Interim Financial Report

31 December 2018

Stealth Global Holdings Ltd | ACN 615 518 020

An international supply and distribution group providing a wide-range of safety, industrial, workplace and healthcare consumable products and supply chain solutions to business customers.

Stealth customers operate in and across diversified industries, though principally in the resources, construction, engineering, manufacturing, oil & gas, infrastructure, transportation, industrial services, general trade & industry sectors. Stealth is organised by geographical markets servicing customers through multiple sales and distribution channels.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Stealth Global Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

Corporate Directory

Directors

Mr Christopher Wharton AM
Non-Executive Chairman

Mr Michael Arnold
Managing Director

Mr Giovanni (John) Groppoli
Non-Executive Director

Mr Peter Unsworth
Non-Executive Director

Company Secretary

Ms Karen Logan

Solicitors

Commercial

MDS Legal
Irwin Chambers, Level 2, 16 Irwin Street
Perth WA 6000

IPO

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

Principal and Registered Office

Unit 10, 43 Cedric Street
Stirling, Perth WA 6021
Australia

Telephone: +61 8 6465 7800
Email: investors@stealthgi.com
Website: www.stealthgi.com

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505 (within Australia)
Telephone: +61 3 9415 4000 (overseas)

Auditor

BDO Corporate Finance (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco WA 6008
Australia

Bankers

Australia and New Zealand Banking Group Limited
Level 7, 77 St Georges Terrace
Perth WA 6000

Westpac Banking Corporation
Level 4, Tower 2 Brookfield Plaza
Perth WA 6000

Accountants And Taxation Advisors

Gooding Partners
The Quadrant, Level 9, 1 William Street
Perth WA 6000

Directors' Report

The Directors of Stealth Global Holdings Ltd present their report on the Group consisting of Stealth Global Holdings Ltd ("Stealth" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2018 ("Group").

Directors

The following persons held office as directors of the Company during or since the end of the half year period ended 31 December 2018 until the date of this report. Directors were in office for the entire period unless stated otherwise.

Director	Position
Christopher Wharton AM	Independent Non-Executive Chairman
Michael Arnold	Managing Director
Giovanni Groppoli	Non-Executive Director
Peter Unsworth	Independent Non-Executive Director (appointed 3 July 2018)

Significant changes in the state of affairs

Significant changes to the state of affairs during the half year ended 31 December 2018 were as follows:

1. On 20 July 2018, the Company completed a subdivision of 10,526 fully paid ordinary shares ("Shares") into 21,300,000 Shares in accordance with shareholder approval obtained on that date.
2. On 7 September 2018, the Group secured a two-month temporary increase of $250,000 to the overdraft limit offered by ANZ Bank.
3. On 27 September 2018 Stealth acquired Heatleys Group Holdings Pty Ltd ("Heatleys") as outlined in Stealth's Prospectus dated 10 August 2018.
4. On 27 September 2018 Stealth successfully completed an initial public offering ("IPO") and issued 62,500,000 fully paid ordinary shares (Shares) at an issue price of $0.20 per Share to raise $12,500,000 (before costs).
5. On 27 September 2018 following successful completion of the IPO, Stealth:
   (a) issued 6,250,000 Shares, made cash payment of $6,850,000 and repaid a loan of $900,000 to the vendors on completion of the acquisition of 100% of the issued capital of Heatleys (as described above);
   (b) issued 850,000 Shares to Mr Wharton, Non-Executive Chairman, in accordance with the terms of a previous non-executive director appointment letter;
   (c) completed a sub-division of 600,000 Preference Shares into 4,000,000 Preference Shares and subsequently converted 4,000,000 Preference Shares into 4,000,000 Shares in accordance with shareholder approval obtained on 14 September 2018;
   (d) granted 4,994,737 options exercisable at $0.25 each and expiring on 27 September 2022 ("Options") to the joint lead managers to the IPO at a subscription price of $0.0001 per Option.
6. On 28 September 2018 the Company was admitted to the official list of the Australian Securities Exchange and official quotation of its shares on ASX commenced on 2 October 2018.

As at 31 December 2018 Stealth had a total of 94,900,000 Shares and 4,994,737 Options on issue.

There were no other significant changes in the state of affairs of the Group other than those disclosed in other areas of this Interim Financial Report.

Principal activities

The principal activities of the Group during the period ending 31 December 2018 is an international supply and distribution group providing a wide-range of safety, industrial, workplace and healthcare consumable products and supply chain solutions to business customers. Headquartered in Perth, Western Australia, the group operates in Australia, Africa, UK, Europe and Asia.

