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FOS
CAPITAL

Financial Report

Half year ended 31 December 2021
ACN 637 156 275

Appendix 4D - Half Year Report for six months ended 31 December 2021

Results for announcement to the market

Name of entity	FOS CAPITAL LIMITED
ACN	637 156 275

Reporting Period

Half Year Ended	31 December 2021
Previous Corresponding period – half year ended	31 December 2020

Results for announcement to the market

Revenue from ordinary activities	Up	76.8%	to	6,177,135
Profit from ordinary activities after tax attributable to members	Down	30.9%	to	287,446
Net profit for the period attributable to members	Down	30.9%	to	287,446
	Amount per Security		Franked amount per Security	
Interim Dividend - Current period		Nil		Nil
- Previous corresponding period		Nil		Nil
Final Dividend - Current period		Nil		Nil
- Previous corresponding period		Nil		Nil

No interim dividend has been declared for the half-year ended 31 December 2021.

Net tangible assets per security

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	12.9 cents	11.8 cents

Control gained over entities during the half year ended 31 December 2021

On 1 October 2021 FOS Lighting Pty Limited acquired 100% shareholding in Ecopoint Limited, New Zealand. Ecopoint is a supplier of commercial and architectural lighting products in New Zealand. Since the acquisition date Ecopoint Limited has contributed net profit after tax of \$63,422 which is included within the consolidated profit.

Additional Appendix 4D disclosure requirements can be found in the enclosed interim financial report of FOS Capital Limited for the half year ended 31 December 2021. This report is also to be read in conjunction with the Annual Report of FOS Capital Limited for the year ended 30 June 2021 and any public announcements made by FOS Capital Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

This report is based on the consolidated financial statements for the half year ended 31 December 2021 which have been reviewed by William Buck.

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Directors' Report

The directors present their report together with the condensed financial report of the Consolidated entity consisting of FOS Capital Limited and the entities it controlled (the Consolidated entity), for the half-year ended 31 December 2021 and independent auditor's review report thereon.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are set out below. Each of the directors was in office for this entire period, unless otherwise stated.

Con Scrinis, Managing Director
Michael Koutsakis, Director
Michael Monsonogo, Director
Alexander (Sandy) Beard, Director

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated entity include the manufacturing of a full range of commercial luminaires, outdoor fittings and linear extruded lighting as well as distributing a complete range of commercial and architectural lighting.

RESULTS OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Board is pleased to report that Consolidated entity's trading improved significantly with group revenues of \$6.18 million (2020: \$3.49 million) for the half year ended 31 December 2021, orders in hand at December 2021 increased to \$6.1 million compared to \$1.4 million at December 2020 and active quotes at December 2021 was \$50 million compared to \$25 million at December 2020.

The Directors of FOS Capital Limited take great pleasure in reporting consolidated net profit after tax \$287,446 (2020: \$416,083) for the half year ended 31 December 2021.

This result takes into account the significant investment we have made in expanding our sales team and without the benefit of Job-Keeper from the previous year.

The Consolidated entity has been able to manage the period through Covid19 having endured significant disruption due to lock down. This lock down led to many projects being delayed with the constant rescheduling of production, nevertheless our outstanding team of professionals stood up to the task of always keeping our customers as our priority. We have also increased certain inventory items in order to protect ourselves from supply chain delays that are having an effect on our industry.

On 1 October 2021 FOS Lighting Pty Ltd acquired a 100% shareholding in Ecopoint Limited, New Zealand. Ecopoint is a supplier of commercial and architectural lighting products in New Zealand. The business has been operating over 12 years and focus on applying solution-based lighting on the latest in luminaire design and performance.

The Ecopoint acquisition will expand the Company's geographic spread in New Zealand and also allow to distribute Ecopoint products in all states of Australia.

We take this opportunity to thank all stake holders especially our dedicated staff and are looking forward to an exciting second half.

MATTERS SUBSEQUENT TO REPORTING DATE

There were no matters or circumstances specific to the Consolidated entity that have arisen since 31 December 2021 that have significantly affected or may significantly affect the Consolidated entity's operations and state of affairs.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year attached to these financial statements.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2020/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors.



Con Scrinis
Director

Date: 18 February 2022

Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Revenue			
Revenue	2	6,177,135	3,494,219
Cost of sales		(3,389,865)	(2,211,202)
Gross Profit		2,787,270	1,283,017
Other Income	2	264,923	457,100
Share of profit from JSB Lighting		-	55,981
Expenses			
Selling and distribution expenses		(729,191)	(337,210)
Administrative and corporate expenses		(1,579,154)	(633,622)
Depreciation of right of use assets		(363,854)	(194,507)
Depreciation & amortisation		(54,441)	(22,201)
Finance costs		(14,370)	(13,155)
Profit before income tax expense		311,183	595,403
Income tax expense		(23,737)	(179,320)
Profit after tax		287,446	416,083
Other comprehensive income			
Other comprehensive income that may subsequently reclassified to the profit or loss - foreign currency translation loss		(21,302)	-
Total comprehensive income for half-year		266,144	416,083
Earnings per share (cents per share) for profit attributable to the equity holders of the entity:			
Basic and diluted earnings per share	5	0.63	1.38

