Appendix 4D
(Rule 4.2A.3)

BWX Limited
ABN 13 163 488 631

For the half-year ended:	**31 December 2018**
Previous corresponding period:	31 December 2017

Results for announcement to the market

Revenue and Profit	2018 $'000	2017 $'000	Mvmt $'000	Mvmt %
Revenue from ordinary activities	68,123	67,205	918	1%
Net profit from ordinary activities attributable to members	2,602	5,394	(2,792)	(52%)
Net profit attributable to members	2,602	5,394	(2,792)	(52%)
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses	7,098	17,514	(10,416)	(60%)

Commentary on results for the period

Refer to the accompanying ASX announcement dated 22 February 2019 for commentary on the results.

Dividends

	Amount per security (cps)	Franked amount
Dividends paid		
2018 Final fully franked dividend – paid 12 October 2018	4.2	100%
Dividends declared		
2019 Interim fully franked dividend	-	-
Record date for determining entitlements to the dividend		-
Date dividend is payable		-

For the half-year ending 31 December 2018, no dividends have been declared.

Deficiency in net tangible assets per ordinary share

Deficiency in net tangible assets per ordinary share	2018 $	2017 $
Deficiency in net tangible assets per ordinary share	(0.11)	(0.15)

Information on Audit or Review

Independent Review by Auditor
This report is based on the consolidated financial statements which have been reviewed by William Buck Audit (Vic) Pty Ltd.

BWX Limited
ABN 13 163 488 631

Interim Financial Report
For the half-year ended 31 December 2018

Contents

The Directors present their report together with the consolidated financial statements of BWX Limited ("the Company") and its subsidiaries (collectively, the "Group") for the half-year ended 31 December 2018.

Directors

The Directors of the Company during the half-year and up to the date of this report:

Mr Ian Campbell
Mr Denis Shelley
Mr David Fenlon
Mr Myles Anceschi (appointed 17 September 2018)
Ms Fiona Bennett (appointed 1 December 2018)
Ms Jodie Leonard (appointed 1 December 2018)

Mr John Humble (resigned 25 September 2018)
Mr Aaron Finlay (resigned 27 September 2018)

The above-named Directors, except where specifically indicated, held office during the whole of the half-year and since the end of the half-year to the date of this report.

Review of operations

The profit of the Group for the half-year after providing for income tax amounted to $2.602 million (2017: $5.394 million).

The profit of the Group before depreciation and amortisation, finance costs, acquisition, restructuring expenses and income tax expense for the half-year amounted to $7.098 million (2017: $17.514 million).

The Group's basic earnings per share is 2.1 cents. Its diluted earnings per share is 2.1 cents.

The net assets of the Group are $277.416 million as at 31 December 2018 (30 June 2018: $270.028 million).

The Group has faced challenges in the half-year, resulting from numerous transformations. The implementation of the new ERP system and failed management buy-out affected the performance of the company, but a positive outlook remains from a strong second quarter.

Sukin
Revenue in the Sukin brand was heavily impacted by the ERP rollout in Q1 which resulted in lost sales. However, revenue in the second quarter more than doubled compared to the first quarter with market share continuing to grow. Sukin is still the number one skincare brand in Australian pharmacy and is making great gains in channels outside pharmacy.

Andalou Naturals
During the half-year Andalou Naturals experienced strong North America domestic consumer sales with active segment market shares sustained or growing. The outlook for further international growth is promising with EU Phase 1 registration imminent.

Mineral Fusion
Performance was adversely impacted in the half-year due to the delay in the launch of new packaging of Mineral Fusion products. Similar to Andalou Naturals, registration work is being performed to open up new international markets.

Nourished Life
Performance was impacted in the first quarter due to the ERP rollout and warehouse relocation, but momentum has been regained in the second quarter and domestic growth rates remain strong. The Nourished Life platform is expected to launch in two new international markets in the second half which will further support revenue growth in the period.

Dividends paid or recommended

The following dividends have been paid to shareholders during the half-year ended:

	cents per ordinary share	$'000
31 December 2018		
2018 Final fully franked dividend – paid 12 October 2018	4.2	5,204
31 December 2017		
2017 Final fully franked dividend – paid 12 October 2017	4.2	3,889
2017 Interim fully franked dividend – paid 6 April 2018	3.25	3,983

For the half-year ending 31 December 2018, no dividends have been declared.

