

The image features a dark blue background with a vertical, glowing blue light effect on the right side, resembling a stylized '1' or a digital beam. The text is white and positioned on the left side.

FÖS  
CAPITAL

## Half Year Report 2023

FOS Capital Limited  
ACN 637 156 275

**Appendix 4D - Half Year Report for six months ended 31 December 2022**

**Results for announcement to the market**

Name of entity	FOS CAPITAL LIMITED
ACN	637 156 275

**Reporting Period**

Half Year Ended	31 December 2022
Previous Corresponding period – half year ended	31 December 2021

**Results for announcement to the market**

Revenue from ordinary activities	Up	39.5%	to	8,618,313
Profit from ordinary activities after tax attributable to members	Up	36.4%	to	392,145
Net profit for the period attributable to members	Up	36.4%	to	392,145
				<b>Franked amount per Security</b>
				<b>Amount per Security</b>
Interim Dividend - Current period		Nil		Nil
- Previous corresponding period		Nil		Nil

No interim dividend has been declared for the half-year ended 31 December 2022.

The Company paid dividend of 0.5 cents per share on 24 October 2022 for the year ended 30 June 2022.

**Net tangible assets per security**

	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Net tangible asset backing per ordinary security	12.5 cents	12.9 cents

Additional Appendix 4D disclosure requirements can be found in the enclosed half year financial report of FOS Capital Limited for the half year ended 31 December 2022.

This report is also to be read in conjunction with the Annual Report of FOS Capital Limited for the year ended 30 June 2022 and any public announcements made by FOS Capital Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

This report is based on the consolidated financial statements for the half year ended 31 December 2022 which have been reviewed by William Buck.

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## DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the Consolidated entity consisting of FOS Capital Limited and the entities it controlled (the Consolidated entity), for the half-year ended 31 December 2022 and independent auditor's review report thereon.

## DIRECTORS

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

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

## PRINCIPAL ACTIVITIES

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

## RESULTS OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Board is pleased to report that Consolidated entity's trading improved significantly with group revenues of \$8.6 million (2021: \$6.18 million) for the half year ended 31 December 2022, orders in hand at December 2022 \$5.3 million compared to \$6.1 million and active quotes at December 2022 was \$58 million compared to \$50 million at December 2021.

The Directors of FOS Capital Limited take great pleasure in reporting consolidated net profit after tax \$392,145 (2021: \$287,446) for the half year ended 31 December 2022.

On 1 November 2022 FOS Lighting Pty Ltd acquired a business of Hawko Lighting, established over 30 years ago and is based on the Sunshine Coast, Queensland. It manufactures an extensive range of commercial, industrial & architectural LED linear lighting. The company has 11 employees and services the Australian commercial lighting market with distributors in all capital cities.

Hawko Lighting acquisition expands FOS's market share in linear lighting and provides additional manufacturing capacity for our fastest growing product line. There will be significant operational benefits with the increased volumes and the ability to further rationalise fixed costs as we share knowledge and resources across the group. FOS will also leverage its significant sales and distribution network in Australia and New Zealand to expand Hawko's reach in the Australian market.

FOS raised \$1.5M by issuing shares to sophisticated investors and directors of the Company via share placement to fund the acquisition of Hawko Lighting and to fund working capital.

The Board is extremely pleased with the progress the company is making as it continues to build a profitable and sustainable business.

The company is well placed to continue its growth with 59 staff and expansive operations in Australia and New Zealand.

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

## DIVIDEND

The Company paid dividend of 0.5 cents per share on 24 October 2022 for the year ended 30 June 2022.

The Directors have not declared the interim dividend for the half year ended 31 December 2022.

## DIRECTORS' REPORT (CONTINUED)

### MATTERS SUBSEQUENT TO REPORTING DATE

There were no matters or circumstances specific to the Consolidated entity that have arisen since 31 December 2022 that have significantly affected or may significantly affect the Consolidated entity's operations and state of affairs.

### AUDITOR'S INDEPENDENCE DECLARATION

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

### ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the directors.



Con Scrinis  
Director

Date: 20 February 2023

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Notes	31 Dec 2022	31 Dec 2021
		\$	\$
<b>Revenue</b>			
Revenue	2	8,618,313	6,177,135
Cost of sales		(5,308,044)	(3,389,865)
Gross Profit		3,310,269	2,787,270
Other Income	2	95,570	264,923
<b>Expenses</b>			
Selling and distribution expenses		(730,837)	(729,191)
Administrative and corporate expenses		(1,754,746)	(1,579,154)
Depreciation of right of use assets		(309,017)	(363,854)
Depreciation & amortisation		(62,925)	(54,441)
Finance costs		(27,165)	(14,370)
Total expenses		(2,884,690)	(2,741,010)
Profit before income tax expense		521,149	311,183
Income tax expense		(129,004)	(23,737)
Profit after tax		392,145	287,446
<b>Other comprehensive income</b>			
Other comprehensive income that may subsequently reclassified to the profit or loss - foreign currency translation gain/(loss)		51,157	(21,302)
Total comprehensive income for half-year		443,302	266,144
<b>Earnings per share (cents per share) for profit attributable to the equity holders of the entity:</b>			
Basic and diluted earnings per share	5	0.83	0.63

