

CSM Group Limited
(formerly Orion Minerals Group Limited)

Annual Report 2016

Annual Report

For the year ended 30 June 2016

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Directors' Report

For the year ended 30 June 2016

Dear Shareholders,

The Company (CSM Group Limited) has continued to carefully build its business exporting scrap ferrous metals to China through its operating China Scrap Metals Resources Pty Limited (CSM). This year it has completed sales of US\$162,000 and continued to acquire inventory at competitive prices.

The Company has developed relationships with suppliers who have provided regular supplies of scrap materials enabling a steady growth in inventory at very competitive costs. However the prolonged weakness in demand for scrap metals in global markets, and particularly ferrous scrap (iron and steel) imported in to China meant the Company has preferred to hold the bulk of its inventory in the expectation of lifting demand increasing sales prices.

CSM has invested in this business on the basis of long term underlying demand for ferrous scrap in China as the steel making industry increases its share of steel manufactured from scrap compared to that made from pig iron.

The increased share of steel made from ferrous scrap is supported by the Chinese Government for a number of reasons – including the substantial environmental benefits from making steel from ferrous scrap in electric arc furnaces.

Having regard to these factors the Directors remain confident the market opportunity to build a substantial scrap steel trade remains. The Company will continue to proceed cautiously and acquire scrap at prices where it expects to make profitable trades.

Results

The audited financial result for the Group for the year ended 30 June 2016 is a net loss of USD\$1,093,000; an improvement on the previous year.

Dated: 31st October 2016



Director



Director



Independent Auditors' Report to the shareholders of CSM Group Limited

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of CSM Group Limited ("the Company") on pages 6 to 25, which comprise the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 30 June 2016 or from time to time during the financial year.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Other than in our capacity as auditors we have no relationship with, or interests in, the Group.



Independent Auditors' Report

CSM Group Limited

Opinion

In our opinion, the consolidated financial statements on pages 6 to 25 present fairly, in all material respects, the financial position of the Group as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in cursive script, reading 'PricewaterhouseCoopers', written in dark ink.

Chartered Accountants
31 October 2016

Auckland

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	30.6.2016 US\$'000	30.6.2015 US\$'000
Revenue		162	174
Cost of goods sold		(92)	(129)
Gross Profit		70	45
Other income		7	15
Administrative expenses	2	(1,114)	(1,102)
Operating loss		(1,037)	(1,042)
Finance income		38	101
Exchange loss		(94)	(734)
Loss before income tax		(1,093)	(1,675)
Income tax expense	3	-	-
Net loss for the year attributable to shareholders		(1,093)	(1,675)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas subsidiaries		(78)	(493)
Other comprehensive income for the year, net of tax		(78)	(493)
Total comprehensive loss for the year attributable to shareholders		(1,171)	(2,168)
Earnings per share for loss attributable to shareholders:			
- Basic loss per share (cents)	4	(0.2637)	(0.4041)
- Diluted loss per share (cents)	4	(0.2637)	(0.4041)

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

Statement of Changes in Equity

For the year ended 30 June 2016

	Share Capital	Foreign Currency Translation Reserve	Accumulated Losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
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
Net loss attributable to shareholders	-	-	(1,093)	(1,093)
Other comprehensive income	-	(78)	-	(78)
Total comprehensive loss	-	(78)	(1,093)	(1,171)
Balance as at 30 June 2016	32,355	(491)	(28,207)	3,657

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

Statement of Financial Position

As at 30 June 2016

	Note	30.6.2016 US\$'000	30.6.2015 US\$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	834	1,020
Intangible assets	8	3	5
Total non-current assets		837	1,025
Current Assets			
Cash and cash equivalents	10	2,231	3,123
Trade and other receivables	11	86	183
Inventories	12	481	446
Taxation receivable	13	165	149
Total current assets		2,963	3,901
TOTAL ASSETS		3,800	4,926
LIABILITIES			
Current Liabilities			
Trade and other payables	15	143	98
Total current liabilities		143	98
TOTAL LIABILITIES		143	98
EQUITY			
Share capital	5	32,355	32,355
Reserves	6	(28,698)	(27,527)
Total Equity		3,657	4,828
TOTAL EQUITY AND LIABILITIES		3,800	4,926

For and on behalf of the Board:



