

CSM Group Limited
(formerly Orion Minerals Group Limited)

Unaudited Interim Report

For the six month period ended 31 December 2015

Unaudited Interim Report

For the six month period ended 31 December 2015

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Directors' Report

For the six month period ended 31 December 2015

Dear Shareholders,

The Company, through its operating subsidiary China Scrap Metals Resources Pty Limited ("CSM"), is continuing to undertake and develop its scrap metal export business situated in Geelong, Victoria, Australia. Market conditions in the scrap metal sector internationally are generally soft due to an overall depreciation in global traded commodity prices and, particularly from CSM's perspective, the prices for iron ore and ferrous metals have deteriorated significantly over the past year.

Despite the market softness CSM has continued to acquire scrap metal inventory through its commercial operations as market conditions allow.

CSM recently acquired and commissioned a new larger crusher and baler device to enable the business to more efficiently handle the compaction and baling of increased volumes of car bodies and shells. An inventory of processed car body bales has been aggregated over recent months and is available for immediate export once the CSM executive consider the market prices for scrap metal has appreciated sufficiently to warrant the sale of the inventory. The baled car bodies are likely to be exported to Asia, and can be either containerised or bulk shipped depending on the commercial terms of the particular sale.

In addition to the aggregation of the car body shells, CSM has also continued to compile its other scrap metal inventories.

The Board believes that there appears to be signs that the slide in scrap metal prices may have abated, given recent lifts in iron ore and steel prices. If this trend continues CSM may look to export some of its inventory in the near future. The Board continues to monitor trading conditions to determine the optimal time to sell its inventory into the market.

The Directors decided to change the name of the parent company Orion Mineral Group Limited to CSM Group Limited as it would better reflect the current commercial business operations of the Group. The name change occurred on 11 April 2016.

Result

The financial result for the Group for the interim six month period ended 31 December 2015 is a loss of USD \$677,000. The total comprehensive loss is USD \$781,000 which includes exchange losses of USD \$252,000 that arose through the weakening of the Australian Dollar against the US dollar. The company holds its cash reserves in Australian dollars as that is the currency where its major expenditure occurs but it reports in US Dollars as the functional currency.

The financial results include an electricity charge for the period January 2014 to September 2015. The reason for the expense being over multiple periods is the electricity supplier to CSM did not invoice CSM for supply to the Broderick Road site until October 2015. The total amount is expensed in the half year to December 2015. Please refer to Note 8 for additional detail.

Dated: 29th April 2016



Director



Director

Statement of Comprehensive Income

For the six month period ended 31 December 2015

	Note	31.12.2015 6 months unaudited US\$'000	31.12.2014 6 months unaudited US\$'000	30.6.2015 12 months audited US\$'000
Revenue		12	13	174
Cost of goods sold		(2)	(10)	(129)
Gross Profit		10	3	45
Other income		2	-	15
Administrative expenses	8	(562)	(550)	(1,102)
Operating loss		(550)	(547)	(1,042)
Finance income		21	61	101
Exchange loss		(148)	(524)	(734)
Loss before income tax		(677)	(1,010)	(1,675)
Income tax expense		-	-	-
Net loss for the period attributable to shareholders		(677)	(1,010)	(1,675)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of overseas subsidiaries		(104)	(365)	(493)
Other comprehensive income for the period, net of tax		(104)	(365)	(493)
Total comprehensive loss for the period attributable to shareholders		(781)	(1,375)	(2,168)
Earnings per share for loss attributable to shareholders:				
- Basic loss per share (cents)	3	(0.16)	(0.24)	(0.40)
- Diluted loss per share (cents)	3	(0.16)	(0.24)	(0.40)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the six month period ended 31 December 2015

