STEALTH GLOBAL HOLDINGS LTD
ACN 615 518 020

Appendix 4D

Report for the half-year
ended 31 December 2019

This report presents the results for Stealth Global Holdings Ltd and its controlled entities, for the half year ended 31 December 2019 (current period) compared with the half-year ended 31 December 2018 (prior period).

Results for announcement to the market

				31 Dec 2018 $		31 Dec 2019 $
Revenues from continuing ordinary activities	Up	61.8%	from	24,524,874	to	39,673,740
Profit from ordinary activities after tax attributable to the owners	Down	83.0%	from	160,796	to	27,345
Profit for the year attributable to the owners	Down	83.0%	from	160,796	to	27,345

Operating and Financial Review

The detailed Operating and Financial Review (OFR) is contained in the Directors' Report within the Interim Financial Report. The results and major factors contributing to the results are summarised here:

- Combined revenue for the group for the half-year was $39.7m (H1FY19 $24.5m) an increase of 62%.
- The statutory profit after tax attributable to the owners of the Group for the half-year ended 31 December 2019 was a profit of $27k (H1FY19 $161k).
- Underlying Non-IFRS EBITDA[1] was $1.75m (H1FY19 $0.57m).
- Statutory Non-IFRS EBITDA[1] was $733k (H1FY19 $355k).
- Transaction costs included acquisition advisory and due diligence costs of $209k in H1FY20 and IPO and restructuring costs of $219k in H1FY19.

The Company's transformation growth programme presented by the Managing Director, Mike Arnold, at the Annual General Meeting (AGM) on 29 November 2019 is well advanced and is building momentum. The group has delivered strong revenue growth and a strong reported Underlying EBITDA[1] of $1.75m for the half-year.

The Group is committed to its targets of achieving revenue of $200m at an EBITDA margin of 8%+ in the next 5 years, through the key strategic drivers of increasing market share within existing markets each year, pursuing opportunities in emerging markets and evaluating acquisition opportunities that add to shareholder value.

A reconciliation of Underlying EBITDA[1] to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is included in the OFR. The table also highlights the investments being made by the Group in upfront corporate and strategic actions that are expected to increase scale and pre-empt medium-term upside.

The Group's three operating brand models, Heatleys Safety and Industrial, BSA Brands and ISG (Industrial Supply Group) are tracking broadly in line with the update provided at the AGM, delivering in support of the goal of building a compelling world class sales and distribution organisation.

*1 Underlying EBITDA is a non-IFRS term representing Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**), which has not been subject to audit or review but has been determined using information presented in the Group's interim financial report, and is determined after adding back unusual costs to the Statutory EBITDA.*

Heatleys Safety and Industrial Business – Australian, UK and African Operations

Heatleys is a broad-range supplier and distributor of everyday workplace consumable products and bespoke supply chain solutions with its primary footprint established in Western Australia and South Australia. The Australian operations represent some 78% of the Group's revenue. Sales growth of 21% was achieved and the operating profit margin before corporate costs increased considerably from 4.6% of sales to 6.9% of sales. The business development drive has delivered new national customers for Heatleys in the half-year and the expansion of branded operations to the east coast is imminent in CY2020. Overall the results delivered by the Heatleys model have exceeded expectations in H1FY20.

Industrial Supply Group (ISG) Business – Australian Operations

The ISG business is a cooperative distribution group of Independent trade merchants with a combined trading volume of approximately $180m per annum. ISG was acquired in May 2019 and continues to perform to expectations. The expansion program for ISG includes acquiring new members (both domestically and internationally), and the introduction of proprietary brand products sales across the member stores. This is a major step in releasing the latent potential in the ISG business.

BSA Brands (UK) – UK and African Operations

BSA Brands is a wholesale distribution business specialising in workwear and safety wear, servicing select international markets. The physical store rollout in the UK is progressing to plan, with the Bisley Workwear brand now ranged in 63 stores and five locations in Africa. The planned upfront investment into marketing, promotional and advertising campaigns, inventory, people to take the Bisley Workwear brand from start-up, build brand awareness, meet product compliance conditions and roll out the range into store trade outlets is reflected in the expenses and profit impact in H1 FY20. The establishment of this brand in a new competitive market requires patience. In a $1billion addressable workwear market, BSA Brands is expected to provide a medium to long term solid return on investment.

The BSA result is reflective of the significant and continuing investment required in order to develop what is an embryonic business for Stealth in the UK. We are anticipating a break even result for BSA in H2 FY20 subject to any supply line impact as a result of China's coronavirus outbreak. Medium to longer term, we expect a stronger return on the upfront investment in FY21.