Events subsequent to the reporting date

No matters have arisen in the interval between the end of the reporting period and the date of this report 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 reporting periods.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 31 December 2018 has been received and is attached to this Directors' Report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

Auditor's independence declaration

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BWX LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2018 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Dated this 22nd day of February, 2019

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Consolidated Statement
of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2018

	Note	Half-year ended 31 December 2018 $'000	Half-year ended 31 December 2017 $'000
Sales revenue		68,123	67,205
Cost of sales		(33,017)	(27,160)
Gross profit		**35,106**	**40,045**
Other income		431	796
Corporate and administrative expenses		(9,897)	(8,356)
Marketing, selling and distribution expenses		(16,155)	(13,191)
Occupancy expenses		(1,525)	(1,244)
Research and development and quality control expenses		(862)	(536)
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses		**7,098**	**17,514**
Depreciation and amortisation		(1,353)	(946)
Finance expenses		(2,796)	(1,922)
Acquisition and restructuring benefits/(expenses)	3	77	(5,453)
Profit before tax		**3,026**	**9,193**
Income tax expense		(424)	(3,799)
Profit after tax		**2,602**	**5,394**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas subsidiaries		7,685	(488)
Total other comprehensive income (loss) for the period		**7,685**	**(488)**
Total comprehensive income attributable to owners of the Company		**10,287**	**4,906**
Earnings per share (EPS)			
Basic EPS (cents)	8	2.1	5.2
Diluted EPS (cents)	8	2.1	5.0

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

Consolidated Statement of Financial Position

as at 31 December 2018

	Note	December 2018 $'000	June 2018 $'000
Current assets			
Cash and cash equivalents		5,659	19,892
Trade and other receivables		30,444	31,194
Inventories		34,929	27,891
Prepayments		6,147	1,825
Total current assets		**77,179**	**80,802**
Non-current assets			
Plant and equipment		3,910	3,512
Intangible assets and goodwill	4	284,473	274,315
Deferred tax assets		6,136	3,192
Total non-current assets		**294,519**	**281,019**
Total assets		**371,698**	**361,821**
Current liabilities			
Trade and other payables		22,939	16,156
Financial liabilities	5	20,783	18,237
Current tax liabilities		435	1,419
Employee benefits		1,046	1,236
Total current liabilities		**45,203**	**37,048**
Non-current liabilities			
Financial liabilities	5	48,906	54,548
Employee benefits		173	197
Total non-current liabilities		**49,079**	**54,745**
Total liabilities		**94,282**	**91,793**
Net assets		**277,416**	**270,028**
Equity			
Contributed equity	6	235,754	233,245
Reserves		16,219	8,738
Retained earnings		25,443	28,045
Total equity		**277,416**	**270,028**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2018

	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2017	81,929	663	16,701	99,293
Profit for the year	-	-	5,394	5,394
Other comprehensive income for the year				
Exchange difference on translation of overseas subsidiaries	-	(488)	-	(488)
Toal other comprehensive income	-	(488)	-	(488)
Total comprehensive income	**-**	**(488)**	**5,394**	**4,906**
Transactions with owners of the Company				
Transactions with employee loan plan shareholders	588	-	-	588
Share issued, net of costs	147,061	(177)	-	146,884
Vesting costs for performance rights	-	702	-	702
Performance rights vested	150	(150)	-	-
Dividends paid	231	-	(3,889)	(3,658)
Total transaction with owners	**148,030**	**375**	**(3,889)**	**144,516**
Balance at 31 December 2017	**229,959**	**550**	**18,206**	**248,715**
Balance at 1 July 2018	233,245	8,738	28,045	270,028
Profit for the year	-	-	2,602	2,602
Other comprehensive income for the year				
subsidiaries	-	7,685	-	7,685
Total other comprehensive income	**-**	7,685	**-**	7,685
Total comprehensive income	**-**	**7,685**	**2,602**	**10,287**
Transactions with owners of the Company				
Shares issued, net of costs	1,054	-	-	1,054
Vesting costs for performance rights	-	1,083	-	1,083
Performance rights vested	1,287	(1,287)	-	-
Dividends paid	168	-	(5,204)	(5,036)
Total transaction with owners	**2,509**	**(204)**	**(5,204)**	**(2,899)**
Balance at 31 December 2018	**235,754**	**16,219**	**25,443**	**277,416**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2018