	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2015	32,355	(413)	(27,114)	4,828
Net loss attributable to shareholders	-	-	(677)	(677)
Other comprehensive income	-	(104)	-	(104)
Total comprehensive loss	-	(104)	(677)	(781)
Balance as at 31 December 2015	32,355	(517)	(27,791)	4,047
Balance as at 1 July 2014	32,355	80	(25,439)	6,996
Net loss attributable to shareholders	-	-	(1,010)	(1,010)
Other comprehensive income	-	(365)	-	(365)
Total comprehensive loss	-	(365)	(1,010)	(1,375)
Balance as at 31 December 2014	32,355	(285)	(26,449)	5,621
Balance as at 1 July 2014	32,355	80	(25,439)	6,996
Net loss attributable to shareholders	-	-	(1,675)	(1,675)
Other comprehensive income	-	(493)	-	(493)
Total comprehensive loss	-	(493)	(1,675)	(2,168)
Balance as at 30 June 2015	32,355	(413)	(27,114)	4,828

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Financial Position

As at 31 December 2015

	Note	31.12.2015 unaudited US\$'000	31.12.2014 unaudited US\$'000	30.6.2015 audited US\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	906	838	1,020
Intangible assets	5	5	6	5
Total non-current assets		911	844	1,025
Current Assets				
Cash and cash equivalents		2,455	4,322	3,123
Trade and other receivables		57	61	183
Inventories		545	292	446
Taxation receivable		156	164	149
Total current assets		3,213	4,839	3,901
TOTAL ASSETS		4,124	5,683	4,926
LIABILITIES				
Current Liabilities				
Trade and other payables		77	62	98
Total current liabilities		77	62	98
TOTAL LIABILITIES		77	62	98
EQUITY				
Share capital	2	32,355	32,355	32,355
Reserves		(28,308)	(26,734)	(27,527)
Total Equity		4,047	5,621	4,828
TOTAL EQUITY AND LIABILITIES		4,124	5,683	4,926

For and on behalf of the Board:



Director



Director

Dated: 29th April 2016

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the six month period ended 31 December 2015

	Note	31.12.2015 6 months unaudited US\$'000	31.12.2014 6 months unaudited US\$'000	30.6.2015 12 months audited US\$'000
OPERATING ACTIVITIES				
Receipts from customers		105	13	84
Interest received		22	64	107
Payments to suppliers and employees		(592)	(647)	(1,404)
Income tax paid		(5)	(12)	(21)
Net cash outflows from operating activities	6	(470)	(582)	(1,234)
INVESTING ACTIVITIES				
Disposal of property, plant and equipment		-	-	4
Purchase of property, plant and equipment		(27)	(73)	(390)
Net cash outflows from investing activities		(27)	(73)	(386)
Net decrease in cash and cash equivalents		(497)	(655)	(1,620)
Cash and cash equivalents at beginning of the period		3,123	5,674	5,674
Effect of exchange rate changes		(171)	(697)	(931)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		2,455	4,322	3,123

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

For the six month period ended 31 December 2015

1) General Information

The Group is engaged in a business operation in Australia processing scrap metal for export sale to Chinese markets.

The Company, CSM Group Limited, is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 44a Orakei Road, Remuera, Auckland 1050.

These interim financial statements have been approved for issue by the Board of Directors on 29th April 2016.

2) Summary of Significant Accounting Policies

These general purpose financial statements for the interim six month reporting period ended 31 December 2015 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), International Accounting Standard 34 and NZ IAS 34 Interim Financial Reporting.

Basis of preparation

The accounting policies have been applied on a basis consistent with those used in the audited financial statements for the year ended 30 June 2015. Those accounting policies are set out in the 2015 Annual Report.

These interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015.

The financial statements for the six month periods ending 31 December 2015 and 31 December 2014 are unaudited. The comparative information for the year ending 30 June 2015 is audited.

The reporting currency used in the preparation of these consolidated financial statements is United States dollars, rounded where necessary to the nearest thousand dollars.

Entities reporting

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 31 December 2015 and the results of all subsidiaries for the six month period then ended.

The Parent company and the Group are designated as a profit oriented entities for financial reporting purposes.

Statutory base

CSM Group Limited is a company registered under Companies Act 1993 and is an FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013. The company is also listed on the New Zealand Alternative Market ("NZAX").

Going concern

These financial statements have been prepared on a going concern basis of accounting. The basis contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

Measurement basis

These financial statements have been prepared under the historical cost convention.