The coronavirus and the international response to it has the potential to impact worldwide logistics, supply chain certainty, customer spend, international travel and may directly impact our staff or their families. The Board of Directors and senior management will continue to monitor the situation and respond appropriately. Heatleys has, for example, been increasing its inventory holdings of major product lines in response to potential logistics disruption in order to ensure it can continue to meet its customers' requirements during this period.

Net tangible Assets

Net Tangible Assets	31 Dec 2019	30 Jun 2019
Net tangible asset backing per ordinary security (cents per share)	6.07c	6.38c

Details of entities over which control has been gained during the period

Control gained over entities during the period	Date control was gained
Heatleys Safety and Industrial Limited (incorporated in United Kingdom)	5 Dec 19
Trade Counter Direct Pty Ltd (incorporated in Australia)	11 Dec 19

Neither entity traded during the period, hence their contribution of revenue to the Group and profit after tax from ordinary activities during the period was nil.

Details of entities over which control has been lost during the period

The Group deregistered Stealth Global Industries (Singapore) Pte Ltd, effective from 4 November 2019. It was a wholly owned entity, incorporated in Singapore.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

The condensed interim financial report has been reviewed by BDO Audit (WA) Pty Ltd and is not subject to a modified opinion, emphasis of matter or other matter.

Authorisation of release

This announcement was authorised to be given to the ASX by the Board of Directors of Stealth Global Holdings Ltd.

Date of Release

28 February 2020

STEALTH GLOBAL HOLDINGS LTD.
ASX:SGI

Interim Financial Report

For the half-year ended 31 December 2019

Stealth Global Holdings Ltd | ACN 615 518 020

Corporate Directory

Directors

Mr Christopher Wharton AM
Non-Executive Chairman

Mr Michael Arnold
Managing Director

Mr Giovanni (John) Groppoli
Non-Executive Director

Company Secretary

Ms Karen Logan

Key Management Personnel

Mr Luke Cruskall
Group Chief Operating Officer

Mr David Kiggins
Group Chief Financial Officer

Mr Salvatore Barbaro
Managing Director, Heatleys

Solicitors

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

Principal And Registered Office

Unit 10, 43 Cedric Street
Stirling WA 6021
Australia

Telephone: +61 8 6465 7800

Email: investors@stealthgi.com
Website: www.stealthgi.com

ASX code

SGI

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)

Company Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Stealth Global Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

Contents

Directors' Report

The Directors present their report together with the consolidated financial statements of Stealth Global Holdings Ltd (**Stealth** or **Company**) and its controlled entities (**Consolidated Entity** or **Group**) for the half year ended 31 December 2019 and the auditor's report thereon.

Directors

The following persons were directors of the Company during the whole of the half year ended and up to the date of this report:

Christopher Scott Wharton AM – Independent Non-Executive Chairman
Michael Alan Arnold – Managing Director
Giovanni (John) Groppoli – Non-Executive Director

Mr Peter Unsworth was an Independent Non-Executive Director from the beginning of the financial year until his resignation on 31 October 2019.

Principal Activities

The principal activity of the Group during the half year ended 31 December 2019 was operating as a business-to-business multinational distributor of a broad-range of safety, industrial, healthcare and workplace consumable products and provider of supply chain solutions, with a particular focus on industrial & trade and consumer retail customer markets.

Operating and Financial Review

Financial Performance

- Combined revenue for the group for the half-year was $39.7m (H1FY19 $24.5m) an increase of 62%.
- The statutory profit after tax attributable to the owners of the Group for the half-year ended 31 December 2019 was a profit of $27k (H1FY19 $161k).
- Underlying Non-IFRS EBITDA[1] was $1.75m (H1FY19 $0.57m).
- Statutory Non-IFRS EBITDA[1] was $733k (H1FY19 $355k).
- Transaction costs included acquisition advisory and due diligence costs of $209k in H1FY20 and IPO and restructuring costs of $219k in H1FY19.

The Company's transformation growth programme presented by the Managing Director, Mike Arnold, at the Annual General Meeting (**AGM**) on 29 November 2019 is well advanced and is building momentum. The group has delivered strong revenue growth and a strong reported Underlying EBITDA[1] of $1.75m for the half-year.

A reconciliation of Underlying EBITDA[1] to the reported profit before tax in the consolidated statement of profit or loss and other comprehensive income is shown in the following table. The table also highlights the investments being made by the Group in upfront corporate and strategic actions that are expected to increase scale and pre-empt medium-term upside.