Director



Director

Dated: 31st October 2016

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

Statement of Cash Flows

For the year ended 30 June 2016

		30.6.2016	30.6.2015
	Note	US\$'000	US\$'000
OPERATING ACTIVITIES			
Receipts from customers		243	84
Interest received		38	107
Payments to suppliers and employees		(999)	(1,404)
Income tax paid	13	(8)	(21)
Net cash outflows from operating activities	16	(726)	(1,234)
INVESTING ACTIVITIES:			
Disposal of property, plant and equipment	7	4	4
Purchase of property, plant and equipment	7	(27)	(390)
Net cash outflows from investing activities		(23)	(386)
Net decrease in cash and cash equivalents		(749)	(1,620)
Cash and cash equivalents at the beginning of the year		3,123	5,674
Effect of exchange rate changes		(143)	(931)
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	2,231	3,123

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

Statement of Accounting Policies

For the year ended 30 June 2016

1) General Information

The Group is engaged in a start-up phase of a new business operation in Australia processing scrap metals 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.

The financial statements have been approved for issue by the Board of Directors on 31st October 2016.

The Company's owners do not have the power to amend these financial statements once issued.

2) Summary of Significant Accounting Policies

These general purpose financial statements for the year ended 30 June 2016 have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable New Zealand Financial Reporting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The reporting currency used in the preparation of these 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 30 June 2016 and the results of all subsidiaries for the year then ended.

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

Statutory base

CSM Group Limited is a company registered under the 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").

In accordance with the Financial Markets Conduct Act 2013, because the Group financial statements are prepared and presented for CSM Group Limited and its subsidiaries, separate financial statements of CSM Group Limited are no longer required to be prepared and presented.

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.

Critical accounting estimates and judgements

The preparation of these financial statements in conformity with generally accepted accounting principles requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosures of contingent assets and liabilities as at the date of the financial statements, and the profit and loss amounts during the year. The actual results could differ from these estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the judgements applied are discussed below.

Income Taxes

Judgement is exercised in determining the timing and extent of recognition of the benefit of tax losses. The benefit of tax losses can be recognised as an asset if its recovery is 'probable' (more likely than not). In the absence of any track record of profitability, convincing evidence is needed of how the losses will be recovered in the future, before any deferred tax asset is recognised. As detailed in note 13, the Group has not recognised any benefit at 30 June 2016 in respect of the tax losses generated to 30 June 2016, given the history of losses and the expectation that it will be at least two years before taxable profits are available against which these tax losses will be utilised.

Functional Currency

Judgement has been exercised in determining the Parent's and its subsidiary, China Scrap Metals Resources Pty Limited (CSM) functional currencies. It has been determined that the United States dollar (USD) is the Parent's functional currency and the Australian dollar (AUD) is CSM's functional currency. This has been determined taking into account the currency in which the entities makes sales or provide services, incur expenses and receive funds from financing activities.

Statement of Accounting Policies

For the year ended 30 June 2016

Carrying Value of Fixed Assets

The Group periodically evaluates the carrying value of assets for impairment. The Group's subsidiary, China Scrap Metals Resources Pty Limited (CSM), incurred a loss in the current year. As a result significant judgement has been applied in determining the recoverable amount of CSM's property, plant and equipment (US\$834,000). The Group has determined the recoverable amount of the assets as the value in use of these assets and no impairment has been recognised in the current year.

Carrying Value of Inventory

Due to the current manner of processing scrap metal, physical verification of the quantity of inventory is not possible. The scrap metal is not processed and organised in a uniform manner for a physical quantification of inventory to be made at year-end. As a result, significant judgement has been applied to arrive at a reliable estimate of the quantity of stock on hand as at 30 June 2016.

b) Principles of consolidation

Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date that control ceases.

The Group financial statements consolidate the financial statements of subsidiaries, using the acquisition method.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred in a business is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interest issued by the acquirer. It includes any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Each identifiable asset and liability is generally measured at its acquisition-date fair value except if an NZ IFRS required another measurement basis. The excess of the consideration transferred over the Group's share of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred is less than the acquisition-date fair value of identifiable assets acquired and liabilities assumed, a gain is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

d) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the company's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement section of the statement of comprehensive income.

Foreign operations

The results and financial position of foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting differences are recognised in other comprehensive income.

e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised as follows:

Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to the customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods have been determined, the price is fixed and generally title has passed.