3) New Standards and amendments

The accounting policies applied are consistent with those of the previous Annual Report. There are no standards, amendments and interpretations to existing standards adopted by the Group during the period that have had a material impact on the financial statements.

Standards and interpretations of relevance to the Group which were in issue but not yet effective and had not been early adopted are also set out in the Annual Report.

Notes to the Financial Statements

For the six month period ended 31 December 2015

1 Segment Information

The Group has identified its operating segments based on the internal reports reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The Group is organised into the following main operating segments:

- China Scrap Metals Resources Pty Limited (CSM Ltd Australia) includes the business operation in Australia involved in the processing of scrap metal for export sale to Chinese markets.
- Holding company New Zealand includes holding company costs and head office charges.

Revenue is allocated based on the country where the sale is generated. Expenses are allocated based on the country where the expense is incurred.

Total assets and liabilities are allocated based on where those assets and liabilities are located.

	Six month period ended 31 December 2015			Six month period ended 31 December 2014		
	CSM Ltd Australia	Holding Company New Zealand	Total	CSM Ltd Australia	Holding Company New Zealand	Total
	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000	unaudited US\$'000
Total inter-segment revenue	-	-	-	-	12	12
Total external sales revenue	12	-	12	13	-	13
Total EBITDA	(310)	(159)	(469)	(249)	(214)	(463)
Amortisation	-	-	-	(1)	-	(1)
Depreciation	(81)	-	(81)	(83)	-	(83)
Finance income	4	17	21	18	43	61
Exchange loss	(10)	(138)	(148)	(2)	(522)	(524)
Net loss for the period	(397)	(280)	(677)	(317)	(693)	(1,010)
Allocated non-current segment assets	911	-	911	843	1	844
Additions to non-current assets	27	-	27	73	-	73
Allocated segment liabilities	65	12	77	35	27	62

	Year ended 30 June 2015		
	CSM Ltd Australia	Holding Company New Zealand	Total
	audited US\$'000	audited US\$'000	audited US\$'000
Total inter-segment revenue	-	80	80
Total external sales revenue	174	-	174
Total EBITDA	(439)	(439)	(878)
Amortisation	(2)	-	(2)
Depreciation	(161)	(1)	(162)
Finance income	28	73	101
Exchange gain / (loss)	39	(773)	(734)
Net loss for the period	(535)	(1,140)	(1,675)
Allocated non-current segment assets	1,025	-	1,025
Additions to non-current assets	390	-	390
Allocated segment liabilities	33	65	98

The "Total EBITDA" measure above excludes foreign exchange gains / losses as well as net finance income and depreciation.

Notes to the Financial Statements

For the six month period ended 31 December 2015

2 Share Capital

	31.12.2015 unaudited Number	31.12.2014 unaudited Number	30.6.2015 audited Number	31.12.2015 unaudited US\$'000	31.12.2014 unaudited US\$'000	30.6.2015 audited US\$'000
Ordinary shares						
Balance at beginning of the period	414,550,000	414,550,000	414,550,000	32,355	32,355	32,355
Shares issued	-	-	-	-	-	-
Balance at end of the period	<u>414,550,000</u>	414,550,000	414,550,000	32,355	32,355	32,355

Ordinary shares

As at 31 December 2015 there were 414,550,000 shares issued. All ordinary shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each share.

3 Earnings per share

Basic earnings per share is calculated by dividing the (loss) / profit by the weighted average number of ordinary shares on issue during the period.