Reconciliation – half-year interim financial results	31 Dec 19 $'000	31 Dec 18 $'000
Underlying EBITDA[1]	**1,746**	**574**
Unusual Items in H1 FY20:		
Investment in the establishment of BSA Brands in the United Kingdom market – brand awareness, promotion, point of sale, travel, marketing, sales team[2]	(365)	–
Transaction costs – due diligence, acquisition analysis and professional fees[3]	(278)	(219)
Appointment of Senior Corporate and Growth Transformation Personnel (Senior Finance, Ecommerce, Business Development)[4]	(370)	–
Statutory EBITDA	**733**	**355**
Depreciation	(713)	(68)
Net Finance Costs	(223)	(55)
Profit/ (loss) for the period before tax	(203)	232
Minority Interest before tax (BSA Brands (UK) Limited)	(238)	–
Profit for the period before tax attributable to Members	35	232

1 *Underlying EBITDA is a non-IFRS term representing Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (*EBITDA*), which has not been subject to audit or review but has been determined using information presented in the Group's interim financial report, and is determined after adding back unusual costs to the Statutory EBITDA.*

2 *Discussion on the investment in BSA Brands is addressed in the following section*

3 *Transaction costs are significant in H1 FY20 and relate to a significant opportunity that was evaluated in detail in the half-year and which ultimately did not proceed.*

4 *Corporate and Growth Transformation Personnel refers to investments in new strategic programs ahead of earnings return with focus on senior finance, technology, large sales contracts, partnerships, joint ventures and acquisition review activity. Appointments in H1 FY20 include Group Chief Financial Officer, Group Development Officer, Corporate Finance and Treasury, Business Development. These appointments pre-empt upfront corporate and strategic actions expected to increase scale with near-term upside.*

The Group's three operating brand models, Heatleys Safety and Industrial, BSA Brands and ISG (Industrial Supply Group) are tracking broadly in line with the update provided at the AGM, delivering in support of the goal of building a compelling world class sales and distribution organisation.

Heatleys Safety and Industrial Business – Australian, UK and African Operations

Heatleys is a broad-range supplier and distributor of everyday workplace consumable products and bespoke supply chain solutions with its primary footprint established in Western Australia and South Australia. The Australian operations represent some 78% of the Group's revenue. Sales growth of 21% was achieved and the operating profit margin before corporate costs increased considerably from 4.6% of sales to 6.9% of sales. The business development drive has delivered new national customers for Heatleys in the half-year and the expansion of branded operations to the east coast is imminent in CY2020. Overall the results delivered by the Heatleys model have exceeded expectations in H1FY20.

Industrial Supply Group (ISG) Business – Australian Operations

The ISG business is a cooperative distribution group of Independent trade merchants with a combined trading volume of approximately $180m per annum. ISG was acquired in May 2019 and continues to perform to expectations. A new executive appointment was made in the half-year, starting in January 2020, with the mandate to lead the growth program in CY2020 and execute on the strategic plan outlined at the Company's 2019 AGM in November. The program includes acquiring new members both domestically and internationally, along with the introduction of proprietary brand products sales across the member stores. This is a major step in releasing the latent potential in the ISG business.

BSA Brands (UK) – UK and African Operations

BSA Brands is a wholesale distribution business specialising in workwear and safety wear, servicing select international markets. Current sales and operational activity exist in the UK, and Africa with plans forthcoming in Europe. The physical store rollout in the UK is progressing to plan, with the Bisley Workwear brand now ranged in 63 stores and five locations in Africa. The planned upfront investment into marketing, promotional and advertising campaigns, inventory, people to take the Bisley Workwear brand from start-up, build brand awareness, meet product compliance conditions and roll out the range into store trade outlets is reflected in the expenses and profit impact in H1 FY20. The establishment of this brand in a new competitive market requires patience. In a $1billion addressable workwear market, BSA Brands is expected to provide a medium to long term solid return on investment.

The inventory holding in the UK has doubled in the half-year as a result of the arrival of the first wave of Winter product and Hi-Vis product which landed in the UK in December. Further stock arrives in Q3 FY20. The initial orders for the new ranges have been delivered to store and re-stocking orders are flowing in H2 FY20. In December, BSA appointed two experienced sales people with deep UK market and industry experience to drive and support sales activity. Their focus is to range Bisley product in more stores and sell downstream to end-user customers in collaboration with the UK distributor, Troy Group. Their activity will support sales and profit uplift in CY20 and beyond.

BSA Brands business in Africa has been challenging in the first six months of the financial year with serious terrorist incidents in two of the major distribution areas, Burkina Faso and Mali. As a result, purchasing decisions have been delayed at the end user customers. Distribution is expanding into new territories with a second distributor added in Ghana in December and business development activity underway in Tanzania, Zambia and in West Africa.