Statement of Accounting Policies

For the year ended 30 June 2016

f) Finance Income

Finance income comprises interest income on funds invested. Interest revenue is recognised as it accrues, using the effective interest method.

g) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement section of the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the comprehensive liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

h) Goods and Services Tax (GST)

The statement of comprehensive income and the statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

i) Leases

The Group is the Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement section of the statement of comprehensive income on a straight-line basis over the period of the lease.

j) Statement of Cash Flows

The following is the definition of the terms used in the statement of cash flows:

- Operating activities are the principal revenue-producing activities of the group. Also included in this category are other activities that are not investing or financing activities.
- Investing activities are those relating to the acquisition and disposal of long-term assets.
- Financing activities are those activities which result in changes in the size and composition of the contributed equity and borrowings of the group.

k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown separately in current liabilities on the statement of financial position.

l) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence (such as age of debt, financial difficulty of the counterparty) that the Group will not be able to collect all amounts due according to the original terms of those receivables.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined as the actual cost of inventory purchased. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

n) Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at each reporting date.

Assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Statement of Accounting Policies

For the year ended 30 June 2016

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets classified as held for trading and financial assets designated as at fair value through profit or loss on initial recognition. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realised within 12 months of balance date.

The Group does not currently have any financial assets designated as financial assets at fair value through profit or loss (2015: none).

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial asset at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

o) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement section of the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- | | |
|--------------------------------|-------------|
| • Leasehold improvements | 15 years |
| • Plant & equipment | 5 – 8 years |
| • Motor vehicles | 5 years |
| • Office furniture & equipment | 2-5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

p) Intangible Assets

Permits

Permits that have a finite useful life are carried at cost less accumulated amortisation. Amortisation of the permits is calculated on a straight line basis over their estimated useful life of five years.

q) Impairment of Non-Current Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

r) Determination of Fair Value

For financial instruments not presented in the balance sheet at fair value, fair value is estimated as follows:

Trade receivables, trade payables, cash and cash equivalents: These are short term in nature and the related carrying value approximates their fair value. Fair value of borrowings is estimated using valuation techniques such as discounted cash flow method, using assumptions that are based on observable market conditions and risks at the reporting date.

Statement of Accounting Policies

For the year ended 30 June 2016

s) Trade and Other Payables

Trade and other payables represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

t) Investments in Subsidiaries

Investments in subsidiaries are measured initially at cost and subsequently at cost less any impairment. The Group determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the group calculates the amount of the impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the difference in the income statement.

u) Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employee's services up to the reporting date and are measure at the amounts expected to be paid when the liabilities are settled.

v) Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

w) Dividends

Provision is made for the amount of any dividend declared on or before balance date but not distributed at balance date.

x) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share is determined by adjusting the profit for loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3) New Standards

International Financial Reporting Standards adopted during the year

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 year that have had a material impact on the financial statements.

New International Financial Reporting Standards

The following standards have been issued but have not yet been adopted:

NZ IFRS 9 Financial Instruments.

NZ IFRS 9 was issued by the International Standards Board in July 2014 as a complete version of the standard. This standard contains the requirements for the classification and measurement of financial assets and financial liabilities, impairment methodology and general hedge accounting. The standard is effective for periods commencing on or after 1 January 2018. The Group is yet to assess the impact of this standard and does not expect to adopt it before its effective date.

NZ IFRS 15 Revenue from Contracts with Customers.

NZ IFRS 15 is effective for periods commencing on or after 1 January 2018. The standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in IAS 18 Revenue and IAS 11 Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in a way that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 July 2018.

NZ IFRS 16 Leases

IFRS 16 replaces the current guidance in NZ IAS 17 Leases. The existing lease accounting rules require lessees and lessors to classify their leases as either finance or operating leases. A lessee is not required to recognise lease assets or liabilities for operating leases. NZ IFRS 16 will require a lessee to recognise a lease liability reflecting future lease payments and a "right-of-use" for most lease contracts. Under NZ IFRS 16, the accounting treatment for lessors is almost the same as under the current guidance NZ IAS 17. The Group intends to adopt NZ IFRS 16 effective from 1 July 2019 for any relevant leases.

There are no other standards, amendments, or interpretations to existing standards that have been issued and yet to be adopted by the Group that are likely to have a material impact on the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2016

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 new 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.