	Notes	Half-year ended 31 December 2018 $'000	Half-year ended 31 December 2017 $'000
Cash flows from operating activities			
Cash receipts from customers		71,994	72,487
Cash paid to suppliers and employees		(73,111)	(54,571)
Payments for transaction costs		(2,074)	(7,492)
Income taxes paid		(2,487)	(4,859)
Other income received		337	22
Interest paid		(1,941)	(1,916)
Net cash flows (used in)/from operating activities		**(7,282)**	**3,671**
Cash flows from investing activities			
Acquisition of plant and equipment		(1,218)	(382)
Acquisition of intangible assets	4	(1,426)	-
Cash outflow on acquisition of business, net of cash acquired		(5,211)	(98,074)
Net cash flows used in investing activities		**(7,855)**	**(98,456)**
Cash flows from financing activities			
Proceeds from issue of share capital	6	940	128,226
Transaction costs for issue of shares		-	(4,457)
Dividends paid	7	(5,076)	(3,771)
Proceeds from (repayments of) borrowings		4,680	(9,428)
Net cash flows from financing activities		**544**	**110,570**
Net (decrease)/ increase in cash and cash equivalents		(14,593)	15,784
Effect of exchange rate changes on cash held		360	95
Cash and cash equivalents at beginning		19,892	11,010
Cash and cash equivalents at end		**5,659**	**26,889**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 1: Reporting Entity

This half-year financial report of BWX Limited as at and for the half-year ended 31 December 2018 comprises the Company and its subsidiaries. BWX Limited is a listed public company domiciled in Australia. The Company's registered office is at Level 17, 525 Collins Street, Melbourne, Victoria, Australia. The Group is primarily involved in the manufacture, wholesale, online and distribution sale, and development of natural body, hair and skin care products.

This half-year financial report does not include 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 BWX Limited during the half-year reporting period ended 31 December 2018 and until the date of this report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The annual financial report of the Group as at and for the year ended 30 June 2018 is available on the Company's website www.bwxltd.com.

Note 2: Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report.

(a) Statement of Compliance

The half-year financial report has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

This half-year financial report was approved by the Directors on 22 February 2019.

(b) Basis of Preparation

The accounting policies and methods of computation adopted in the preparation of this half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2018, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191, relating to the 'rounding off' of amounts in the directors' and financial reports. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, unless otherwise indicated.

(c) Impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Determining whether goodwill is impaired requires 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 estimation of future cash flows that are expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. There was no impairment recognised during the half-year as a result of this.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 2: Summary of significant accounting policies (continued)

(d) Accounting standards and interpretations

The Company has adopted all of 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. There has been no material impact on these financial statements arising from the adoption of these Standards and Interpretations.

AASB 15 Revenue from Contracts with Customers ("AASB 15")

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transition provisions in AASB 15 the standard has been applied using the modified retrospective approach. On this basis there were no restatements of prior comparative balances.

AASB 15 supersedes AASB 118 – Revenue, AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15 Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. At 30 June 2018, all material contracts were assessed by the Group and it was determined that the adoption of AASB 15 had no significant impact on the Group. The updated accounting policy for revenue has been disclosed below.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:
Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations; and
Step 5: Recognise revenue as the performance obligations are satisfied.

Following the adoption of AASB 15, on 1 July 2018, the Group's revenue recognition accounting policy is that:
•The performance obligation for the sale of goods is satisfied in the majority of instances when the goods are shipped to the customer. Under the new accounting standard revenue is recognised net of trade discounts and rebates.

AASB 9 Financial Instruments ("AASB 9")
The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces *AASB 139 Financial Instruments: Recognition and Measurement* ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 below.

Measurement and classification
At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been de-recognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139 (i.e. prior to 1 July 2018)	New Measurement category under AASB 9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial asset at amortised cost
Trade and other receivables	Loans and receivables	Financial asset at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing liabilities	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018.