The BSA result is reflective of the significant and continuing investment required in order to develop what is an embryonic business for Stealth in the UK. We are anticipating a break even result for BSA in H2 FY20 subject to any supply line impact as a result of China's coronavirus outbreak. Medium to longer term, we pre-empt a stronger return on the upfront investment in FY21.

Cashflow Commentary

Operating cashflow

- Strong operating cashflow from Heatleys
- Ongoing cash commitment to investment in brand establishment in UK for Bisley Workwear (BSA Brands)
- Ongoing cash commitment to investment in establishing a high performing executive corporate team at Stealth Global (to achieve revenues of $200m by 2024 without disrupting the core business activities)
- Ongoing working capital investment, increasing inventory at BSA Brands (UK) to support future demand
- Ongoing working capital investment, increasing inventory holding in Heatleys through Protect-A-Load and the proprietary product offerings, consistent with increased sales.
- Significant expenditure on evaluation and due diligence in pursuing acquisitive growth opportunities.

Investment cashflow

- Purchase of Protect-A-Load business
- Lease liability principal repayments reclassified from Operating Cashflow

The Group has immediate access to $4m of working capital funding lines available for M&A activity before seeking acquisition funding for specific opportunities.

Changes in the state of affairs

Changes to the state of affairs of the Company during the half year ended 31 December 2019 were as follows:

1. The forecast change in the Group's Africa strategy to focus on servicing clients with strong gross profit margins was implemented in December. As expected, this resulted in a change in the contractual relationship with Stealth's major customer, and a move to lower sales volumes with improved margins.
2. The Group appointed two experienced executives, a Group Chief Financial Officer, and a Group Chief Development Officer to in order to build a high-performance corporate team to support the delivery of future growth.
3. Heatleys acquired the Protect-A-Load business in October and will expand its product reach to a national level.

Subsequent Events since 31 December 2019

The coronavirus and the international response to it has the potential to impact worldwide logistics, supply chain certainty, customer spend, international travel and may directly impact our staff or their families. The Board of Directors and senior management will continue to monitor the situation and respond appropriately. Heatleys has, for example, been increasing its inventory holdings of major product lines in response to potential logistics disruption in order to ensure it can continue to meet its customers' requirements during this period.

Other than the matters noted above there has not been during the period between 31 December 2019 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

Future Developments

The Group is committed to its targets of achieving revenue of $200m at an EBITDA margin of 8%+ in the next 5 years, through the key strategic drivers of increasing market share within existing markets each year, pursuing opportunities in emerging markets and evaluating acquisition opportunities that add to shareholder value.

To support delivery of these plans, ISG has appointed a new executive who started in January 2020 to lead the expansion in line with the strategy outlined in the presentation to shareholders at the AGM held on 29 November 2019.

A senior appointment to the corporate finance and treasury team has also been made to support the evaluation and modelling of acquisitions and other strategic programs, reducing the reliance on external advisors.

Stealth is actively pursuing a number of strategic opportunities that are not yet sufficiently progressed to be announced. The strategic agenda continues to be unwavering across six key growth pillars driving actions in organic, partnership and acquisition areas; The six pillars are:

1. Continue building on our existing business units;
2. Leverage business combinations;
3. Grow customer markets & our products and services offer;
4. Expand our operating platform;
5. Develop our eCommerce supply chain & online platforms; and
6. Actively seek to acquire complementary businesses and establish strategic partnerships.

Stealth is intending to enter into new strategic partnership arrangements in CY20 that will increase its proprietary products range, expand its distribution network and strengthen supply chain capability.

Risk

The primary risks that the business is exposed to have not changed from the risk analysis presented in the latest Annual Report, with the exception of the coronavirus and its potential impact on worldwide logistics, supply chain certainty, customer spend, international travel and the human impact on our staff or their families.

Dividends

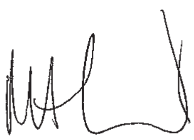
There were no dividends paid or recommended during the financial half year ended 31 December 2019 (2018: nil).

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 of the interim financial report and forms part of this Directors' Report.