	Year ended 30 June 2016			Year ended 30 June 2015		
	CSM Ltd Australia	Holding Company New Zealand	Total	CSM Ltd Australia	Holding Company New Zealand	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Total inter-segment revenue	-	53	53	-	80	80
Total external sales revenue	162	-	162	174	-	174
Total EBITDA	(506)	(357)	(863)	(439)	(439)	(878)
Amortisation	(2)	-	(2)	(2)	-	(2)
Depreciation	(171)	(1)	(172)	(161)	(1)	(162)
Finance income	10	28	38	28	73	101
Exchange gain/(loss)	(34)	(60)	(94)	39	(773)	(734)
Loss before taxation	(703)	(390)	(1,093)	(535)	(1,140)	(1,675)
Income tax expense	-	-	-	-	-	-
Net loss for the year	(703)	(390)	(1,093)	(535)	(1,140)	(1,675)
Allocated non-current segment assets	837	-	837	1,025	-	1,025
Additions to non-current assets	27	-	27	390	-	390
Allocated segment liabilities	79	64	143	33	65	98

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

2 Operating Expenses

	30.6.2016 US\$'000	30.6.2015 US\$'000
Operating expenses include:		
Directors' fees (note 18)	237	280
Rental and operating lease expense	142	175
Loss on disposal of fixed assets	-	2
Depreciation		
Leasehold improvements	10	13
Plant & equipment	158	143
Motor vehicles	2	2
Office furniture & equipment	2	4
Total depreciation	172	162
Amortisation		
Intangible assets	2	2

Notes to the Financial Statements

For the year ended 30 June 2016

2 Operating Expenses (continued)

	30.6.2016 US\$'000	30.6.2015 US\$'000
Auditors' fees		
Amounts paid or due and payable to the auditors for:		
Audit of Group financial statements	37	34
Total fees paid to PricewaterhouseCoopers	37	34
Employee benefits		
Wages and salaries	237	224
Pension fund contributions	27	20
Total employee benefits	264	244
Administrative Expenses		
Electricity (see below)	111	1
Other administrative expenses	1,003	1,101
Total administrative expenses	1,114	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 year to 30 June 2016.

3 Income Tax Expense

	30.6.2016 US\$'000	30.6.2015 US\$'000
Net loss for the year before taxation	(1,093)	(1,675)
Tax at the New Zealand rate of 28%	(306)	(469)
Expenses not deductible for tax	4	6
Foreign exchange losses not deductible	17	217
Losses not recognised as asset	299	256
Differences in overseas tax rates	(14)	(10)
Underprovision in prior year	-	-
Total income tax expense	-	-
Comprising:		
Current income tax expense	-	-
Decrease in deferred tax	-	-
Total income tax expense	-	-

Notes to the Financial Statements

For the year ended 30 June 2016

4 Earnings per Share

Basic earnings per share is calculated by dividing the loss by the weighted average number of ordinary shares on issue during the year.

	30.6.2016 12 months 000	30.6.2015 12 months 000
Basic loss per share		
Net loss attributable to shareholders	(1,093)	(1,675)
Number of ordinary shares on issue (thousands)	414,550	414,550
Weighted average number of ordinary shares on issue (thousands)	414,550	414,550
Basic loss per share attributable to shareholders (cents)	(0.2637)	(0.4041)
Diluted loss per share		
Weighted average number of diluted shares on issue (thousands)	414,550	414,550
Diluted loss per share attributable to shareholders (cents)	(0.2637)	(0.4041)

5 Share Capital

	30.6.2016 Number of Shares	30.6.2015 Number of Shares	30.6.2016 US\$'000	30.6.2015 US\$'000
Ordinary shares				
Balance at beginning of year	414,550,000	414,550,000	32,355	32,355
Shares issued	-	-	-	-
Balance at end of year	414,550,000	414,550,000	32,355	32,355

Ordinary shares

As at 30 June 2016 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.

6 Reserves

	30.6.2016 US\$'000	30.6.2015 US\$'000
Total Reserves		
Accumulated losses	(28,207)	(27,114)
Foreign currency translation reserve ¹	(491)	(413)
Total reserves	(28,698)	(27,527)

Represented by the following Reserves:**Accumulated losses**

Balance at beginning of year	(27,114)	(25,439)
Loss after taxation for the year	(1,093)	(1,675)
Balance at end of year	(28,207)	(27,114)

Foreign currency translation reserve

Balance at beginning of year	(413)	80
Current year loss	(78)	(493)
Balance at end of year	(491)	(413)

¹ The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries for consolidation purposes.