Note 2: Summary of significant accounting policies (continued)

(d) Accounting standards and interpretations (continued)

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

At 1 July 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows;

Items existing at 1 July 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance required on 1 July 2018
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.	-
Trade receivables	The Group applied the simplified approach and concluded that the lifetime ECL would be negligible on receivable balances not already provided for and therefore no loss allowance was required at 1 July 2018.	-

(e) Fair value measurement

Due to the nature of the Group's operating profile, the Directors and management do not consider that the fair values of the Group's financial assets and liabilities are materially different from their carrying amounts at 31 December 2018.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 3: Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (the Chief Operating Decision Maker as defined under AASB 8) that are used to make strategic and operating decisions.

Following the acquisition of the Mineral Fusion and Andalou businesses, the Group operates within two reportable markets, United States of America (USA) and Australia/International (which comprises all other business outside of the USA). The executive management team review the results of the Group at this level. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation. Inter-segment pricing is determined on an arm's-length basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. The Chief Executive Officer assesses the performance of the operating segment based on a measure of profit before taxation, depreciation, amortisation, finance costs, and acquisition and restructuring related expenses.

Segment result	Half-year ended 31 December 2018		
	USA $'000	Australia / International $'000	Total $'000
Revenue			
Revenue from operations	33,061	35,062	68,123
Inter-segment revenue	152	234	386
Total segment revenue	**33,213**	**35,296**	**68,509**
Inter-segment elimination	(152)	(234)	(386)
Total consolidated revenue	**33,061**	**35,062**	**68,123**
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	5,122	3,216	8,338
Depreciation and amortisation	(273)	(1,080)	(1,353)
Acquisition and restructuring expenses	(237)	314	77
Segment result	**4,612**	**2,450**	**7,062**
Head office result			(1,240)
Profit before tax and finance expenses			**5,822**
Finance expenses			(2,796)
Profit before tax			**3,026**
Income tax expense			(424)
Net profit after tax			**2,602**

Note 3: Segment information (continued)

Segment result	USA $'000	Australia / International $'000	Total $'000
	Half-year ended 31 December 2017		
Revenue			
Revenue from operations	21,531	45,674	67,205
Inter-segment revenue	118	384	502
Total segment revenue	**21,649**	**46,058**	**67,707**
Inter-segment elimination	(118)	(384)	(502)
Total consolidated revenue	**21,531**	**45,674**	**67,205**
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	3,855	15,363	19,218
Depreciation and amortisation	(342)	(527)	(869)
Acquisition and restructuring expenses	(1,254)	(4,788)	(6,042)
Segment result	**2,259**	**10,048**	**12,307**
Head office result			(1,192)
Profit before tax and finance expenses			**11,115**
Finance expenses			(1,922)
Profit before tax			**9,193**
Income tax expense			(3,799)
Net profit after tax			**5,394**

Geographical information

Non-current operating assets[1] per geographical region is presented as follows:

	31 December 2018 $'000	30 June 2018 $'000
Non-current operating assets[1]		
Australia	109,557	108,024
United States	178,825	169,607
Other	206	197
	288,588	**277,828**

[1] Non-current assets exclude financial instruments, deferred tax assets and deferred tax liabilities

Revenue from geographical region based on the location of the external customer is presented as follows:

	Half-year ended 31 December 2018 $'000	Half-year ended 31 December 2017 $'000
Net sales revenue		
Australia	31,358	35,689
United States	29,224	21,531
Other	7,541	9,985
	68,123	**67,205**

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 3: Segment information (continued)

Acquisition and restructuring costs
During the half-year ended 31 December 2018, $0.77 million in acquisition and restructuring benefits (2017: $5.453 million cost) were incurred in relation to the following:

- Costs of $4.590 million were incurred in relation to the indicative proposal to acquire shares of the Company.
- As at 31 December 2018, management performed an assessment of the deferred consideration in relation to the acquisition of Nourished Life and have assessed that applicable targets have not been satisfied. An adjustment of $5.438 million has been recognised in "Acquisition and restructuring expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Other acquisition related costs

