
CSM Group Limited
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Auckland

CSM Group Limited (NZX: CSM)

Preliminary unaudited results announcement for the 12 months ended 30 June 2019

Commentary

AUCKLAND, New Zealand, 12 September 2019 – The Board of CSM Group Limited (NZX:CSM) is pleased to announce the preliminary unaudited full year results of the company for the 12 months ended 30 June 2019.

Results for Announcement to the Market

Results for announcement to the market		
Name of issuer	CSM Group Limited (CSM)	
Reporting Period	12 months to 30 June 2019	
Previous Reporting Period	12 months to 30 June 2018	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$-	-%
Total Revenue	\$27	0.7%
Net profit/(loss) from continuing operations	\$(627)	(20.5)%
Total net profit/(loss)	\$(1,259)	27%
Interim/Final Dividend		
Amount per Quoted Equity Security	The company does not propose to pay a dividend at this time.	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	

	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.0050	\$0.0064
A brief explanation of any of the figures above necessary to enable the figures to be understood	See below	
Authority for this announcement		
Name of person authorised to make this announcement	Roger Gower	
Contact person for this announcement	Roger Gower	
Contact phone number	027 591 4112	
Contact email address	roger@gower.ac	
Date of release through MAP	12 September 2019	

Unaudited financial statements accompany this announcement.

Preliminary unaudited announcement for the year ended 30 June 2019

Following the decision to cease operations at its wholly owned subsidiary China Scrap Metal Resources Pty Ltd (“CSM Pty”), CSM Group Limited (the “Company”) has now completed the winding down of that business and its subsidiary company (CSM Pty) was de-registered on 6 November 2018.

The financial results reflect the decision to minimise costs, wind down and exit the Australian operation.

As cash has been realised from the sale of inventory, property, plant and equipment, and local liabilities satisfied, surplus funds have been transferred to the parent company, CSM Group. All funds held in Australia are now held in CSM Group.

Transfer from foreign currency translation reserve on wind up of subsidiary

Included in the net loss attributable to shareholders is a classification adjustment of \$697,000. Accounting standards require that on the wind up of a foreign subsidiary, the cumulative amount of exchange differences recognised in equity (in the foreign currency translation reserve) be reclassified from equity to profit or loss. This adjustment has no impact on net tangible asset backing or cash reserves.

Accounting Policies

Apart from the change in presentation currency noted below, the accounting policies have been applied on a basis consistent with those used in the audited financial statements of the year ended 30 June 2018.

Change in Presentation Currency

The Company advised in its 2018 Annual Report that the functional currency changed from USD to NZD with effect from 1st April 2018.

Now that the Australian subsidiary, CSM Pty, has been fully disposed and the corporate entity de-registered the Directors advise that the Company has adopted New Zealand Dollars as its presentation currency.

The choice of presentation currency is an accounting policy and any change is applied retrospectively. The effect is the financial statements are treated as if the new presentation currency has always been the presentation currency, with the comparatives restated in the new presentation currency.

IAS 1: Presentation of Financial Statements requires the financial statements to include a Statement of Financial Position as at the beginning of the preceding period when an accounting policy has been applied retrospectively, as has been the case with this change in accounting policy. The Statement of Financial Position therefore includes the restated comparatives as at 30 June 2017.

The effect of foreign currency movements that impact on the financial statements as a result of this change in presentation currency, is shown in Other Comprehensive Income (Loss) and in the Statement of Movements in Equity as exchange differences in change of presentation currency.

Future Options

The Company is now a listed shell, with considerable cash resources and no debt. The Company has no term liabilities, and will have limited ongoing liabilities, most of which are associated with maintaining a listing on the NZX market.

The options the directors are pursuing for CSM Group include:

- finding a business operation to invest in;
- undertaking a reverse listing of a business seeking a stock exchange listing.

At this time the Company has no particular announcement to make regarding progress with those options suffice to say they are being actively investigated.

Result

The financial result for the Group for the year ended 30 June 2019 is a loss of NZD \$1,258,550.

Earnings per Share and Net Tangible Asset per security

The earnings per share are shown below the Statement of Profit & Loss and Other Comprehensive Income below. The net tangible asset backing per security is shown below the Statement of Position below.

Subsidiary

As noted above, CSM Group's 100% owned subsidiary, CSM Pty, has now been deregistered. The financial impact of CSM Pty on the results for the year is shown in the segment reporting below.

Audit

The financial statements shown below have not yet been audited by the Company's auditor.

Future Events

Event	Date
Annual report due	30 October 2019

Statement of Profit & Loss and Other Comprehensive Income

CSM Group Limited

For the year ended 30 June 2019

	2019	2018
	NZ\$000	(restated) NZ\$000
Revenue	-	-
Administrative expenses	(564)	(601)
Operating loss	(564)	(601)
Finance income	27	27
Exchange loss	(91)	(214)
Loss before income tax	(627)	(788)
Income tax expense	-	-
Loss from continuing operations	(627)	(788)
Discontinued operations		
Gain (loss) from discontinued operations (net of tax)	66	(202)
Transfer from foreign currency translation reserve on wind up of subsidiary	(697)	-
Net loss attributable to shareholders	(1,259)	(990)
Other comprehensive income		
Items that may be reclassified subsequently to profit of loss		
Exchange differences on translation of overseas subsidiary	-	6
Exchange difference on change in presentation currency	-	235
Other comprehensive income for the period, net of tax	-	240
Total comprehensive loss for the year attributable to shareholders	(1,259)	(750)
Total comprehensive loss for the year attributable to shareholders		
Continuing operations	(627)	(788)
Discontinued operations	(631)	39
	(1,259)	(750)
Earnings (loss) per share from continuing operations:		
- basic and diluted loss per share (cents)	(0.151)	(0.190)
Earnings (loss) per share from continuing and discontinued operations:		
- basic and diluted loss per share (cents)	(0.304)	(0.181)