Notes to the Financial Statements

For the year ended 30 June 2016

7 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	-	381	8	1	390
Disposals	-	-	(6)	-	(6)
Exchange differences	(27)	(170)	(3)	(3)	(203)
Balance as at 30 June 2015	119	1,048	13	18	1,198
Additions	-	27	-	-	27
Disposals	-	(4)	-	-	(4)
Exchange differences	(4)	(35)	(1)	-	(40)
Balance as at 30 June 2016	115	1,036	12	18	1,181
Accumulated depreciation					
Balance as at 1 July 2014	5	27	1	4	37
Depreciation charge for the year	13	143	2	4	162
Disposals	-	-	(1)	-	(1)
Exchange differences	(1)	(18)	-	(1)	(20)
Balance as at 30 June 2015	17	152	2	7	178
Depreciation charge for the year	10	158	2	2	172
Disposals	-	(1)	-	-	(1)
Exchange differences	-	(2)	-	-	(2)
Balance as at 30 June 2016	27	307	4	9	347
Carrying amounts					
At 30 June 2014	141	810	13	16	980
At 30 June 2015	102	896	11	11	1,020
At 30 June 2016	88	729	8	9	834

Notes to the Financial Statements

For the year ended 30 June 2016

8 Intangible Assets

	Permits US\$'000	Total US\$'000
Cost		
Balance as at 1 July 2014	10	10
Exchange differences	(2)	(2)
Balance as at 30 June 2015	8	8
Exchange differences	-	-
Balance as at 30 June 2016	8	8
Accumulated amortisation		
Balance as at 1 July 2014	2	2
Amortisation charge for the year	2	2
Exchange differences	(1)	(1)
Balance as at 30 June 2015	3	3
Amortisation charge for the year	2	2
Exchange differences	-	-
Balance as at 30 June 2016	5	5
Carrying amounts		
At 30 June 2014	8	8
At 30 June 2015	5	5
At 30 June 2016	3	3

9 Investment in Subsidiary

The group financial statements include the financial statements of CSM Group Limited and the subsidiaries listed in the following table:

	Principal place of business	Equity Holding	
		30.6.2016	30.6.2015
China Scrap Metals Resources Pty Limited	Australia	100%	100%

China Scrap Metals Resources Pty Limited is involved in the export of scrap metal. China Scrap Metals Resources Pty Limited has a balance date of 30 June.

10 Cash and Cash Equivalents

	30.6.2016 US\$'000	30.6.2015 US\$'000
The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:		
New Zealand dollars	14	64
United States dollars	-	2
Australian dollars	2,217	3,057
Total cash and cash equivalents	2,231	3,123

The carrying amount for cash and cash equivalents equals the fair value

Notes to the Financial Statements

For the year ended 30 June 2016

11 Trade and Other Receivables

	30.6.2016 US\$'000	30.6.2015 US\$'000
Current		
Trade receivables	18	97
Other receivables	33	56
Prepayments	35	30
Total current trade and other receivables	86	183

Foreign currency risk

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Australian dollars	22	130
New Zealand dollars	64	53
United States dollars	-	-
Total trade and other receivables	86	183

The fair value of other receivables approximates their carrying value. No receivables are past due or impaired as at 30 June 2016 (2015: nil).

12 Inventories

	30.6.2016 US\$'000	30.6.2015 US\$'000
Finished goods	481	446
Total inventories	481	446

13 Taxation

	30.6.2016 US\$'000	30.6.2015 US\$'000
Taxation receivable		
Balance at beginning of year	149	171
Exchange differences	8	(43)
Current taxation	-	-
Tax paid	8	21
Total taxation receivable	165	149

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$1,205,000 (30 June 2015: US\$790,000) in respect of gross tax losses amounting to US\$4,190,000 (30 June 2015: US\$2,766,000) that can be carried forward against future taxable income, subject to meeting the requirements of Income Tax Legislation, including those relating to shareholder continuity.

14 Imputation credits

	30.6.2016 US\$'000	30.6.2015 US\$'000
Imputation credits available for use in subsequent periods	163	147
No imputation credits expire.		