Stealth customers operate in and across diversified industries, though principally in the resources, construction, engineering, manufacturing, oil & gas, infrastructure, transportation, industrial services, general trade & industry sectors. Stealth is organised by geographical markets servicing customers through multiple sales and distribution channels. These include; sales representatives, branch offices, internal sales account managers, customer service centres, service partners, distributors, catalogues and online.

Review of operations and results

Acquisition of Heatley's and ASX listing

Official quotation of Stealth's securities (ASX: SGI) commenced on 2 October 2018 following the acquisition of Heatleys and a successful IPO that raised $12,500,000.

The combination of Stealth and Heatleys builds upon the Group's position as a successful international supply and distribution business, delivering a competitive strength that positions Stealth as the only Australian group of its type operating across the five major geographical markets in the country.

Stealth commenced the integration of Heatleys in October where it implemented identified synergies and is set to capitalise on the growth opportunities in the future. Integration included transferring 68 customers from Stealth into the Heatleys operations and the completion of an initial round of supplier consolidation. Further rationalisation and improvement in commercial arrangements with key suppliers will continue in H2 FY19.

Single group wide financial and operational business management dashboard reporting has successfully been implemented providing visibility of daily, weekly, monthly key performance measures.

The combined Stealth business now consists of 156 employees, 10 branch office locations in Australia and internationally, 3,000+ customers, 1,910 suppliers providing access to over 500,000 products sourced from 18 countries, and around 39,000 product lines held in stock in a central distribution centre and at branch office locations.

Financial Result for the Half Year Ending 31 December 2018

The statutory result for the Group after providing for income tax amounted to a profit of $160,796 (31 December 2017: $23,262 profit). The statutory earnings before interest, tax, depreciation and amortisation (EBITDA) result was a profit of $354,680 (31 December 2017: $83,792 profit). This result includes unusual (IPO and restructuring) costs of $218,683 (31 December 2017: $91,053). After adjusting EBITDA for these unusual costs, the Group had underlying non-IFRS earnings before interest, tax, depreciation, amortisation and transaction costs of $573,363 (31 December 2017: $174,845).

Group combined total revenue for the current period was $24,524,874, compared to $11,729,698 in the prior period. This increase is predominantly attributed additional revenue following the acquisition of Heatleys that contributed $12,327,456 in the current period. The remaining $1,467,720 of revenue increase on the prior period is from the comparable Stealth business.

Subsequent events

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Dividends

There were no dividends paid, recommended or declared during the half-year ended 31 December 2018.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* is included on page 7 of the financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Board of Directors

Michael Arnold
Group Managing Director
Dated at Perth, Western Australia
this 28th day of February 2019

Auditor's Independence Declaration

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF STEALTH GLOBAL HOLDINGS LTD

As lead auditor for the review of Stealth Global Holdings Ltd for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stealth Global Holdings Ltd and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2018

	Note	Half Year ended 31 December 2018 $	Half Year ended 31 December 2017 $
Sales revenue		24,402,848	11,539,502
Service revenue		122,026	190,196
Cost of sales		(18,969,334)	(9,505,128)
Gross profit		**5,555,540**	**2,224,570**
Other income		3,482	1,989
Share of profits/(losses) of joint venture		(91,936)	11,015
Personnel expenses		(3,028,869)	(1,075,067)
Occupancy expenses		(444,566)	(110,040)
Motor vehicle expenses		(52,034)	(8,452)
Depreciation and amortisation expense		(68,393)	(46,108)
Net gain/(loss) on disposal of property, plant and equipment		(4,967)	1,058
Finance costs		(57,755)	(9,411)
Transaction costs		(218,683)	(91,053)
Administration expenses		(1,359,805)	(868,239)
Profit for the period before tax		**232,014**	**30,262**
Income tax expense		(71,218)	(7,000)
Profit for the period		**160,796**	**23,262**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gains of international subsidiaries		29,497	19,179
Total comprehensive profit for the period		**190,293**	**42,441**
Basic and diluted earnings per share from continuing operations: (cents)	4	0.27	0.11