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Financial Position as at 31 December 2021

	Notes	31 Dec 2021 \$	30 Jun 2021 \$
Current assets			
Cash and cash equivalents		1,988,489	2,965,249
Trade and other receivables		1,954,383	2,302,275
Inventories		3,629,954	2,451,465
Other current assets		690,086	112,680
Total current assets		8,262,912	7,831,669
Non-current assets			
Plant and equipment		375,087	397,464
Right of use assets		1,645,861	938,863
Intangible assets		1,561,397	1,025,603
Deposits for leaseholds		45,000	45,000
Deferred tax assets		739,241	745,978
Total Non-current assets		4,366,586	3,152,908
Total assets		12,629,498	10,984,577
Current liabilities			
Trade and other payables		1,563,576	1,603,197
Contract Liabilities		622,968	-
Lease liabilities		752,847	630,625
Provision for employee entitlements		486,459	440,017
Provision for income tax expense		216,746	366,398
Provision for warranty		29,571	42,252
Total current liabilities		3,672,167	3,082,489
Non-current liabilities			
Lease liabilities		1,096,035	675,746
Provision for employee entitlements		31,711	21,419
Deferred tax liability		274,840	282,041
Total non-current liabilities		1,402,586	979,206
Total Liabilities		5,074,753	4,061,695
Net assets		7,554,745	6,922,882
Equity			
Contributed capital	4	4,054,389	3,688,670
Foreign currency translation reserve		(21,185)	117
Retained earnings		3,521,541	3,234,095
Total equity		7,554,745	6,922,882

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020	Contributed equity \$	Common control reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total equity \$
At 1 July 2020	400,100	2,415,467	-	76,517	2,892,084
Transfer of common control reserves to retained earnings	-	(2,415,467)	-	2,415,467	-
Issue of shares for investment in JSB	600,000	-	-	-	600,000
Profit for the half year	-	-	-	416,083	416,083
At 31 December 2020	1,000,100	-	-	2,908,067	3,908,167

For the half year ended 31 December 2021	Contributed equity \$	Common control reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total equity \$
At 1 July 2021	3,688,670	-	117	3,234,095	6,922,882
Issue of shares for acquisition of Ecopoint Limited	365,719	-	-	-	365,719
Change in foreign currency translation reserve	-	-	(21,302)	-	(21,302)
Profit for the half year	-	-	-	287,446	287,446
At 31 December 2021	4,054,389	-	(21,185)	3,521,541	7,554,745

The accompanying notes forms part of these Financial Statements

Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows from operating activities		
Receipts from customers	7,282,929	4,039,151
Income from government grants - COVID Support	102,342	457,100
Payments to suppliers and employees	(6,950,558)	(3,797,113)
Interest received	570	-
Interest paid	(14,370)	(13,155)
Payment of income tax	(173,853)	-
Net cash flows from operating activities	247,060	685,983
Cash flows from investing activities		
Payment for plant and equipment	(2,806)	-
Payment for acquisition of Ecopoint Limited net of cash acquired (Note 6)	(754,299)	-
Net cash flows used in investing activities	(757,105)	-
Cash flows from financing activities		
Payment of lease liabilities	(445,413)	(185,164)
Net cash flows from / (used in) financing activities	(445,413)	(185,164)
Net increase / (decrease) in cash and cash equivalents	(955,458)	500,819
Impact of exchange rates on cash and cash equivalents	(21,302)	-
Cash and cash equivalents at beginning of half year	2,965,249	648,608
Cash and cash equivalents at end of the half year	1,988,489	1,149,427

The accompanying notes forms part of these Financial Statements

Notes to Condensed Consolidated Half-Year Financial Statements**1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The condensed consolidated half year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 of FOS Capital Limited.

The financial report covers FOS Capital Limited and controlled entities as a Consolidated entity. FOS Capital Limited is a company limited by shares, incorporated, and domiciled in Australia. The address of FOS Capital Limited's registered office and principal place of business is Unit 3, 41 Rose Street, Richmond, VIC 3121. FOS Capital Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of signing the attached Directors' Declaration.

a. Basis of accounting

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The condensed consolidated half-year financial report includes the consolidated results of FOS Capital Limited and its controlled entities FOS Lighting Pty Limited, Baker & McAuliffe Holdings Pty Ltd, FOSCAP Investment Pty Ltd, JSB Lighting (NZ) Limited, and Ecopoint Limited, New Zealand (acquired on 1 October 2021) for the half year ended 31 December 2021.

The half-year financial report has been prepared in accordance with the historical cost convention, with the exception of fair values applied to the acquisition of assets and assumption of liabilities upon business acquisitions.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2021 and the corresponding half-year.

(b) New or amended Accounting Standards and Interpretations adopted

The Consolidated entity adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact upon these financial statements arising from their adoption.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, however the directors also consider that none of these will have a material impact on the Consolidated entity's existing accounting policies.