This directors' report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Michael Arnold
Group Managing Director
Perth, 28 February 2020

Auditor's Independence Declaration

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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 2019, 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 2020

Consolidated Statement of Profit or Loss and Comprehensive Income

For the six months ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Continuing Operations			
Sales revenue		39,536,425	24,402,848
Service revenue		137,315	122,026
Cost of sales		(29,601,091)	(18,969,334)
Gross Profit		**10,072,649**	**5,555,540**
Other income		1,909	3,482
Share of Profits of Joint Venture		-	(91,936)
Personnel expenses		(6,730,191)	(3,028,869)
Administration expenses		(2,257,908)	(1,416,806)
Occupancy expenses		(143,821)	(444,566)
Transaction costs		(208,637)	(218,683)
Depreciation and amortisation expense		(712,791)	(68,393)
Finance costs		(224,689)	(57,755)
Profit/(Loss) from continuing operations before income tax		(203,479)	232,014
Income tax (expense) / credit		41,984	(71,218)
PROFIT / (LOSS) FOR THE HALF-YEAR		**(161,495)**	**160,796**
Profit / (Loss) for the half-year is attributable to:			
Owners of the company		27,345	160,796
Non-controlling interests		(188,840)	-
		(161,495)	**160,796**
COMPREHENSIVE INCOME			
Profit/(Loss) for the half-year		**(161,495)**	**160,796**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gains of international subsidiaries		83,407	29,497
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE HALF-YEAR		**(78,088)**	**190,293**
Total comprehensive income/(loss) for the half-year is attributable to:			
Owners of the company		110,752	190,293
Non-controlling interests		(188,840)	-
		(78,088)	**190,293**

Earnings per share for profit attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share (cents)	D3	0.03	0.27
Diluted earnings per share (cents)	D3	0.03	0.27

The consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,402,056	2,005,765
Trade and other receivables		13,592,700	15,875,496
Inventories		7,876,028	6,265,689
Other assets		651,229	576,285
Total Current Assets		**23,522,013**	**24,723,235**
NON-CURRENT ASSETS			
Property, plant and equipment		704,747	601,211
Right-of-use assets		3,816,166	-
Intangible assets	C1	7,145,444	6,888,531
Deferred tax assets		1,310,519	1,127,796
Other assets		1,100	1,100
Total Non-Current Assets		**12,977,976**	**8,618,638**
TOTAL ASSETS		**36,499,989**	**33,341,873**
CURRENT LIABILITIES			
Trade and other payables		12,973,383	16,314,152
Current tax liabilities		30,254	9,117
Lease Liabilities	C4	1,119,335	-
Financial liabilities	C2	3,586,823	1,849,230
Provisions		1,192,459	987,954
Total Current Liabilities		**18,902,254**	**19,160,453**
NON-CURRENT LIABILITIES			
Financial liabilities	C2	1,721,613	997,354
Lease Liabilities	C4	2,677,447	-
Deferred tax liabilities		51,107	20,621
Provisions		241,564	221,754
Total Non-Current Liabilities		**4,691,731**	**1,239,729**
TOTAL LIABILITIES		**23,593,985**	**20,400,182**
NET ASSETS		**12,906,004**	**12,941,691**
EQUITY			
Issued capital	D1	13,048,699	13,048,699
Accumulated funds		(154,560)	(224,306)
Reserves		334,323	250,916
Capital and reserves attributable to owners of Stealth Global Holdings Ltd		13,228,462	13,075,309
Non-controlling interests		(322,458)	(133,618)
TOTAL EQUITY		**12,906,004**	**12,941,691**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019