	31.12.2015 6 months unaudited 000	31.12.2014 6 months unaudited 000	30.6.2015 12 months audited 000
Basic loss per share			
Net loss attributable to shareholders	(677)	(1,010)	(1,675)
Number of ordinary shares on issue (thousands)	414,550	414,550	414,550
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550	414,550
Basic loss per share attributable to shareholders (cents)	(0.16)	(0.24)	(0.40)
Diluted loss per share			
Weighted average number of diluted shares on issue (thousands)	414,550	414,550	414,550
Diluted loss per share attributable to shareholders (cents)	(0.16)	(0.24)	(0.40)

Notes to the Financial Statements

For the six month period ended 31 December 2015

4 Property, Plant and Equipment

	Leasehold improvements	Plant & equipment	Motor vehicles	Office furniture & equipment	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
Balance as at 1 July 2014	146	837	14	20	1,017
Additions	-	72	-	1	73
Exchange differences	(20)	(120)	(2)	(2)	(144)
Balance as at 31 December 2014	126	789	12	19	946
Additions	-	309	8	-	317
Disposals	-	-	(6)	-	(6)
Exchange differences	(7)	(50)	(1)	(1)	(59)
Balance as at 30 June 2015	119	1,048	13	18	1,198
Additions	-	27	-	-	27
Disposals	-	(2)	-	-	(2)
Exchange differences	(6)	(59)	(1)	(1)	(67)
Balance as at 31 December 2015	113	1,014	12	17	1,156
Accumulated depreciation					
Balance as at 1 July 2014	5	27	1	4	37
Depreciation charge for the period	7	74	1	1	83
Exchange differences	(1)	(11)	-	-	(12)
Balance as at 31 December 2014	11	90	2	5	108
Depreciation charge for the period	6	69	1	3	79
Disposals	-	-	(1)	-	(1)
Exchange differences	-	(7)	-	(1)	(8)
Balance as at 30 June 2015	17	152	2	7	178
Depreciation charge for the period	5	74	1	1	81
Disposals	-	-	-	-	-
Exchange differences	(1)	(8)	-	-	(9)
Balance as at 31 December 2015	21	218	3	8	250
Carrying amounts					
At 31 December 2014	115	699	10	14	838
At 30 June 2015	102	896	11	11	1,020
At 31 December 2015	92	796	9	9	906

Notes to the Financial Statements

For the six month period ended 31 December 2015

5 Intangible Assets

	Permits US\$'000	Total US\$'000
Cost		
Balance as at 1 July 2014	10	10
Exchange differences	(1)	(1)
Balance as at 31 December 2014	9	9
Exchange differences	(1)	(1)
Balance as at 30 June 2015	8	8
Exchange differences	-	-
Balance as at 31 December 2015	8	8
Accumulated amortisation		
Balance as at 1 July 2014	2	2
Amortisation charge for the period	1	1
Balance as at 31 December 2014	3	3
Amortisation charge for the period	1	1
Exchange differences	(1)	(1)
Balance as at 30 June 2015	3	3
Amortisation charge for the period	-	-
Exchange differences	-	-
Balance as at 31 December 2015	3	3
Carrying amounts		
At 31 December 2014	6	6
At 30 June 2015	5	5
At 31 December 2015	5	5

6 Reconciliation of Loss after Taxation with Cash Flow from Operating Activities

	31.12.2015 6 months unaudited US\$'000	31.12.2014 6 months unaudited US\$'000	30.6.2015 12 months audited US\$'000
Reconciliation with Net Reported Loss			
Reported net loss after taxation	(677)	(1,010)	(1,675)
Items not involving cash flows:			
Amortisation expense	-	1	2
Depreciation expense	81	83	162
Loss on disposal of fixed assets	2	-	2
Exchange loss on net cash	154	499	688
Changes in working capital items (excluding the effects of exchange differences on consolidation):			
Decrease / (increase) in trade receivables	91	-	(105)
Decrease in prepayments and other receivables	27	128	96
Increase in inventories	(122)	(258)	(428)
(Increase) / decrease in taxation receivable	(7)	7	22
Increase / (decrease) in trade payables	10	(6)	(10)
(Decrease) / increase in other payables	(29)	(26)	12
Net cash outflows from operating activities	(470)	(582)	(1,234)

Notes to the Financial Statements

For the six month period ended 31 December 2015

7 Related Party Information

Parent Entity

The ultimate parent entity within the Group is CSM Group Limited.

Subsidiaries

China Scrap Metals Resources Pty Limited is involved in the export of scrap metal.