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	As at 31 December 2018 $	As at 30 June 2018 $
Current assets			
Cash and cash equivalents		2,554,109	265,585
Trade and other receivables		12,671,332	3,793,726
Inventories		5,154,165	332,325
Prepayments		447,993	61,343
Other		122,009	60,842
Total current assets		**20,949,608**	**4,513,821**
Non-current assets			
Property, plant and equipment		470,515	156,980
Intangible assets – goodwill	6	5,956,404	463,652
Deferred tax asset	9	1,057,216	281,782
Other assets – non-current		1,100	256,003
Total non-current assets		**7,485,235**	**1,158,417**
Total assets		**28,434,843**	**5,672,238**
Current liabilities			
Trade and other payables		12,653,420	5,575,843
Current tax liabilities		–	12,246
Financial liabilities – current	10	1,826,076	550,096
Provisions – employee benefits		882,918	61,659
Other		91,936	-
Total current liabilities		**15,454,350**	**6,199,844**
Non-current liabilities			
Financial liabilities		50,317	30,556
Provisions – employee benefits		101,404	-
Provisions – other		122,450	-
Deferred tax liabilities		35,459	17,125
Total non-current liabilities		**309,630**	**47,681**
Total liabilities		**15,763,980**	**6,247,525**
Net assets/(liabilities)		**12,670,863**	**(575,287)**
Equity			
Issued capital	3	13,048,698	118,340
Reserves		206,480	51,484
Accumulated funds		(584,315)	(745,111)
Total equity		**12,670,863**	**(575,287)**

The consolidated statement of financial position should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

	Issued Capital $	Reserves $	Accumulated funds $	Total $
Balance at 1 July 2017	**349,424**	**15,252**	**(248,104)**	**116,572**
Profit for the period	-	-	23,263	23,263
Other comprehensive income for the period:				
Foreign currency translation gain of International subsidiaries	-	19,179	-	19,179
Total comprehensive income for the period	-	19,179	23,263	42,442
Issue of ordinary shares:				
Share issue costs	-	-	-	-
Balance at 31 December 2017	**349,424**	**34,431**	**(224,841)**	**159,014**

	Issued Capital $	Reserves $	Accumulated funds $	Total $
Balance at 1 July 2018	**118,340**	**51,484**	**(745,111)**	**(575,287)**
Profit for the period	-	-	160,796	160,796
Other comprehensive loss for the period:				
Foreign currency translation gain of International subsidiaries	-	29,497	-	29,497
Total comprehensive income for the period	-	29,497	160,796	190,293
Issue of ordinary shares	12,500,000	-	-	12,500,000
Issue of ordinary shares under business combination	1,250,000	-	-	1,250,000
Issue of ordinary shares to Chairman	170,000	-	-	170,000
Issue of options	-	125,499	-	125,499
Share issue costs	(989,642)	-	-	(989,642)
Balance at 31 December 2018	**13,048,698**	**206,480**	**(584,315)**	**12,670,863**

The consolidated statement of changes in equity should be read in conjunction with the attached notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2018

	Half Year ended 31 December 2018 $	Half Year ended 31 December 2017 $
Cash flows from operating activities		
Receipts from customers	23,520,321	10,847,890
Payments to suppliers and employees	(23,567,900)	(10,514,247)
Interest and finance costs	(37,759)	(8,824)
Income tax paid	(464,000)	(58,792)
Net cash inflow/(outflow) from operating activities	**(549,338)**	**266,027**
Cash flows from investing activities		
Proceeds on exit of joint venture	6,003	-
Proceeds from sale of property, plant and equipment	2,500	1,058
Payments for property, plant and equipment	(59,954)	(51,135)
Interest received	3,480	-
Net cash outflow on acquisition of subsidiary	(7,438,536)	(25,000)
Net cash outflow from investing activities	**(7,486,507)**	**(75,077)**
Cash flows from financing activities		
Proceeds from issue of shares and options	12,500,499	-
Capital raising costs	(1,106,411)	(53,813)
Proceeds from borrowings	1,758,943	44,338
Repayment of borrowings	(2,828,662)	(824)
Net cash inflow/(outflow) from financing activities	**10,324,369**	**(10,299)**
Net increase in cash and cash equivalents	2,288,524	180,651
Cash and cash equivalents at beginning of financial period	265,585	84,934
Cash and cash equivalents at end of financial period	**2,554,109**	**265,585**

The consolidated statement of cash flows should be read in conjunction with the attached notes to the consolidated financial statements.

Notes to the Financial Statements

For the six months ended 31 December 2018

Note 1. Statement of Significant Accounting Policies

Stealth Global Holdings Ltd is a limited company incorporated in Australia. The consolidated interim financial report ("interim financial report") as at and for the six months ended 31 December 2018 comprises the Company and its subsidiaries.