	Attributable to owners of Stealth Global Holdings Ltd					
	Issued Capital $	Reserves $	Accumulated Funds $	Total $	Non-controlling Interests $	Total Equity $
Balance as at 1 July 2018	118,340	51,484	(745,111)	(575,287)	-	(575,287)
Profit (Loss) for the period	-	-	160,796	160,796	-	160,796
Other comprehensive income for the period	-	29,497	-	29,497	-	29,497
Total comprehensive income for the period	**-**	**29,497**	**160,796**	**190,293**	**-**	**190,293**
Transactions with Equity Holders in their capacity as Equity Holders						
Issue of ordinary shares	13,920,000	-	-	13,920,000	-	13,920,000
Issue of options	-	125,499	-	125,499	-	125,499
Share issue costs	(989,641)	-	-	(989,641)	-	(989,641)
Balance as at 31 December 2018	**13,048,699**	**206,480**	**(584,315)**	**12,670,864**		**12,670,864**
Balance as at 1 July 2019	**13,048,699**	**250,916**	**(224,306)**	**13,075,309**	**(133,618)**	**12,941,691**
AASB16 Required Adjustment to Opening Retained Earnings	-	-	42,401	42,401	-	42,401
Profit for the period	-	-	27,345	27,345	(188,840)	(161,495)
Other comprehensive income for the period	-	83,407	-	83,407	-	83,407
Total comprehensive income for the period	**-**	**83,407**	**69,746**	**153,153**	**(188,840)**	**(35,687)**
Transactions with Equity Holders in their capacity as Equity Holders						
Non-controlling interests	-	-	-	-	-	-
Balance as at 31 December 2019	**13,048,699**	**334,323**	**(154,560)**	**13,228,462**	**(322,458)**	**12,906,004**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Receipts from customers		42,320,635	23,520,321
Payment to suppliers and employees		(43,393,535)	(23,567,900)
Interest paid		(193,023)	(37,759)
Income tax paid		(23,969)	(464,000)
Net cash inflow / (outflow) from operating activities		**(1,289,892)**	**(549,338)**
Cash flows from investing activities			
Payments for plant & equipment		(206,802)	(59,954)
Proceeds from the sale of plant & equipment		1,000	2,500
Proceeds on exit of joint venture		-	6,003
Payment for intangible assets		(258,000)	-
Interest received		1,909	3,480
Payment for acquisition of subsidiary, net of cash acquired		-	(7,438,536)
Net cash inflow / (outflow) from investing activities		**(461,893)**	**(7,486,507)**
Cash flows from financing activities			
Proceeds from issuance of shares and options		-	12,500,499
Payments for capital raising costs		-	(1,106,411)
Principal elements of lease payments		(581,014)	-
Proceeds from financial liabilities		1,729,090	1,758,943
Repayment of financial liabilities		-	(2,828,662)
Net cash inflow / (outflow) from financing activities		**1,148,076**	**10,324,369**
Net increase / (decrease) in cash and cash equivalents		**(603,709)**	2,288,524
Cash and cash equivalents at 1 July		2,005,765	265,585
Cash and cash equivalents at 31 December		**1,402,056**	**2,554,109**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to The Consolidated Financial Statements

For the six months ended 31 December 2019

Section A: About This Report

A1 Reporting Entity

Stealth Group Holdings Ltd (**Stealth** or **Company**) is a company domiciled in Australia. The consolidated interim financial report for the half year ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the **Group** or **Consolidated Entity** and individually as **Group Entities**).

The Company's registered office and principal place of business is Unit 10, 43 Cedric Street, Stirling WA 6021.

A2 Basis of Preparation

(a) Statement of compliance

This consolidated interim financial report for the half-year ended 31 December 2019 is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Stealth Global Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below and in Note C3.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated financial statements are prepared on an accruals basis and are based on historical costs except where otherwise stated. The financial statements were approved by the Board of Directors on [24 February 2020].

(b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of these interim financial statements requires management to use judgement, estimates and assumptions that affect the application of accounting policies and hence the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019 other than the application of the new standard AASB 16 Leases. Estimates and underlying assumptions are reviewed on an ongoing basis and any required revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

A3 Significant Accounting Policies

The Consolidated Entity has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of AASB 16 Leases.

New, revised or amending Accounting Standards and Interpretations adopted

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 results 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.

The group has adopted AASB 16 retrospectively from 1 July 2019 and has not restated comparatives for the prior reporting period as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. Under the new standard, an asset (the right to use the leased item) and a financial liability (to pay rentals) have been recognised.

The group had to change its accounting policies as a result of adopting this standard. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note C3 Adoption of AASB 16.

Section B: Business Performance

B1 Operating Segments

The Consolidated Entity results are reported as three business areas based on geographic regions, which are reviewed regularly by the Board of Directors. The principal results reviewed for each area are revenue and adjusted operating profit.

The Board of Directors' view is that there are three reportable segments, being the business areas of Australia, UK and Rest of the World. Unless stated otherwise, all amounts reported to the Board of Directors 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 intersegment transactions are eliminated on consolidation of the Consolidated Entity'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. Usually segment assets are clearly identifiable based on 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: Finance expense and Income tax expense/(credit).

Revenue includes revenue from services amounting to $137,315 earned during the reporting period (2018: $122,026)) which is recognised over time. The remaining revenue is derived from the sale of goods which is recognised at a point in time.

Half year ended 31 December 2019	Australia $	UK $	Rest of the World $	Corporate $	Total $
Revenue	37,007,772	2,665,931	37	–	**39,673,740**
Adjusted Operating profit/(loss)	1,954,186	(486,990)	(9,123)	(1,228,226)	229,847
Transaction costs	–	–	–	(208,637)	(208,637)
Operating profit/(loss)	1,954,186	(486,990)	(9,123)	(1,436,863)	**21,210**
Finance expense					(224,689)
Profit/(loss) before income tax					**(203,479)**
Income Tax Expense					41,984
Profit / (loss) for the year					**(161,495)**
Less: Non-controlling interests					188,840
Profit / (Loss) for the half-year attributable to owners of the company					**27,345**