Note 4: Intangible assets and goodwill

	Customer Relationships $'000	Formulations and Processes $'000	Brands and Trademarks $'000	Goodwill $'000	Computer Software $'000	Total $'000
Half-year ended 31 December 2017						
Opening carrying value	**5,113**	**7,203**	**37,616**	**82,320**	**203**	132,455
Additions	797	-	-	-	-	797
Acquisitions of subsidiaries	-	-	-	134,151	-	134,151
Disposals	(1,774)	-	-	-	-	(1,774)
Effects of movements in exchange rates	-	-	-	(1,438)	-	(1,438)
Amortisation	-	-	-	-	-	-
Closing carrying value	**4,136**	**7,203**	**37,616**	**215,033**	**203**	**264,191**
As at 31 December 2017						
Cost	4,136	7,203	37,616	215,033	217	264,205
Accumulated amortisation	-	-	-	-	(14)	(14)
Carrying value	**4,136**	**7,203**	**37,616**	**215,033**	**203**	**264,191**
Half-year ended 31 December 2018						
Opening carrying value	**4,136**	**7,203**	**101,914**	**159,452**	**1,610**	**274,315**
Additions	-	153	-	-	1,876	2,029
Acquisitions of subsidiaries	-	-	-	-	-	-
Reclassification on independent valuation [1]	4,060	-	3,130	(7,190)	-	-
Disposals / Other movements	-	-	-	-	-	-
Effects of movements in exchange rates	-	-	4,686	3,945	10	8,641
Amortisation	(508)	-	-	-	(4)	(512)
Closing carrying value	**7,688**	**7,356**	**109,730**	**156,207**	**3,492**	**284,473**
As at 31 December 2018						
Cost	8,196	7,356	109,730	156,207	3,521	285,010
Accumulated amortisation	(508)	-	-	-	(29)	(537)
Carrying value	**7,688**	**7,356**	**109,730**	**156,207**	**3,492**	**284,473**

[1] An independent valuation of intangibles was performed in the current reporting period as part of finalising the business combination accounting for the acquisition of the Nourished Life business.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 4: Intangible assets and goodwill (continued)

Impairment testing of indefinite-lived intangible assets

For impairment testing purposes, the Group identifies a cash generating unit (CGU) as the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or groups of assets. For the purposes of impairment testing, goodwill and brands & trademarks have been allocated to the Group's CGUs as follows:

	31 December 2018		30 June 2018	
	Goodwill	Brands & Trademarks	Goodwill	Brands & Trademarks
Cash Generating Unit	$	$	$	$
USA	110,210	67,492	104,774	64,298
Australia/International	45,997	42,238	54,678	37,616
	156,207	109,730	159,452	101,914

At each reporting date the Group assesses whether there is an indicator that assets contained within one of the Group's CGUs may be impaired. When an indicator of impairment exists, the Group makes a formal assessment of the recoverable amount generated by the relevant CGU. Where the carrying amount of assets contained within the CGU exceeds its recoverable amount the assets contained within the CGU are considered impaired and written down to their recoverable amount. The Group considers its relationship between its market capitalisation and book value of equity, among other factors, when reviewing for indicators of impairment. At 31 December 2018 the market capitalisation of the Company was below the book value of equity.

As at 31 December 2018 management has assessed the carrying value of assets in each CGU. Management concluded that an indicator of impairment existed in the USA CGU and performed an impairment test for this CGU. Based on the results of the tests impairment charges were not required in the current period. The assumptions used in this modelling are disclosed below;

	USA	
	31 December 2018	30 June 2018
Key assumptions	%	%
Growth rate over forecast period	7.6	12.5
Terminal value growth rate	2.5	2.5
Pre-tax discount rate	12.2	12.5

Recoverable amounts are calculated in line with each CGUs valuation methodology which is based on a value in use model. Impairment losses are recognised immediately in the income statement.

The key estimates and assumptions used to determine the recoverable amount of a CGU are based on management's current expectations after considering past experience and external information and are considered to be reasonably achievable. The assumptions used by management have also been reviewed by an independent expert.