Transactions with Subsidiaries

During the period no management fees were charged by CSM Group Limited to China Scrap Metals Resources Pty Limited (year ended 30 June 2015: USD \$80,000; six months ended 31 December 2014: USD \$ 12,000).

During the period, CSM Group Limited advanced USD \$712,000 to China Scrap Metals Resources Pty Limited (year ended 30 June 2015: USD \$ 320,000; six months ended 31 December 2014: USD \$12,000).

Directors

The names of persons who were directors of the company at any time during the current and previous financial periods are as follows: Roger Gower, Sean Joyce, Ping Li, Zhmin Shi and Yanyi Shi.

Key Management and Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the Company. Directors' remuneration is paid by way of bank transfer.

	31.12.2015	31.12.2014	30.6.2015
	6 months	6 months	12 months
	unaudited	unaudited	audited
	US\$'000	US\$'000	US\$'000
Payments made to key personnel are as follows and includes:			
Salaries and other short term employee benefits	-	-	-
Directors' remuneration			
R Gower, Director – Roger Gower & Associates	31	39	75
S Joyce, Director	25	31	60
P Li, Director	25	31	59
Y Shi, Director	12	14	27
Z Shi, Director	25	31	59
Total directors' remuneration	118	146	280
Balances outstanding			
Roger Gower – Roger Gower & Associates – trade payable	2	10	3
Sean Joyce – Corporate Counsel – trade payable	1	-	1
Y Shi – accrued expenses	2	2	2

TRANSACTIONS BETWEEN GROUP COMPANIES

Owing to Parent Company

China Scrap Metals Resources Pty Limited	1,016	22	292
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The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel and their related entities on an arm's length basis.

The amount owing to the parent company by the subsidiary is denominated in New Zealand dollars, is interest free, for no fixed term and repayable on demand.

Notes to the Financial Statements

For the six month period ended 31 December 2015

8 Administrative Expenses

	31.12.2015 unaudited US\$'000	31.12.2014 unaudited US\$'000	30.6.2015 audited US\$'000
Electricity (see below)	90	-	-
Other administrative expenses	472	550	1,102
Total administrative expenses	562	550	1,102

On 11 October 2015, after the 2015 Annual Report has been released, the subsidiary China Scrap Metals Resources Pty Limited received an invoice from its electricity supplier for the period from January 2014 to September 2015. This was the first invoice received since commencing operations at the Broderick Road site. The invoice traverses the 2014, 2015 and 2016 years.

The invoice was for a total of AUD \$90,000 exclusive of GST. The relevant amounts per year are AUD \$25,700 (for the period from January 2014 to 30 June 2014), AUD \$51,500 (for the period July 2014 to 30 June 2015), and AUD \$12,800 (for the period July 2015 to September 2015).

The Directors have considered this matter and are of the opinion that the effect of the late receipt of the invoice and recognition is not material for the results in the 2014 and 2015 years and have expensed the total in the six month period to 31 December 2015.

9 Contingent Liabilities

There are no contingent liabilities as at 31 December 2015 (30 June 2015: nil; 31 December 2014: nil).

10 Commitments**(a) Capital commitments**

The Group had no commitments for future capital expenditure as at 31 December 2015 (30 June 2015: nil; 31 December 2014: nil).

(b) Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	31.12.2015 unaudited US\$'000	31.12.2014 unaudited US\$'000	30.6.2015 audited US\$'000
Within one year	155	80	150
Later than one year but not later than five years	78	-	151
Later than five years	-	-	-
Commitments not recognised in the financial statements	233	80	301

China Scrap Metals Resources Pty Limited has leased an industrial site under a non-cancellable operating lease agreement. The lease reflects normal commercial arrangements with escalation clauses based on the CPI index and renewal rights.

11 Events Subsequent to Interim Balance Date

On 8 April 2016, Orion Minerals Group Limited changed its name to CSM Group Limited. There have been no other events subsequent to 31 December 2015 which are considered to have a material effect on these financial statements.

Company Directory

For the six month period ended 31 December 2015

Directors

R H Gower
S R Joyce
P Li
Y Shi
Z Shi

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