Half Year ended 31 December 2018	Australia $	UK $	Rest of the World $	Corporate $	Total $
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 expense					(54,273)
Profit/(loss) before income tax					**232,014**
Income Tax Credit					(71,218)
Profit / (Loss) for the half-year attributable to owners of the company					**160,796**

Section C: Operating Assets and Liabilities

C1 Intangible Assets - Goodwill

	31 Dec 2019 $	30 June 2019 $
Opening balance – Goodwill	**6,888,531**	**463,652**
Arising on acquisition through business combination – Heatleys	–	5,479,879
Arising on acquisition through business combination - ISG	–	925,667
Arising on acquisition of Protect-A-Load business (acquired in October 2019 – refer to Note E2 for further details)	258,000	-
Exchange Differences	(1,087)	19,333
Closing balance – Goodwill	**7,145,444**	**6,888,531**

Impairment

The Company has assessed each CGU for impairment and did not note any impairment indicators at 31 December 2019. As such the Company is satisfied that Goodwill is recoverable.

C2 Financial Liabilities

	31 Dec 2019 $	30 June 2019 $
Current:		
Borrowings		
Westpac facility	2,992,354	1,572,807
ANZ trade facility	218,746	-
Finance leases	18,429	26,423
Insurance premium funding	107,294	-
Total Current Borrowings	**3,336,823**	**1,599,230**
Other Financial Liabilities		
Deferred consideration – ISG	250,000	250,000
Total Current Other Financial Liabilities	**250,000**	**250,000**
Total Current Financial Liabilities	**3,586,823**	**1,849,230**
Non-current:		
Borrowings		
Finance leases	33,522	42,025
Other Financial Liabilities		
Funds contribution – non-controlling interest Joint Venture partner	1,438,091	705,329
Deferred consideration – ISG	250,000	250,000
Total Non-Current Financial Liabilities	**1,721,613**	**997,354**

The Westpac Facility is secured by the trade debtors of Heatley Sales Pty Ltd and a floating charge over the assets of the Heatleys Group. The interest rate is variable and was 4.41% at 31 December 2019 (4.99% at 30 June 2019).

The two amounts of $250,000 are for the ISG deferred settlement.

The funds contribution from the non-controlling interest partner in BSA Brands is interest bearing at 6% per annum, unsecured, and is repayable only on a resolution of the Board of BSA or in the event that the company ceases business.

Contingent liabilities

There are no contingent liabilities as at 31 December 2019 (30 June 2019: Nil)

C3 Adoption of AASB 16 Leases

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The board has determined that the simplified transition approach outlined in the standard is the most appropriate implementation option. Under the simplified approach the comparative information is not restated, instead the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of retained earnings (or another component of equity as appropriate) at the date of the initial application.

Cash flow presentation relating to leases is shown as follows:

a. cash payments for the principal portion of the lease liabilities as cash flows from financing activities

b. cash payments for the interest portion consistent with presentation of interest payments, and

c. short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities

Operating cash outflows will decrease as the element of cash paid attributable to the repayment of principal is included in financing cash flows rather than operating cashflow.

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as Operating leases under the principles of AASB117 Leases. The Company has adopted AASB16 using the modified retrospective approach, as such comparatives were not restated. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.4%.

For leases previously classified as Finance Leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

Opening position – reconciliation to previous reporting disclosure

The following table reconciles the operating lease commitments previously disclosed applying AASB 117 in the Annual Report of 30 June 2019, discounted using the incremental borrowing rate at 1 July 2019 **and** the lease liabilities recognised at the date of the initial application under AASB 16.

	$
Operating lease commitments as disclosed at 30 June 2019 (Annual Report)	1,035,861
Discounted using the lessee's incremental borrowing rate at the date of initial application and incorporating adjustments as a result of including extension options	4,359,624
Add: finance lease liabilities recognised as at 1 July 2019	68,448
Lease liability recognised as at 1 July 2019	4,428,072
Recognised as:	
Current lease liabilities	1,129,546
Non-current lease liabilities	3,298,526
	4,428,072

Right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Accounting policy for the group's leasing activities

The group leases various offices, warehouses, plant & equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 7 years and may include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes. Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

(a) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost comprising the following the amount of the initial measurement of lease liability; adjusted for (as applicable): any lease payments made at or before the commencement date net of any lease incentives received; any initial direct costs incurred; and an estimate of restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(b) Lease liabilities

A Lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the following lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The variable lease payments that do not depend on an index or a rate are expenses in the period in which they are incurred.