Notes to the Financial Statements

For the year ended 30 June 2016

15 Trade and Other Payables

	30.6.2016 US\$'000	30.6.2015 US\$'000
Trade payables	70	39
Trade payables to related parties	4	4
Accrued expenses	37	30
Accrued expenses to related parties	4	3
Other payables	28	22
Total trade and other payables	143	98

Foreign currency risk

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

Australian dollars	79	33
New Zealand dollars	64	65
Total trade and other payables	143	98

Fair value

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

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

Reconciliation with Net Reported Loss	30.6.2016 US\$'000	30.6.2015 US\$'000
Reported net loss after taxation	(1,093)	(1,675)
Items not involving cash flows:		
Amortisation expense	2	2
Depreciation expense	172	162
Exchange loss / (gain) on net cash	94	666
Changes in working capital items:		
Decrease/(increase) in trade and other receivables	97	12
Increase in inventories	(35)	(381)
Increase in trade and other payables	45	1
Taxation paid	(8)	(21)
Net cash outflows from operating activities	(726)	(1,234)

Notes to the Financial Statements

For the year ended 30 June 2016

17 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out centrally by the head office under policies approved by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments.

The Group has entered into a number of non-derivative financial instruments all of which are classified as loans and receivables. The carrying values of these items approximate their fair value and represent the maximum exposures for each type of financial instrument. They are listed as follows:

	Note	30.6.2016 US\$'000	30.6.2015 US\$'000
Loans and receivables			
Cash and cash equivalents	10	2,231	3,123
		<u>2,231</u>	<u>3,123</u>
Other financial liabilities at amortised cost			
Trade and other payables	15	143	98
		<u>143</u>	<u>98</u>

The Group does not have any derivative financial instruments (2015: nil).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and scrap metal commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's functional reporting currency is the United States dollar. The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising principally on cash balances. The Group policy is to balance continuing foreign currency requirements to reduce exchange risk while maximising interest receivable available in alternative currencies.

The following table shows the sensitivity of the Group's after tax profit and equity to a movement in the exchange rate of +/-10%. The table assumes a tax rate of 28%.

	30.6.2016 US\$'000	30.6.2015 US\$'000
Currency amount – monetary assets (including cash) and liabilities denominated in foreign currencies	2,364	3,825
+10% movement of NZD and AUD against the functional currency		
post tax profit – NZD denominated monetary assets	13	14
post tax profit – AUD denominated monetary assets	192	261
post tax profit	<u>205</u>	<u>275</u>
Equity	205	275
-10% movement of NZD and AUD against the functional currency		
post tax profit – NZD denominated monetary assets	(13)	(14)
post tax profit – AUD denominated monetary assets	(192)	(261)
post tax profit	<u>(205)</u>	<u>(275)</u>
Equity	(205)	(275)

Refer to notes 11 and 15 for receivables and payables denominated in foreign currencies.

Notes to the Financial Statements

For the year ended 30 June 2016

17 Financial Instruments (continued)

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from cash and cash equivalents. Cash balances denominated in New Zealand dollars and Australian dollars at variable rates expose the Group to cash flow interest rate risk.

The Group has Australian denominated cash and cash equivalents which are subject to variable rates, with an average rate of 1.51% in the year ended 30 June 2016 (2015: 2.16%). The United States dollar denominated cash and cash equivalent balances are non-interest bearing.

The following table shows the sensitivity of the Group's after tax profit and equity to a movement in the interest rate of 100 basis points. The table assumes a tax rate of 28%.

	30.6.2016 US\$'000	30.6.2015 US\$'000
New Zealand dollar denominated cash and cash equivalents	14	64
Australian dollar denominated cash and cash equivalents	2,217	3,057
+100 basis points movement		
post tax profit	16	22
equity	16	22
-100 basis points movement		
post tax profit	(16)	(22)
equity	(16)	(22)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from cash and cash equivalents, deposits with banks and the Group's receivables from customers. The Group's maximum credit risk is represented by the carrying value of these financial assets. The Group currently has no amounts due from customers and all receivables are aged less than 30 days. The credit risk associated with cash transactions and deposits is managed through the Group's policies that limit the use of counterparties to high credit quality financial institutions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Trade and other payables will be settled at their values as per the balance sheet within 6 months. Due to the level of cash held by the Group there is limited liquidity risk.

Fair value

The fair value of trade receivables, trade payables and cash and cash equivalents are determined to be equivalent to their carrying value due to the short term nature of these balances.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as "equity" as shown in the consolidated statements of financial position. There are no external capital requirements.

Notes to the Financial Statements

For the year ended 30 June 2016

18 Related Party Information**Subsidiaries**

Interests in subsidiaries are set out in note 9.

Transactions with Subsidiaries

During the year management fees of USD \$53,250 were charged by CSM Group Limited to China Scrap Metals Resources Pty Limited (2015: USD \$80,000).

During the year, CSM Group Limited advanced USD \$712,157 to China Scrap Metals Resources Pty Limited.