(a) Basis of preparation

(i) Statement of Compliance

These consolidated financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001 and AASB 134 Interim Financial Reporting*.

It is recommended that these interim financial statements be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2018 ("last annual financial statements") and any public announcements made by Stealth Global Holdings Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

For the purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period. These interim financial statements don't include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

(ii) Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis.

(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standard:

- AASB 15 *Revenue from Contracts with Customers* ("AASB 15").

The impact of the adoption of this standard and the new accounting policy is disclosed in Note 2 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

(c) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2018, except as noted above. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below:

AASB 16 Leases

AASB 16 Leases was issued in February 2016 and is applicable to annual reporting periods beginning on or after 1 January 2019 and has not been early adopted by the Consolidated Entity. The standard replaces AASB 117 Leases and will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The only exceptions are short-term and low value leases.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. EBITDA results will be improved as the operating expense is replaced by interest expense and depreciation in the profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal and interest component.

The standard will affect primarily the accounting for the Consolidated Entity's operating leases, which include a number of property leases in Australia and Malaysia and operating leases on motor vehicles and office equipment.

Operating cash flows will increase under AASB 16 as the element of cash paid attributable to the repayment of principal will be included in financing cash flow. The new increase/decrease in cash and cash equivalents will remain the same.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Board has not yet decided on the method to be applied when the standard is first adopted in its financial statements for the year ending 30 June 2020.

(d) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included as follows:

(i) Impairment of goodwill

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at 31 December 2018 was $5,956,404 (31 December 2017: $463,652).

(ii) 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 Group 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.

(iii) Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the times the estimates are made.

(iv) 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 debtor's financial position.

(v) Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increase through promotion and inflation have been taken into account.

(vi) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates consider both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

Deferred tax assets

Deferred tax assets are recognised only if it is probable that future taxable amounts are available to utilise those temporary differences and losses. Management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits.

Tax in foreign jurisdictions

The Group operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the Group making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period which they were settled.

(vii) Share based payment transactions

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant dater and expected share volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar services are measured by reference to their fair value at grant date of the equity instrument granted using an option pricing model.

Note 2. New Accounting Policies

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policy that has been applied from 1 July 2018, where they are different to those applied in prior periods.

(i) AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 with a date of initial application of 1 July 2018. The Group has applied AASB 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under AASB 118 Revenue. As a result of adoption of AASB 15, the Group has changed its accounting policy for revenue recognition as detailed below.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

In the comparative period 31 December 2017, revenue was recognised at fair value of the consideration received net of the amount of GST or value added tax payable to the taxation authorities. Sales of products were recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards were considered passed to the buyer at the time of delivery of the goods to the customer or at the point where billing threshold has been met.

Service revenue was recognised when the fees in respect of services rendered were earned, usually when services had been provided to customers or as per terms and conditions of service contracts.

The following is a description of the principal activities from which **the Group generates its revenue**:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of goods only	The Group recognises revenue when the customers obtain control of the goods. This usually occurs when the goods are delivered. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days (credit term). No element of financing is deemed present as the sales are made within standard credit term, which is consistent with market practice.

Impact of the adoption of AASB 15

The Group has determined that the application of AASB 15 requirements at 1 July 2018 did not result in a material adjustment.

Note 3. Issued capital

	31 Dec 2018 $	30 Jun 2018 $
94,900,000 (30 June 2018: 10,526) fully paid ordinary shares	13,048,698	118,340

	Number of Shares	$
a) Ordinary Shares		
Balance at 1 July 2017	10,606	(229,078)
Balance at 31 December 2017	10,606	(229,078)
Shares cancelled	(80)	-
Pre-capital raising costs	-	(231,084)
Balance 1 July 2018	10,526	(460,162)
Issue of shares: Sub-division	21,289,474	-
Shares issued to Chairman	850,000	170,000
Shares issued on conversion of preference shares	4,000,000	800,000
Shares issued – Heatleys acquisition	6,250,000	1,250,000
Shares issued – IPO	62,500,000	12,500,000
Less: Capital raising costs	-	(989,642)
Balance at 31 December 2018	94,900,000	13,270,196

	Number of Preference Shares	$
b) Preference Shares		
Balance at 1 July 2017	600,000	578,502
Balance at 31 December 2017	600,000	578,502
Balance 1 July 2018	600,000	578,502
Subdivision	3,400,000	-
Conversion of preference shares	(4,000,000)	(800,000)
Balance at 31 December 2018	**-**	**(221,498)**
Total issued capital	**94,900,000**	**13,048,698**

c) Options

Details of options granted during the period:

Class	Expiry Date	Exercise Price	Number of Options
Unquoted options	27 September 2022	$0.25	4,994,737

No options were exercised during or since the end of the half year period.