C4 Leases

	$
Lease Liability recognised at 1 July 2019 under AASB 16	
Current	1,104,547
Non-current	3,255,077
Total Liability	**4,359,624**
Lease Liability recognised at 31 Dec 2019	
Current	1,119,335
Non-current	2,677,447
Total Liability	**3,796,782**

Section D: Capital Structure

D1 Issued Capital

No equity securities or options were issued during or since the half-year ended 31 December 2019.

Performance rights made available under the Performance Rights Plan

The Board received approval from the shareholders at the Annual General Meeting held on 29 November 2019 to make an offer of an allocation of performance rights to the Managing Director. The offer will be made in the second half of this financial year.

D2 Dividends

There were no dividends paid or recommended during the half year ended 31 December 2019 (2018: $nil).

D3 Earnings Per Share

	Half-year to 31 Dec 2019 $	Half-year to 31 Dec 2018 $
Profit used in the earnings per share calculation	27,345	160,796
Weighted average number of ordinary shares (Basic)	94,900,000	59,300,000
Weighted average number of ordinary shares (Diluted)	94,900,000	59,300,000
Basic Earnings Per Share (cents)	0.03	0.27
Diluted Earnings Per Share (cents)[1]	0.03	0.27

1 *The number of options on issue is 4,994,737. These are not considered dilutive as the exercise price of the options exceeds the average market price of the ordinary shares.*

Section E: Group Structure

E1 Controlled Entities

The subsidiaries of the parent entity are disclosed in the consolidated financial statements of the Group.

During the half-year the group gained control over two entities, by incorporating wholly owned, non-trading subsidiaries:

- Heatleys Safety and Industrial Limited in the United Kingdom (05 Dec 2019)
- Trade Counter Direct Pty Ltd in Australia (11 Dec 2019)

The group deregistered Stealth Global Industries (Singapore) Pte Ltd, effective from 04 November 2019. It was a wholly owned entity, incorporated in Singapore.

Subsequent to the half-year end the group incorporated BSA Brands (Australia) Pty Ltd in Australia, in which it holds an equity interest of 50% and over which it exercises management and operational control.

E2 Business Acquired – Acquisition of Protect-A-Load (PAL)

(a) Current Period

The business and assets of Protect-A-Load were acquired by Heatley Sales Pty Ltd in October 2019 in a sale of business transaction for consideration of $529,848

Details of the purchase consideration, provisional goodwill and provisional net assets of Protect-A-Load are as follows:

Purchase consideration:	$
Cash paid	529,848
Total purchase consideration	**529,848**
Assets and liabilities recognised as a result of the acquisition:	
Inventories	269,847
Intellectual Property, patents and registered designs	1
Furniture and Computers	2,000
Total net identifiable assets acquired	**271,848**
Goodwill – PAL acquisition	**258,000**

The goodwill is attributable to the strong market position and unique product mix that Protect-A-Load offers.

Business combinations are initially accounted for on a provisional basis. 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.

(b) Prior Period

In May 2019 Stealth completed the acquisition of Industrial Supply Group Pty Ltd, an industrial buying group providing Stealth with 27 new member-based trade store locations on the East Coast of Australia. Details of this business combination were disclosed in Note F3 Business Combinations in the Group's annual financial statements for the year ended 30 June 2019.

Section F: Other Information

F1 Key Management Personnel Disclosures

Related Party Transactions with Key Management Personnel

	31 Dec 2019 $	30 June 2019 $
During the period the Company engaged Glen Forest Pty Ltd, of which Giovanni Groppoli is a Director, to provide corporate and commercial consulting services, Giovanni Groppoli was appointed a Director on 30 June 2018	-	21,101
Trade and other payables owing to Glen Forest Pty Ltd, in which Giovanni Groppoli is a Director, from the Company as at end of the period	-	10,895

Share based payments

The Board received approval from the shareholders at the Annual General Meeting held on 29 November 2019 to make an offer of an allocation of performance rights to the Managing Director. The offer will be made in the second half of this financial year.

F2 Subsequent Events

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

Directors' Declaration

For the half year ended 31 December 2019

Stealth Global Holdings Ltd and its controlled entities

ACN 615 518 020

The Directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and comprehensive income, consolidated statement of financial position, consolidated statement of cash flow, consolidated statement of changes in equity and accompanying notes are in accordance with the *Corporations Act 2001* and:
   (a) Comply with Accounting Standards including *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements after 2001; and
   (b) Give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date.
2. In the Directors' opinion 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 is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by.

Michael Arnold
Managing Director
Perth, 28 February 2020

Independent Auditor's Review Report

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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 2019, 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 2019 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 2019 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 2020

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