Furthermore, the recoverable amount of the USA CGU would equal its carrying amount if the key assumptions were to change as follows;

- Growth rate over the forecast period decreased by 1.6% compared to the current modelling; and
- Pre-tax discount rate increased to 13.6% as compared to the current modelling

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any other instances that could cause the carrying amount of the USA CGU to exceed its recoverable amount.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 5: Financial liabilities

	31 December 2018 $'000	30 June 2018 $'000
Current		
Bank loan	6,700	6,700
Trade finance facility	10,000	5,368
Market rate loan	3,000	-
Other	145	-
Equipment finance	364	225
Capitalised borrowing costs	(283)	(283)
	19,926	12,010
Deferred consideration– Nourished Life[1]	642	1,541
Deferred payments – Andalou Naturals[2]	215	4,686
	20,783	**18,237**
Non-current		
Bank loan	36,970	38,769
Equipment finance	350	284
Capitalised borrowing costs	(137)	(279)
	37,183	38,774
Deferred consideration– Nourished Life[1]	1,604	6,371
Deferred payments – Andalou Naturals[2]	10,119	9,403
	48,906	**54,548**

[1] Resulted from impact of revision of estimate – Refer to note 3 for details.
[2] Payment of $5.2m was made in September 2018 as the required conditions were fulfilled, as well as foreign currency movements

Terms and repayments schedule
The terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Year of maturity	31 December 2018 Face value $'000	31 December 2018 Carrying amount $'000	30 June 2018 Face value $'000	30 June 2018 Carrying amount $'000
Bank loan – USD	LIBOR + 2.9%	2020	31,903	31,903	30,393	30,393
Bank loan	BBSY + 2.9%	2020	11,767	11,767	15,075	15,075
Trade finance facility	3.0-3.3%	2019	10,000	10,000	5,368	5,368
Market rate facility	1.9%-2.2%	2019	3,000	3,000	-	-
Amortised borrowing costs			-	(419)	-	(562)
Total interest-bearing liabilities			**56,670**	**56,251**	**50,836**	**50,274**

The facilities are subject to debt service coverage, gross leverage and working capital covenants. The facility imposes obligations on the Group with respect to reporting to the Commonwealth Bank of Australia. For the half-year ended 31 December 2018, the Group has complied with its obligations under the facility.

Note 6: Contributed Equity

	31 December 2018 $'000	30 June 2018 $'000
Ordinary shares, fully paid	235,754	233,245

The Company does not have authorised capital or par value in respect of its issued shares.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 6: Contributed Equity (continued)

	2018		2017	
	Number	$'000	Number	$'000
Balance at 1 July	122,731,270	233,245	92,296,020	81,929
Shares issued under employee loan plan[1]				
- 5 July 2017	-	-	105,000	-
- 18 August 2017	-	-	200,000	-
- 21 September 2017	-	-	100,000	-
- 5 December 2017	-	-	545,000	-
- 18 August 2018	865,000	-	-	-
- 22 August 2018	100,000	-	-	-
- 12 October 2018	83,333	-	-	-
- 12 December 2018	50,000	-	-	-
Shares issued on exercise of Options[2]	-	-	-	-
- 23 October 2017	-	-	250,000	500
- 7 November 2017	-	-	500,000	1,047
- 28 November 2017	-	-	3,220,000	6,440
- 13 December 2017	-	-	500,000	1,130
- 3 September 2018	200,000	400	-	-
- 12 September 2018	170,000	340	-	-
- 17 September 2018	100,000	200	-	-
Shares issued for (deferred) consideration on acquisition	-	-	-	-
- deferred consideration on acquisition of Nourished Life[3]	33,618	114	-	-
- consideration on acquisition of Nourished Life	-	-	741,057	4,000
- consideration on acquisition of Andalou Naturals	-	-	3,105,885	19,816
Placements and rights issues	-	-	-	-
- institutional placement	-	-	3,177,571	17,000
- renounceable entitlement offer – accelerated institutional component	-	-	11,014,062	65,203
- renounceable entitlement offer – retail component	-	-	5,976,675	35,382
Receipt of exercise price for exercise of Options on 2 January 2018	-	-		1,000
Transaction costs relating to share issues, net of tax	-	-	-	(4,457)
Vesting of employee loan plan shares[4]	-	1,287	-	150
Transactions with employee loan plan shareholders	-	-	-	588
Distributions paid[5]	-	168	-	231
Balance at 31 December	**124,333,221**	**235,754**	**121,731,270**	**229,959**

