

# **CSM Group Limited**

## **Interim Financial Statements**

**For the six months ended 31 December 2019**

CSM Group Limited

## **Interim Financial Report**

For the six months ended 31 December 2019

---

### **Contents**

Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Company Directory	12

**Consolidated Statement of Comprehensive Income**

For the six months ended 31 December 2019

		6 mths ended 31 Dec 2019 (unaudited) NZ\$'000	6 mths ended 31 Dec 2018 (unaudited) NZ\$'000
	Note		
Operating revenue		-	-
Other income		-	-
Administrative expenses	1	(291)	(323)
<b>Operating loss</b>		<b>(291)</b>	<b>(323)</b>
Finance income		7	15
Exchange gain (loss)		33	(82)
<b>Loss before income tax</b>		<b>(251)</b>	<b>(390)</b>
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(251)</b>	<b>(390)</b>
<b>Discontinued operations</b>			
Gain (loss) from discontinued operations (net of tax)		-	66
Transfer from foreign currency translation reserve on wind up of subsidiary		-	(697)
<b>Net loss attributable to shareholders</b>		<b>(251)</b>	<b>(1,022)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the year attributable to shareholders</b>		<b>(251)</b>	<b>(1,022)</b>
<b>Total comprehensive loss for the year attributable to shareholders</b>			
Continuing operations		(251)	(390)
Discontinued operations		-	(632)
		<b>(251)</b>	<b>(1,022)</b>
<b>Earnings (loss) per share from continuing operations:</b>			
- basic and diluted loss per share (cents)	2	(0.061)	(0.094)
<b>Earnings (loss) per share from continuing and discontinued operations:</b>			
- basic and diluted loss per share (cents)	2	(0.061)	(0.246)

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Changes in Equity**

For the six months ended 31 December 2019

	Share capital	Foreign currency translation reserve	Accumulated losses	Total equity
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<b>Balance at 1 July 2018</b>	44,919	(697)	(41,578)	2,644
Loss attributable to shareholders	-	697	(1,022)	(325)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	697	(1,022)	(325)
<b>Balance at 31 December 2018 (unaudited)</b>	<b>44,919</b>	<b>-</b>	<b>(42,600)</b>	<b>2,319</b>
<b>Balance at 1 July 2019</b>	44,919	-	(42,889)	2,030
Loss attributable to shareholders	-	-	(251)	(251)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(251)	(251)
<b>Balance at 31 December 2019 (unaudited)</b>	<b>44,919</b>	<b>-</b>	<b>(43,140)</b>	<b>1,779</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Financial Position**

As at 31 December 2019

	31 Dec 2019 (unaudited) NZ\$'000	30 Jun 2019 (audited) NZ\$'000	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,798	1,874	
Trade and other receivables	47	69	
Taxation receivable	19	212	
<b>Total current assets</b>	<b>1,864</b>	<b>2,155</b>	
<b>Total assets</b>	<b>1,864</b>	<b>2,155</b>	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	85	125	
<b>Total current liabilities</b>	<b>85</b>	<b>125</b>	
<b>Total liabilities</b>	<b>85</b>	<b>125</b>	
<b>Net assets</b>	<b>1,779</b>	<b>2,030</b>	
<b>EQUITY</b>			
Share capital	44,919	44,919	
Foreign currency translation reserve	-	-	
Accumulated losses	(43,140)	(42,889)	
<b>Total equity</b>	<b>1,779</b>	<b>2,030</b>	
Net tangible assets per share (cents per share):	3	0.43	0.49

For and on behalf of the Board:



Director



Director

Dated: 20 February 2020

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

**Consolidated Statement of Cash Flows**

For the six months ended 31 December 2019

		6 mths ended 31 Dec 2019 (unaudited) NZ\$'000	6 mths ended 31 Dec 2018 (unaudited) NZ\$'000
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Receipts from customers		-	-
Interest received		7	15
Payments to suppliers and employees		(313)	(290)
Income tax refunded (paid)		193	40
<b>Net cash outflows from operating activities</b>	<b>5</b>	<b>(113)</b>	<b>(235)</b>
<b>Cash flow from investing activities</b>		-	-
<b>Cash flow from financing activities</b>		-	-
<b>Net decrease in cash and cash equivalents</b>		<b>(113)</b>	<b>(235)</b>
Cash and cash equivalents at the beginning of the period		<b>1,874</b>	<b>2,452</b>
Effect of exchange rate changes		37	(82)
<b>Cash and cash equivalents at the end of the period</b>		<b>1,798</b>	<b>2,135</b>

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

## Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 31 December 2019

---

### A General Information

These unaudited interim consolidated financial statements are for CSM Group Limited (“CSM” or “the Company”). The comparative amounts for the six months to 30 December 2018 include the results of the Company’s subsidiary, China Scrap Metal Resources Pty Limited (“CSM Pty”). CSM Pty was de-registered by the Australian Securities and Investments Commission on 6 January 2019.