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.

Payments made to key personnel are as follows and includes:

	30.6.2016 US\$'000	30.6.2015 US\$'000
Salaries and other short term employee benefits	-	-
Directors' remuneration		
R Gower, Director – Roger Gower & Associates	63	75
S Joyce, Director	50	60
P Li, Director	50	59
Y Shi, Director	24	27
Z Shi, Director	50	59
Total directors' remuneration	237	280
Balances outstanding		
Roger Gower – Roger Gower & Associates – trade payable	3	3
Sean Joyce - Corporate Counsel – trade payable	1	1
Y Shi – accrued expenses	2	2
P Li, – accrued expenses	-	-
Z Shi, – accrued expenses	2	-

TRANSACTIONS BETWEEN GROUP COMPANIES

	30.6.2016 US\$'000	30.6.2015 US\$'000
Owing to Parent Company		
China Scrap Metals Resources Pty Limited	1,180	359

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 year ended 30 June 2016

19 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	30.06.2016 US\$'000	30.06.2015 US\$'000
Property, plant & equipment	-	-

(b) Operating lease commitments

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

	30.06.2016 US\$'000	30.06.2015 US\$'000
Within one year	157	150
Later than one year but not later than five years	-	151
Later than five years	-	-
Commitments not recognised in the financial statements	157	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.

20 Contingent Liabilities

There are no contingent liabilities as at 30 June 2016 (30 June 2015: nil).

21 Events Subsequent to Balance Date

There have been no events subsequent to 30 June 2016 which are considered to have a material effect on these financial statements.

Shareholder Information

For the year ended 30 June 2016

Stock Exchange Listing

The Company's shares are listed on the New Zealand Alternative Market ("NZAX").

Distributions of Ordinary Shares

as at 26 October 2016

Size of holding

	Number of security holders		Number of securities	
	No of holders	%	Shares held	%
1 – 1,000	1,428	93.09%	133,508	0.03%
1,001 – 5,000	39	2.54%	83,331	0.02%
5,001 – 10,000	12	0.78%	90,836	0.02%
10,001 – 100,000	33	2.15%	1,294,794	0.32%
100,001 and over	22	1.44%	412,947,531	99.61%
Total	1,534	100.00%	414,550,000	100.00%

Principal Shareholders**20 Largest Registered Holders of Quoted Equity Securities**

as at 26 October 2016

Shareholder	Shares held	%
Fengli Group (Hong Kong) Co Limited	125,000,000	30.153%
Marvel Fantasy Limited	100,000,000	24.123%
APZ Limited	66,524,790	16.047%
Wallflower Limited	44,667,000	10.775%
Minera Varry Minerals Limited	32,810,000	7.915%
Custodial Services Limited	17,000,250	4.101%
Laddara Pty Limited	10,000,000	2.412%
Tuberoze Limited	7,190,000	1.734%
Dunkeld Pastoral Co Pty Limited	4,179,204	1.008%
Michael Lenihan	2,300,000	0.555%
Ross Dix Harvey	796,703	0.192%
John Edward Connell	583,176	0.141%
John Sorensen	400,000	0.096%
William Carson	347,933	0.084%
Aleksander Borowik	250,000	0.060%
Rex Lissington	200,050	0.048%
Roderique John Arthur Mackenzie	186,050	0.045%
Roy Richard Jackson	170,602	0.041%
Kane Stevenson	159,900	0.039%
Anthony Lyte	110,000	0.027%
	412,875,658	99.596%

Substantial Security HoldersAs at 26th October 2016 there were a total of 414,550,000 ordinary fully paid shares on issue.According to notices given to the Company under the New Zealand Securities Market Act 1988, as at 26th October 2016, the substantial security holders in the Company are:

	Number of shares held	Relevant Interest	% of Shares
Fengli Group (Hong Kong) Co. Limited	125,000,000	Beneficial	30.15%
Marvel Fantasy Limited	100,000,000	Beneficial	24.12%
APZ Limited	66,924,790	Beneficial	16.14%

Statutory Information

For the year ended 30 June 2016

Directors

During the 12 months ended 30 June 2016 the persons holding office as directors of the Company were:

	Position	Status
R Gower	Chairman	Independent, non-executive
S Joyce		Independent, non-executive
P Li		Non-executive
Y Shi		Non-executive
Z Shi		Non-executive

Gender Diversity

As at 31st October 2016 the Board of CSM Group Limited comprised of five directors. Three directors are male and two directors are female.