Movements in share capital

1 Shares were issued to senior management as part of the Company's Employee Loan Plan. Refer Note 8 for further details;

2 Shares issued as part of the Company's Performance Options plan on exercise. Refer Note 8 for further details;

3 33,618 shares were issued at a fair value of $3.38 representing the 30-day VWAP immediately prior to the date of issue. Shares are subject to a 12-month voluntary escrow period ending 2 November 2019;

4 Proceeds from employee loan plan participants in satisfaction of outstanding loan balances on exercise of vested employee loan plan shares; and

5 Distributions on employee loan plan shares are not fully paid in cash as per the employee loan plan agreement. The extent to which the Company pays cash on dividends is limited to the total tax payable on the dividend income in the shareholders' name, less the value of franking credits attributable to that dividend.

Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings in a poll or one vote per shareholder on a show of hands. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 7: Dividends

The following dividends have been paid to shareholders during the half-year ended:

	cents per ordinary share	$'000
31 December 2018		
2018 Final fully franked dividend – paid 12 October 2018	4.2	5,204
31 December 2017		
2017 Final fully franked dividend – paid 12 October 2017	4.2	3,889
2017 Interim fully franked dividend – paid 6 April 2018	3.25	3,983

For the half-year ending 31 December 2018, no dividends have been declared. In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of $11,016,618 (30 June 2018: $10,909,132) franking credits.

Note 8: Earnings per share

	Half-year ended 31 December 2018 Cents	Half-year ended 31 December 2017 Cents
Basic earnings per share	2.1	5.2
Diluted earnings per share	2.1	5.0

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for any bonus issue. The calculation of diluted earnings per share has been based on the above, taking adjustment for the effects of all dilutive potential ordinary shares.

	Half-year ended 31 December 2018 $'000	Half-year ended 31 December 2017 $'000
Net profit used in calculating basic and diluted EPS	2,602	5,394

	2018 Number '000s	2017 Number '000s
Weighted average number of ordinary shares at 31 December used in the calculation of basic earnings per share	**123,813**	**103,490**
Add: effect of potential conversion to ordinary shares under options schemes	182	5,176
Weighted average number of ordinary shares at 31 December used in the calculation of diluted earnings per share	**123,995**	**108,666**

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2018

Note 9: Share-based payments

Employee Loan Plan

During the current reporting period, performance rights were issued to executive directors and senior management under the Company's Employee Loan Plan ("ELP"). The issue of the rights was financed by the Group through limited recourse loan agreements which have no interest-bearing terms.

Under the ELP, participants are provided with a limited recourse loan with no interest bearing terms from the Company for the sole purpose of acquiring shares in the Company. The shares have all the rights and entitlements attached to ordinary shares, with the following exceptions:

- From their grant date the shares cannot be disposed or assigned until they have vested in accordance with performance milestones as disclosed in public announcements;
- Any dividends paid on the shares while any part of the loan remains outstanding (on a notional after-tax basis) will be applied towards repaying the loan;
- With regards to the enforcement of loan repayments, the Board holds discretion to modify the repayment terms.

Vested shares	Unvested shares
• Repayment of the loan must be made within five years from when the shares were issued; • The borrower must repay the lesser of the outstanding value of the loan or the market value of the shares acquired within the loan facility at the time of repayment; and • If the borrower leaves employment with the Group, they must repay within 12 months from their termination date the lesser of the outstanding balance on the loan amount or the market value of the shares acquired with the loan facility at repayment date.	• Repayment of the loan must be made within five years from when the shares are issued; • The borrower must repay the market value at the time of repayment of the shares unless the loan had previously been repaid in full; and • If the borrower leaves employment with the Group and holds unvested shares the borrower must repay the market value of the shares at the time of repayment unless the loan has been previously repaid in full.