Statement of Changes in Equity

CSM Group Limited

For the year ended 30 June 2019

	Share capital	Foreign currency translation reserve	Accumulated losses	Total equity
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Balance at 1 July 2017 (restated)	44,165	(647)	(40,125)	3,393
Loss attributable to shareholders	-	-	(990)	(990)
Exchange differences on translating overseas subsidiary	-	6	-	6
Exchange differences on change in presentation currency	754	(56)	(463)	235
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	754	(50)	(1,453)	(749)
Balance at 30 June 2018 (restated)	44,919	(697)	(41,578)	2,644
Balance at 1 July 2018 (restated)	44,919	(697)	(41,578)	2,644
Loss attributable to shareholders	-	697	(1,259)	(561)
Exchange differences on translating overseas subsidiary	-	-	-	-
Exchange differences on change in presentation currency	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	697	(1,259)	(561)
Balance at 30 June 2019	44,919	-	(42,837)	2,083

Statement of Financial Position

CSM Group Limited

As at 30 June 2019

	2019 NZ\$000	2018 (restated) NZ\$000	2017 (restated) NZ\$000
ASSETS			
Current assets			
Cash and cash equivalents	1,874	2,452	2,676
Trade and other receivables	43	120	132
Inventory	-	-	311
Taxation receivable	238	246	238
Total current assets	2,155	2,818	3,357
Non-current assets			
Property, plant and equipment	-	-	475
Total non-current assets	-	-	475
Total assets	2,155	2,818	3,833
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	73	174	439
Total current liabilities	73	174	439
Total liabilities	73	174	439
Net assets	2,083	2,644	3,393
EQUITY			
Share capital	44,919	44,919	44,165
Foreign currency translation reserve	-	(697)	(647)
Accumulated losses	(42,837)	(41,578)	(40,125)
Total equity	2,083	2,644	3,393
Net tangible assets per share (cents per share):	0.50	0.64	0.82

Statement of Cash Flows

CSM Group Limited

For the year ended 30 June 2019

	2019	2018
	NZ\$000	(restated) NZ\$000
Cash flows from operating activities		
Receipts from customers	-	579
interest received	27	29
Payments to suppliers and employees	(551)	(1,393)
Income tax refunded (paid)	36	(7)
Net cash outflows for operating activities	(487)	(792)
Cash flows from investing activities		
Disposal of property, plan and equipment	-	509
Net cash inflows from investing activities	-	509
Net increase/(decrease) in cash and cash equivalents	(487)	(283)
Cash and cash equivalents at the beginning of the period	2,452	2,676
Effect of exchange rate changes	(91)	58
Cash and cash equivalents at the end of the period	1,874	2,452

Reconciliation of Loss after Taxation with Cash Flow from Operating Activities

	2019	2018
	NZ\$000	(restated) NZ\$000
Net loss after taxation	(1,259)	(990)
Adjustments for:		
Income tax expense (benefit) in profit or loss	-	-
Depreciation expense and impairment loss	-	(24)
Effect of foreign exchange rates	91	175
Transfer from foreign currency translation reserve on wind up o	697	-
Other non-cash adjustments	-	-
Movements in working capital		
Decrease / (increase) in trade and other receivables	49	22
Decrease / (increase) in inventories	-	319
(Decrease) / increase in trade and other payables	(101)	(288)
Income taxes received (paid)	36	(7)
Net cash outflows from operating activities	(487)	(792)

Reporting of Segments

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 was previously organised into the following main operating segments:

- China Scrap Metals Resources Pty Limited (CSM Pty) 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.

Income has been allocated based on the country where the income 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.

Following the deregistration of its subsidiary, CSM Pty, the Company will only report as a single segment. All assets and liabilities at balance date were held by the New Zealand company.

	2019			2018		
	Holding Company	CSM Pty	Total	Holding Company	CSM Pty	Total
	New Zealand Continuing	Australia Discontinued		New Zealand Continuing	Australia Discontinued	
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000 (restated)	NZ\$'000 (restated)	NZ\$'000 (restated)
Total inter-segment revenue	-	-	-	-	-	-
Total external revenue	-	-	-	-	-	-
Total EBITDA	(564)	-	(564)	(601)	-	601
Finance income	27	-	27	27	-	27
Impairment recovered/(Impairment)	-	-	-	-	-	-
Gain (loss) from discontinued operations (net of tax)	-	66	66	-	(202)	(202)
Transfer from foreign currency translation reserve on wind up of subsidiary	-	(697)	(697)	-	-	-
Exchange gain/(loss)	(91)	-	(91)	(214)	-	(214)
Net loss before taxation	(627)	(631)	(1,259)	(788)	(202)	(990)
Income tax expense	-	-	-	-	-	-
Net loss for the year	(627)	(631)	(1,259)	(788)	(202)	(990)

	2019			2018		
	Holding Company NZ	CSM Ltd Australian	Total	Holding Company NZ (restated)	CSM Ltd Australian (restated)	Total (restated)
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Segment assets	2,155	-	2,155	2,798	19	2,818
Segment liabilities	73	-	73	119	54	174