The Company is currently non trading.

CSM Group Limited, is a limited liability company incorporated and domiciled in New Zealand. Its registered office is at 44a Orakei Road, Remuera, Auckland 1050.

There are no seasonal or cyclical influences on these interim results.

### B Summary of Significant Accounting Policies

#### Basis of preparation

These unaudited interim consolidated financial statements for the six months ended 31 December 2019 have been prepared in accordance New Zealand Generally Accepted Accounting Practice (“NZ GAAP”), with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting (“NZ IAS 34”) and with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”).

CSM Group Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the NZX Market. These financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The interim financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements included in the annual report for the year ended 30 June 2019 which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and International Financial Reporting Standards (“IFRS”).

The interim financial statements are presented in New Zealand dollars rounded, where necessary, to the nearest thousand dollars.

The interim financial statements are unaudited. The comparative information as at 30 June 2019 is audited.

#### Accounting policies

The interim financial statements have been prepared using the same accounting policies and methods of computation detailed in the audited financial statements for the year ended 30 June 2019, except as noted below. For details of the accounting policies please refer to the 2019 Annual Report.

#### Goods and services tax (GST)

From 1 December 2019 the Company has been able to deduct GST from its expenses. From 1 December 2019 revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables, which are recognised inclusive of GST.

Previously, with effect from 1 December 2018, the Company was not making taxable supplies and, as a result, it was not able to deduct GST from its expenses. All transactions from 1 December 2018 to 1 December 2019 have been stated inclusive of GST.

These unaudited interim financial statements have been approved for issue by the Board of Directors on 20 February 2020.

**Condensed Notes to the Interim Consolidated Financial Statements**

For the six months ended 31 December 2019

**1 Administrative expenses**

	<b>6 mths ended 31 Dec 2019 (unaudited) NZ\$'000</b>	<b>6 mths ended 31 Dec 2018 (unaudited) NZ\$'000</b>
Directors' fees	(172)	(182)
Audit costs	(64)	(64)
Other expenses	(55)	(78)
	<b>(291)</b>	<b>(323)</b>

**2 Earnings per share**

	<b>6 mths ended 31 Dec 2019 (unaudited)</b>	<b>6 mths ended 31 Dec 2018 (unaudited)</b>
<b>Basic earnings/(loss) per share (NZ cents):</b>		
From continuing operations	(0.061)	(0.094)
From discontinued operations	-	(0.152)
Total basic earnings/(loss) per share	<b>(0.061)</b>	<b>(0.247)</b>
<b>Diluted earnings/(loss) per share (NZ cents):</b>		
From continuing operations	(0.061)	(0.094)
From discontinued operations	-	(0.152)
Total diluted earnings/(loss) per share	<b>(0.061)</b>	<b>(0.247)</b>

The losses and weighted average number of ordinary shares used in the calculation of loss per share are as follows:

	<b>6 mths ended 31 Dec 2019</b>	<b>6 mths ended 31 Dec 2018</b>
Loss from continuing operations (NZ\$)	(250,883)	(390,317)
Loss from discontinued operations (NZ\$)	-	(631,989)
	<b>(250,883)</b>	<b>(1,022,305)</b>

Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	414,550,000	414,550,000
--	-------------	-------------

At 31 December 2019, there were no financial instruments that carried any shareholder dilution rights that were considered to be dilutive (31 December 2018: none).

**Condensed Notes to the Interim Consolidated Financial Statements**

For the six months ended 31 December 2019

**3 Net tangible asset backing**

	<b>31 Dec 2019</b> <b>(unaudited)</b>	<b>30 Jun 2019</b> <b>(audited)</b>
Net tangible assets (NZ\$)	1,779,007	2,029,948
Issued shares at balance date	414,550,000	414,550,000
Net tangible assets per share (NZ cents)	<b>0.43</b>	<b>0.49</b>

**4 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 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 only reports as a single segment.