Note 4. Earnings per share

	Half Year December 2018	Half Year December 2017
Profit used in the earnings per share calculation	$160,796	$23,262
Weighted average number of ordinary shares	59,300,000	21,300,000
Basic and diluted profit per share (cents)	0.27	0.11

Note 5. Operating Segments

The Group results are reported as four business areas based on geographic regions, which are reviewed regularly by the Company's chief operating decision maker, the Board of Directors. The principal results reviewed for each area are revenue and adjusted operating profit.

Reportable segments are determined based on quantitative thresholds in accordance with AASB 8 Operating Segments. The business areas of Australia, UK and Corporate meet the quantitative thresholds for reportable segments and are therefore disclosed separately. The Rest of the World comprises businesses in Asia which do not meet the quantitative thresholds for separate disclosure as reportable segments. The Rest of the World is therefore an "other" segment that is disclosed as a reportable segment as this information is considered useful to users of the financial statements and it also helps to reconcile the results of the reportable segments to the Group's consolidated and business area results.

Unless stated otherwise, all amounts reported to the Board 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 Group. All intersegment transactions are eliminated on consolidation of the Group's financial statements. Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense/(benefit)
- Finance expense

	Australia $	UK $	Rest of the World $	Corporate $	Total $
Half-year ended 31 December 2018					
Revenue	22,982,783	1,538,554	3,537	-	24,524,874
Adjusted operating profit/(loss)	676,583	135,085	4,438	(311,136)	504,970
Restructuring expenditure	-	-	-	(10,489)	(10,489)
Transaction costs	-	-	-	(208,194)	(208,194)
Operating profit/(loss)	676,583	135,085	4,438	(529,819)	286,287
Finance expenses					(54,273)
Reportable segment profit before income tax					232,014
Income tax					(71,218)
Profit after tax at 31 December 2018					**160,796**
Reportable segment assets	24,230,308	1,264,714	323,337	2,616,484	28,434,843
Reportable segment liabilities	14,908,682	566,719	21,291	267,288	15,763,980
Capital employed	9,321,626	697,995	302,046	2,349,196	12,670,863
Capital expenditure	59,658	-	296	-	59,954
Depreciation and amortisation	60,652	1,730	6,011	-	68,393

Revenue includes revenue from services amounting to $122,026 earned during the reporting period ended 31 December 2018.

The remaining revenue was derived from the sale of goods.

Major Customer

Revenues from the major customer for the reporting period ended 31 December 2018 were $9,560,210.

	Australia $	UK $	Rest of the World $	Corporate $	Total $
Half-year ended 31 December 2017					
Revenue	10,938,715	774,546	16,437	–	11,729,698
Adjusted operating profit/(loss)	461,455	(35,000)	(5,292)	(292,426)	128,737
Restructuring expenditure	–	–	–	–	–
Transaction costs	–	–	–	(91,053)	(91,053)
Operating profit/(loss)	461,455	(35,000)	(5,292)	(383,479)	37,684
Finance expenses					(7,422)
Reportable segment profit before income tax					30,262
Income tax					(7,000)
Profit after tax at 31 December 2017					**23,262**
Reportable segment assets	7,096,230	475,325	354,699	196,448	8,122,702
Reportable segment liabilities	7,034,095	156,893	464,632	308,068	7,963,688
Capital employed	62,135	318,432	(109,933)	(111,620)	159,014
Capital expenditure	51,135	–	–	–	51,135
Depreciation and amortisation	38,701	1,405	6,002	–	46,108

Revenue includes revenue from services amounting to $190,196 earned during the reporting period ended 31 December 2017.

The remaining revenue was derived from the sale of goods.

Major Customer
Revenues from the major customer for the reporting period ended 31 December 2017 were $10,064,648.

Note 6. Intangible Assets - Goodwill

Acquisition of Heatleys Group Holdings Pty Limited

Following the successful completion of the Company's IPO, on 27 September 2018 Stealth completed the acquisition and integration of Heatleys into the Group.