Notes to Condensed Consolidated Half-Year Financial Statements (cont'd)

2. REVENUE

	31 Dec 2021 \$	31 Dec 2020 \$
a) Sales revenue	6,177,135	3,494,219
b) Other Income		
Revenue from government grants – COVID support	102,342	457,100
Interest received	570	-
Rent received	66,014	-
Re-assignment or settlement of lease liability obligations	82,928	-
Other revenue	13,069	-
	264,923	457,100
Total Revenue	6,442,058	3,951,319

3. OPERATING SEGMENTS

The Consolidated entity operates in one segment being the manufacturing a full range of commercial luminaries, outdoor fittings and linear extruded lighting as well as distributing a complete range of commercial and architectural lighting in Australia and New Zealand.

Geographic Segment information for the half year ended 31 December 2021

	Australia \$	New Zealand \$	Total \$
Sales revenue	5,561,755	615,380	6,177,135
Government grants – COVID support	102,342	-	102,342
Other revenue	162,488	93	162,581
Total Revenue	5,826,585	615,473	6,442,058
Net profit after tax	231,591	55,855	287,446
Total assets	10,355,511	2,273,987	12,629,498
Total liabilities	(4,067,018)	(1,007,735)	(5,074,753)

The Consolidated entity did not include Baker & McAuliffe Holdings Pty Ltd, JSB Lighting (NZ) Limited and Ecopoint Limited (New Zealand) for the half year ended 31 December 2020 as they were acquired subsequent to that date. As the Consolidated entity did not trade in New Zealand during half year ended 31 December 2020, hence no comparative geographic segment information is provided in this report.

Notes to Condensed Consolidated Half-Year Financial Statements (cont'd)

4. ISSUED CAPITAL

	31 Dec 2021
	\$
Balance as at 1 July 2021	3,688,670
Share issued to shareholders of Ecopoint Limited	365,719
Balance as at 31 December 2021	4,054,389

Number of shares issued	Number
Balance as at 1 July 2021	45,000,000
Share issued to shareholders of Ecopoint Limited	1,306,139
Balance as at 31 December 2021	46,306,139

On 1 October 2021 the Company issued 1,306,139 fully paid ordinary shares an issue price of \$0.28 per shares to shareholders of Ecopoint Limited as a part of consideration for the acquisition of Ecopoint Limited.

5. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	31 Dec 2021	31 Dec 2020
Profit used to calculate earnings per share	\$287,446	\$416,083
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating earnings and diluted earnings per share	45,653,070	30,668,478
Earnings per share (in cents)	0.63	1.36

6. ACQUISITION OF ECOPOINT LIMITED

On 1 October 2021 FOS Lighting Pty Limited acquired 100% shareholding in Ecopoint Limited, New Zealand. Ecopoint is a supplier of commercial and architectural lighting products in New Zealand. The business has been operating over 12 years and focus on applying solution-based lighting on the latest in luminaire design and performance.

The provisional fair values of the assets and liabilities of Ecopoint Limited as at 1 October 2021 were as follows;

	\$
Cash and cash equivalents	689,527
Trade receivables	221,986
Inventory	457,816
Prepayments	37,140
Plant and equipment	3,072
Goodwill	561,980
Trade and other payables	(161,976)
	1,809,545

Notes to Condensed Consolidated Half-Year Financial Statements (cont'd)

6. ACQUISITION OF ECOPOINT LIMITED (Cont'd)

Details of the purchase consideration:

Issue of shares to shareholders of Ecopoint	365,719
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Cash consideration paid	1,443,826
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	<u>1,809,545</u>
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Contribution since acquisition

Since the acquisition date Ecopoint Limited has contributed revenue of \$591,267 and a profit after tax of \$63,422 which is included within the consolidated profit.

7. CONTINGENT LIABILITIES

With the exception of the deposits paid \$45,000 (June 2021: \$45,000) for leasehold tenancies, as report date the directors are unaware of any contingent liabilities or commitments that may materially impact the Consolidated entity.

8. SUBSEQUENT EVENTS

There were no matters or circumstances specific to the Consolidated entity that have arisen since 31 December 2021 that have significantly affected or may significantly affect the Consolidated entity's operations and state of affairs.

Directors' Declaration

The directors declare that:

In the directors' opinion, the financial statements and notes thereto, as set out in the accompanying financial report are in accordance with the *Corporations Act 2001*, including:

complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

giving a true and fair view of the financial position of the Consolidated entity as at 31 December 2021 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that FOS Capital Limited 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 directors.



Con Scrinis
Director

Date: 18 February 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF FOS CAPITAL LTD**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2021 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

N. S. Benbow
Director

Dated this 18th day of February 2022

ACCOUNTANTS & ADVISORS

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FOS Capital Ltd

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of FOS Capital Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 FOS Capital Ltd 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 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the 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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
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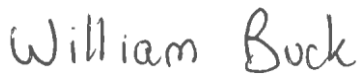
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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2021 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*.

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.



William Buck Entity

ABN: 59 116 151 136



N. S. Benbow

Director

Melbourne, 18 February 2022