In assessing the accounting treatment of this transaction, the Directors considered AASB 2 Share Based Payments, and determined that the arrangement constituted in economic substance the granting of performance rights to employees and key management personnel, where, subject to the criteria set out above, the recipients have the entitlement to acquire the full economic benefit of the shares (being the right to unfettered dividend and capital return entitlements for those shares issued and granted at that date).

Movements in performance rights during the period

The Group recorded a share-based payments expense for performance rights of $1.083 million (2017: $0.702 million) disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under "Corporate and Administrative expenses".

	Number of ELP (performance rights) 2018	Weighted average exercise price 2018	Number of ELP (performance rights) 2017	Weighted average exercise price 2017
Outstanding at 1 July	**3,043,000**	**$3.82**	**2,513,000**	**$2.20**
Forfeited during the period	(83,334)	$6.38	-	-
Exercised during the period	-	-	(420,000)	$1.50
Granted during the period	1,098,334	$4.69	950,000	$5.97
Outstanding at 31 December	**4,058,000**	**$4.00**	**3,043,000**	**$3.87**
Exercisable at 31 December	1,932,456	$2.87	1,210,200	$1.61

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2018

Note 9: Share-based payments (continued)

Options

The Options plan is designed as an incentive to participants to build and expand the Group's business. The plan also recognises participant's initial financial and time commitments to the Company. Options were largely issued to Directors of the Company at the inception of BWX Limited during 2013 and prior to the Company's listing on ASX on 11 November 2015

Reconciliation of outstanding share options

The number and weighted average exercise prices of the Company's share options are as follows:

	Number of options 2018	Weighted average exercise price 2018	Number of options 2017	Weighted average exercise price 2017
Outstanding at 1 July	470,000	$2.00	5,940,000	$2.00
Exercised during the period	(470,000)	$2.00	(4,470,000)	$2.00
Outstanding at 31 December	**-**	**-**	**1,470,000**	**$2.00**
Exercisable at 31 December	-	-	1,470,000	$2.00

Note 10: Subsequent events

For the half-year ending 31 December 2018, no dividends have been declared.

There has not been any other matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years, other than that disclosed in the Directors' Report.

Note 11: Contingent Liabilities

As announced to the ASX on 10 July 2018, Waterloo Capital Partners LLC (WCP) has filed proceedings against the Company in relation to a success fee stemming from the acquisitions of Minerals Fusion and Andalou Naturals businesses and the May 2018 indicative proposal. The Board believes the claim has been filed opportunistically and the Company is defending the legal proceedings.

Directors' Declaration

In the opinion of the directors of BWX Limited (the Company):

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in their opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and Corporations Regulations 2001, including compliance with Accounting Standards AASB 134 Interim Financial Statements and give a true and fair view of the financial position and performance of the consolidated entity for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Myles Anceschi
Chief Executive Officer

Melbourne, 22 February 2019

Independent Auditor’s Report

William Buck

BWX Limited

Independent auditor’s review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of BWX Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 BWX Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

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 financial report is not in accordance with the *Corporations Act 2001 including:*

— giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and

— complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

As the auditor of BWX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Independent Auditor's Report

William Buck

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*.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N.S Benbow
Director

Dated this 22nd day of February, 2019

Corporate Directory

Directors (as at 31 December 2018)

Mr Ian Campbell	Non-Executive Chairman
Mr Denis Shelley	Non-Executive Director
Mr David Fenlon	Non-Executive Director
Mr Myles Anceschi	Chief Executive Officer
Ms Fiona Bennett	Non-Executive Director
Ms Jodie Leonard	Non-Executive Director

Company Secretary

Mr Vinod Somani

Principal Place of Business

2 Darby Way
Dandenong South VIC 3175
Australia
Website: www.bwxltd.com
Tel: +61 3 8785 6300

Registered Office

c/- Minter Ellison
Level 23 Rialto Towers
525 Collins Street
Melbourne VIC 3000
Australia

Share Registry Details

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne VIC 3008
Australia
Tel (within Australia): 1300 554 474
Tel (international): +61 1300 554 474
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Solicitors

Minter Ellison
Level 23 Rialto Towers
525 Collins Street
Melbourne VIC 3000
Australia

Auditors

William Buck
Level 20
181 William Street
Melbourne VIC 3000
Australia