Directors' Security Holdings

as at 30 June 2016

	Equity securities held			
	Beneficially owned		Held by associated persons	
	30.6.2016 Number	30.6.2015 Number	30.6.2016 Number	30.6.2015 Number
Ordinary Shares (CSM Group Limited)				
R Gower	-	-	-	-
S Joyce	-	-	20,000	20,000
P Li	-	-	-	-
Y Shi	-	-	-	-
Z Shi	-	-	-	-

Directors' Interests and Remuneration

Details of the nature and the amount of each major element of the remuneration of each Director for the year ended 30 June 2016 is:

	Fees	Consultancy, Legal, and Other	Salary	Total
	\$'000	\$'000	\$'000	\$'000
Parent				
R Gower	63	-	-	63
S Joyce	50	-	-	50
P Li	50	-	-	50
Y Shi	24	-	-	24
Z Shi	50	-	-	50
Total Remuneration	237	-	-	237

Statutory Information

For the year ended 30 June 2016

Entries Recorded in the Interests Register

The following entries were recorded in the interests' register of the company during the year ended 30 June 2016:

(A) SHARE DEALINGS OF DIRECTORS

During the year ended 30 June 2016 no directors traded in the shares of the company.

(B) DIRECTORS' AND OFFICERS INSURANCE LIABILITY

As permitted by the New Zealand Companies Act 1993, the company has arranged a policy of Director's and Officers' Liability Insurance which insures those persons indemnified to certain liabilities and costs.

Remunerations of Employees

Other than Directors of the company noted above, there was no remuneration and benefits paid to any other employee for the year ended 30 June 2016.

Auditors

PricewaterhouseCoopers Auckland are the auditors for the company. They were paid US\$37,000 as audit fees in respect of the last financial period.

Donations

No donations were paid for the year ended 30 June 2016.

Directors of Subsidiary

The persons holding office as Directors of China Scrap Metals Resources Pty Limited during the year are:

- P Li
- Z Shi

Remuneration of Directors of Subsidiary

No Directors received remuneration from China Scrap Metals Resources Pty Limited as Directors of the subsidiary.

Employee Remuneration of Subsidiary

No employees of China Scrap Metals Resources Pty Limited, who are not directors, received remuneration and benefits exceeding NZD\$100,000 per annum during the year ended 30 June 2016.

Donations of Subsidiary

No donations were paid by China Scrap Metals Resources Pty Limited for the year ended 30 June 2016.

Statutory Information

For the year ended 30 June 2016

Corporate Governance

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability. The Board intends to develop strategies for the Company, review strategic objectives and monitor the Company's performance against those objectives. The overall goals of the corporate governance process is to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following primary responsibilities:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- review of performance and remuneration of Directors and Executive Officers; and
- establishment and maintenance of appropriate ethical standards for the Company to operate by.

The Directors have appointed an Audit Committee and a Nomination and Remuneration Committee. The Audit Committee is chaired by Mr Roger Gower with Mr Sean Joyce as a member.

The role of the Audit Committee is to take responsibility for overseeing the Company's audit procedures, undertaking management and responsibility for the Company fulfilling its annual audit review, and providing any information required by the Company's auditor.

The role of the Nomination and Remuneration Committee is to consider the appointment of any future Directors and their suitability to hold that position, as well as the employment of senior executive employees of the Company. The Nomination and Remuneration Committee is also responsible for considering the remuneration to be paid to executive employees and Directors.

The Company has adopted corporate governance policies and practices which are appropriate for the size and nature of the Company. The policies adopted include Continuous Disclosure and Trading in securities procedures and policies.

The Board also recognises its duty to ensure that its Shareholders and other stakeholders are informed of all major developments affecting the Company's state of affairs.

Company Directory

For the year ended 30 June 2016

Directors

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

Registered Office

c/- Roger Gower & Associates
44a Orakei Road,
Remuera, Auckland 1050, New Zealand

Postal Address

c/- Roger Gower & Associates
44a Orakei Road,
Remuera, Auckland 1050, New Zealand

Bankers

ASB Bank Limited
PO Box 35
Shortland Street
Auckland 1140

Auditors

PricewaterhouseCoopers
188 Quay Street
Auckland
New Zealand

Share Registry

Link Market Services
Level 7, Zurich House
21 Queen Street
Auckland 1010

PO Box 91976
Auckland 1142
New Zealand