issued by AG1 during the period and any off-market trades, the directors and the management believe that the carrying amount reflects the fair value and is recoverable.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section and the Emphasis of matter paragraph above, we have determined the matters described below to be Key Audit Matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p>Completeness and accuracy of revenue under AASB 15 Revenue from Contracts with Customers</p> <p>There is an inherent risk around the accuracy and completeness of revenue recorded given the nature of the Group's activities.</p> <p>The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to measure revenue recognised over a period. The Group's policy on revenue recognition is set out in Note 4 to the financial statements.</p> <p>Revenue recognition is a key audit matter due to the requirement to evaluate the appropriateness of management's judgements and estimates, as well as the significance of the operating Revenue balance (excluding other income) to the Group of \$2,266,029, comprising revenues from continuing operations of \$1,463,023 and from discontinuing operations of \$803,006.</p>	<p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> i. assessing the appropriateness of the Group's revenue recognition accounting policies and the adequacy of their disclosures in the financial statements; ii. testing the operating effectiveness of the key controls over the revenue process; iii. performing tests for accuracy, completeness and cut-off customer invoicing on a sample basis; and iv. performing substantive tests and analytical procedures on revenue and costs of sales and performed tests of detail on accounts receivable balances recognised in the statement of financial position at year-end.

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Key Audit Matters
How the matter was addressed in the audit
Accounting for Discontinuing Operations

During the year, the Company sold Eco Pallets Pty Ltd ("Eco Pallets") and associated subsidiary on 29 August 2022.

The results of Eco Pallets are presented as discontinued operations in the consolidated Statement of Profit or Loss and other Comprehensive Income and related notes.

We consider the accounting for discontinuing operations to be a key audit matter due to the following:

- i) Significance Eco Pallets to the Group's consolidated financial position and performance during the year; and
- ii) Significance of the disclosures in the consolidated financial statements have been presented in accordance with AASB 5: *Non-Current Assets Classified as Held for Sale and Discontinued Operations* (AASB 5).

Refer to note 28 for the disclosure relating to the discontinuing operations.

Inter alia, our audit procedures included the following:

- i. evaluating the terms and conditions with respect to the Share Sale Agreement for the sale of Eco Pallets;
- ii. evaluating the disposal date balances and assessing the gain on disposal;
- iii. performing a review of the consolidation to ensure the sale of Eco Pallets has been appropriately accounted for; and
- iv. assessing the adequacy of the Group's disclosures in note 28 to the financial statements in accordance with the requirements of AASB 5.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Baumart Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Stantons International Audit and Consulting Pty Ltd
Eliya Mwale

Eliya Mwale
Director
West Perth, Western Australia
31 August 2023



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31 August 2023

Board of Directors
Suite 6, 4 Riseley Street
Applecross WA 6153

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 audit of the financial statements of Baumart Holdings Limited for the year ended 30 June 2023, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

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

A handwritten signature in blue ink that reads "Eliya Mwale".

Eliya Mwale
Director

For personal use only

ADDITIONAL INFORMATION

Top holders

The 20 largest registered holders of each class of quoted equity security as at 28 August 2023:

Fully paid ordinary shares – quoted

	Name	No. of Shares	%
1.	Wonder Holdings Pty Ltd	28,333,334	19.57
2.	Kreo Capital Management Pte Ltd	20,872,060	14.42
3.	Mr Tze Fong Gan	8,500,000	5.87
4.	Mr Hoong Ngai Christopher Lai	8,000,000	5.53
5.	Ms May Ern Gloria Lai	8,000,000	5.53
6.	QP & Co Pty Ltd <Quppi Family A/C>	7,500,000	5.18
7.	Mr Sumampo Lau	6,711,832	4.64
8.	Anrinza Future Pty Ltd	6,577,500	4.54
9.	HZN Pty Ltd	6,250,000	4.32
10.	Mr Robert Ang	5,000,000	3.45
11.	Mr Wei Quan Long	5,000,000	3.45
12.	Mr Park On Lai	4,000,000	2.76
13.	Kuswandi Aman	3,650,000	2.52
14.	Mr Evan Murray Retallack	2,455,468	1.69
15.	Willy Masturi <W E Masturi Family A/C>	2,250,000	1.55
16.	Sparkle Capital Pty Ltd	2,000,000	1.38
17.	Townshend Capital Pty Ltd	2,000,000	1.38
18.	Mutual Street Pty Ltd	1,850,000	1.27
19.	Sanny Nanang	1,100,000	0.76
20.	Mr Sok Kiang Teoh	1,010,000	0.69
		<hr/>	
		131,060,194	90.5

Distribution schedules

A distribution schedule of each class of equity security as at 28 August 2023:

Ordinary fully paid shares

	Range	Holders	Units	%	
	1 - 1,000	5	651	0.000	
	1,001 - 5,000	15	52,255	0.036	
	5,001 - 10,000	130	1,292,999	0.893	
	10,001 - 100,000	28	916,796	0.633	
	100,001 - Over	47	142,482,056	98.437	
					<hr/>
	Total	225	144,744,757	100.00	

Substantial shareholders

The names of substantial shareholders in the Company as at 28 August 2023, and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Wonder Holdings Pty Ltd	28,333,334
Kreo Capital Management Pte Ltd	20,872,060
Mr Tze Fong Gan	8,500,000
Mr Hoong Ngai Christopher Lai	8,000,000
Ms May Ern Gloria Lai	8,000,000
QP & Co Pty Ltd <Quppi Family A/C>	7,500,000

ADDITIONAL INFORMATION

Restricted securities or securities subject to voluntary escrow

As at 28 August 2023, the Company had no restricted securities on issue.

As at 28 August 2023, the Company had no securities subject to voluntary escrow.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 4,999 shares as at 28 August 2023):

Holders	Units
18	42,906

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Corporate Governance

The Board has adopted and approved the Company's Corporate Governance Statement, which can be found on the Company's website at www.baumart.com.au.