	<b>Six months ended 31 December 2019</b>			<b>Six months ended 31 December 2018</b>		
	<b>Holding</b>	<b>CSM Pty</b>	<b>Total</b>	<b>Holding</b>	<b>CSM Pty</b>	<b>Total</b>
	<b>Company</b>			<b>Company</b>		
	New Zealand Continuing	Australia Discontinued		New Zealand Continuing	Australia Discontinued	
	<b>(unaudited)</b> <b>NZ\$'000</b>	<b>(unaudited)</b> <b>NZ\$'000</b>	<b>(unaudited)</b> <b>NZ\$'000</b>	<b>(unaudited)</b> <b>NZ\$'000</b>	<b>(unaudited)</b> <b>NZ\$'000</b>	<b>(unaudited)</b> <b>NZ\$'000</b>
Total inter-segment revenue	-	-	-	-	-	-
Total external revenue	-	-	-	-	-	-
Total EBITDA	(291)	-	(291)	(323)	11	(312)
Finance income	7	-	7	15	-	15
Gain (loss) from discontinued operations (net of tax)	-	-	-	-	54	54
Transfer from foreign currency translation reserve on wind up of subsidiary	-	-	-	-	(697)	(697)
Exchange gain/(loss)	33	-	33	(82)	-	(82)
Net loss for the period	(251)	-	(251)	(390)	(631)	(1,022)
Income tax expense	-	-	-	-	-	-
Net loss for the year	(251)	-	(251)	(390)	(631)	(1,022)

**Condensed Notes to the Interim Consolidated Financial Statements**

For the six months ended 31 December 2019

	31 December 2019			30 June 2019		
	Holding Company	CSM Pty	Total	Holding Company	CSM Pty	Total
	New Zealand Continuing	Australia Discontinued		New Zealand Continuing	Australia Discontinued	
	(unaudited) NZ\$'000	(unaudited) NZ\$'000	(unaudited) NZ\$'000	(audited) NZ\$'000	(audited) NZ\$'000	(audited) NZ\$'000
Total segment assets	1,864	-	1,864	2,155	-	2,155
Total segment liabilities	85	-	85	125	-	125

**5 Reconciliation of loss after taxation with cash flow from operating activities**

	6 mths ended 31 Dec 2019 (unaudited) NZ\$'000	6 mths ended 31 Dec 2018 (unaudited) NZ\$'000
<b>Net loss after taxation</b>	<b>(251)</b>	<b>(1,022)</b>
<b>Adjustments for:</b>		
Effect of movements in foreign exchange rates	(38)	82
Transfer from foreign currency translation reserve on wind up of subsidiary	-	697
Other non-cash adjustments	-	-
<b>Movements in working capital</b>		
Decrease / (increase) in trade and other receivables	23	42
(Decrease) / increase in trade and other payables	(40)	(74)
Income taxes received (paid)	193	40
<b>Net cash outflows from operating activities</b>	<b>(113)</b>	<b>(235)</b>

**6 Contingent liabilities**

There are no contingent liabilities as at 31 December 2019 (30 June 2019: nil).

**7 Commitments**

The Company entered into a conditional agreement on 10 December 2019 to acquire 100% of The Good Brand Company Limited, a sales and marketing business and Me Today Limited (which represents the wellness brand **me|today**<sup>tm</sup>), both of which operate in the health and wellness sector.

The transaction values the The Good Brand Company and Me Today at \$5.55 million including \$1 million of cash, whilst the listed shell of CSM is valued at \$2.1 million. CSM will satisfy the consideration required to buy The Good Brand Company Limited and Me Today Limited by the issue of 1,110,000,000 new CSM shares at an issue price of \$0.005 per share.

CSM intends to undertake a placement of up to \$1,500,000 at \$0.005 per share to wholesale investors (the same price that applies to the issue of shares to the vendors of the businesses being acquired).

The transaction is subject to approval by the shareholders of CSM under the NZX Listing Rules, the Companies Act and the Takeovers Code. CSM anticipates a shareholders meeting will be held in late March 2020.

Subject to the appropriate approvals, the completion date of the acquisition is expected to be 31 March 2020.

CSM Group Limited

## **Condensed Notes to the Interim Consolidated Financial Statements**

For the six months ended 31 December 2019

---

The Group had no other commitments for capital expenditure as at 31 December 2019.

The Group had no commitments for capital expenditure as at 30 June 2019.

### **8 Events subsequent to interim balance date**

There have been no significant events after balance date.

## Company Directory

---

### **Directors**

R Gower  
S Joyce  
P Li  
T Preston  
Z Shi

### **Registered Office**

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

### **Postal Address**

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

### **Bankers**

ASB Bank Limited  
PO Box 35  
Shortland Street  
Auckland 1140

### **Auditor**

PricewaterhouseCoopers  
188 Quay Street  
Auckland  
New Zealand

### **Share Registry**

Link Market Services  
Level 11, Deloitte Centre  
80 Queen Street  
Auckland 1010

PO Box 91976  
Auckland 1142  
New Zealand