Business combinations are initially accounted for on a provisional basis. Details of the purchase consideration, provisional goodwill and provisional net assets of Heatleys are:

Purchase consideration	$
Cash paid	7,750,000
Shares issued	1,250,000
Total purchase consideration	**9,000,000**
Assets and liabilities recognised as a result of the acquisition	
Cash and cash equivalents	61,464
Trade and other receivables	7,789,694
Inventories	4,581,184
Deferred tax asset	556,979
Other assets	1,100
Property, plant and equipment	326,943
Total Assets	**13,317,364**
Trade and other payables	(6,274,932)
Finance liabilities	(1,914,292)
Provisions – employee benefits	(989,184)
Provisions – other	(105,419)
Deferred tax liability	(513,416)
Total Liabilities	**9,797,243**
Net identifiable assets acquired	**3,520,121**
Goodwill – Heatleys acquisition	**5,479,879**
Summary of movements in Intangible Assets - Goodwill	
Balance 30 June 2018	**463,652**
Add: Acquisition of Heatleys	5,479,879
Foreign exchange differences	12,873
Balance at 31 December 2018	**5,956,404**

If new information obtained within one year of date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Note 7. Related parties

Transactions with key management personnel

Following successful completion of the IPO, on 27 September 2018 Stealth issued 850,000 Shares to Mr Wharton, Non-Executive Chairman.

Note 8. Commitments

	31 Dec 2018 $	30 June 2018 $
Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	1,060,617	152,852
Later than one year but not later than five years	487,741	112,558
Greater than five years	-	-
	1,548,358	**265,410**
Finance lease commitments		
Not later than one year	34,744	9,893
Later than one year but not later than five years	55,543	35,088
Minimum lease payments	**90,287**	**44,981**
Future lease payments	(6,899)	(4,532)
Recognise as a liability	**83,388**	**40,449**
The present value of finance lease liabilities is as follows:		
Not later than one year	31,437	8,058
Later than one year but not later than five years	51,951	32,391
Minimum lease payments	**83,388**	**40,449**

Note 9. Deferred tax balances

	31 Dec 2018 $	30 June 2018 $
Deferred tax assets		
Receivables	29,166	2,902
ACA adjustments to subsidiary DTA on joining tax consolidated group	(78,311)	-
Property, plant and equipment	-	9,302
Payables, accruals and provisions	484,352	64,681
Inter-company loan	14	2,223
Carried forward tax losses	100,814	94,429
Capital costs deductible over five years	521,181	107,832
Other items	-	413
	1,057,216	**281,782**
Deferred tax liabilities		
Receivables	12,225	-
Property, plant and equipment	589	-
Inter-company loan	17,100	-
Other items	5,545	4,223
Unrealised foreign exchange gains	-	12,902
	35,459	**17,125**
Tax rates		
Australia	30%	27.5%
Singapore	17%	17%
Malaysia	24%	24%
United Kingdom	19%	19%

Note 10. Financial Liabilities

	31 Dec 2018 $	30 June 2018 $
Prepayment from Capital Drilling:		
Current	-	268,955
Finance lease:		
Current	33,069	9,893
Non Current	50,319	30,566
Share buy-back deferred settlement	-	271,248
Westpac finance facility (Heatleys)	1,758,943	-
Insurance premium funding	34,064	-
	1,876,395	**580,652**

The prepayment from Capital Drilling was unsecured and interest free. Repayments were made at USD$25,000 per month. The loan was repaid in full on October 2018.

The deferred settlement on the share buy-back was unsecured and interest free. Repayments were variable. Settlement was completed on October 2018.

The finance leases are over motor vehicles.

Heatleys has an invoice discounting facility with a limit of $7,000,000, which was drawn down to $1,758,943 as at 31 December 2018. This is a continuing facility with no set end date.

Note 11. Events after the reporting period

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' Declaration

In the opinion of the Directors of Stealth Global Holdings Ltd:

(a) the financial statements and notes, as set out on pages 8 to 21 are in accordance with the *Corporations Act 2001* including:

i. compliance with accounting standards and giving a true and fair view of the consolidated financial position and performance of the Group; and

ii. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Board of Directors:

Michael Arnold
Group Managing Director
Dated at Perth, Western Australia
this 28th day of February 2019

Independent Auditor's Review Report

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stealth Global Holdings Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stealth Global Holdings Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(a) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 28 February 2019

STEALTH GLOBAL

Stealth Global Holdings Ltd
ACN 615 518 020

Unit 10, 43 Cedric Street,
Perth, Western Australia 6021

Telephone: +61 8 6465 7800
Email: investors@stealthgi.com

www.stealthgi.com