The accompanying notes forms part of these Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	Notes	31 Dec 2022	30 Jun 2022
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		1,022,301	1,890,246
Trade and other receivables		4,178,503	1,819,831
Inventories		4,524,312	3,853,032
Other current assets		291,905	207,458
<b>Total current assets</b>		<b>10,017,021</b>	<b>7,770,567</b>
<b>Non-current assets</b>			
Plant and equipment		537,753	437,886
Right of use assets		1,299,882	1,285,975
Intangible assets		2,382,760	1,535,212
Deposits for leaseholds		106,199	45,000
Deferred tax assets		739,013	715,293
<b>Total Non-current assets</b>		<b>5,065,607</b>	<b>4,019,366</b>
<b>Total assets</b>		<b>15,082,628</b>	<b>11,789,933</b>
<b>Current liabilities</b>			
Trade and other payables		2,876,879	1,847,183
Lease liabilities		733,897	666,499
Deferred consideration		300,000	-
Provision for employee entitlements		650,122	516,703
Provision for income tax expense		140,552	144,570
Provision for warranty		50,000	-
<b>Total current liabilities</b>		<b>4,751,450</b>	<b>3,174,955</b>
<b>Non-current liabilities</b>			
Lease liabilities		717,739	795,850
Provision for employee entitlements		39,211	36,211
Deferred tax liability		455,195	243,308
<b>Total non-current liabilities</b>		<b>1,212,145</b>	<b>1,075,369</b>
<b>Total Liabilities</b>		<b>5,963,595</b>	<b>4,250,324</b>
<b>Net assets</b>		<b>9,119,033</b>	<b>7,539,609</b>
<b>Equity</b>			
Contributed capital	4	5,422,042	4,054,389
Foreign currency translation reserve		(46,656)	(97,813)
Retained earnings		3,743,647	3,583,033
<b>Total equity</b>		<b>9,119,033</b>	<b>7,539,609</b>

The accompanying notes forms part of these Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half year ended 31 December 2022	Contributed equity	Foreign currency translation reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2022	4,054,389	(97,813)	3,583,033	7,539,609
Profit for the half year	-	-	392,145	392,145
Change in foreign currency translation reserve	-	51,157	-	51,157
Total comprehensive income for the half-year		(46,656)	392,145	443,302
Transactions with owners in their capacity as owners:				
Issue of shares – share placement	1,367,653	-	-	1,367,653
Dividend paid	-	-	(231,531)	(231,531)
At 31 December 2022	5,422,042	(46,656)	3,743,647	9,119,033

For the half year ended 31 December 2021	Contributed equity	Foreign currency translation reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2021	3,688,670	117	3,234,095	6,922,882
Profit for the half year	-	-	287,446	287,446
Change in foreign currency translation reserve	-	(21,302)	-	(21,302)
Total comprehensive income for the half-year		(21,302)	287,446	266,144
Transactions with owners in their capacity as owners				
Issue of shares for acquisition of Ecopoint Limited	365,719	-	-	365,719
At 31 December 2021	4,054,389	(21,185)	3,521,541	7,554,745

The accompanying notes forms part of these Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31 Dec 2022	31 Dec 2021
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	7,071,154	7,282,929
Income from government grants - COVID Support	-	102,342
Payments to suppliers and employees	(7,953,358)	(6,950,558)
Interest received	2,221	570
Interest paid	(27,165)	(14,370)
Payment of income tax	(104,935)	(173,853)
Net cash flows from operating activities	<u>(1,012,083)</u>	<u>247,060</u>
<b>Cash flows from investing activities</b>		
Payment for plant and equipment	(111,265)	(2,806)
Payment for acquisition of Hawko Lighting	(598,240)	-
Payment for acquisition of Ecopoint Limited net of cash acquired (Note 6)	-	(754,299)
Net cash flows used in investing activities	<u>(709,505)</u>	<u>(757,105)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,367,653	-
Dividend payments	(231,531)	-
Payment of lease liabilities	(333,636)	(445,413)
Net cash flows from / (used in) financing activities	<u>802,486</u>	<u>(445,413)</u>
Net increase / (decrease) in cash and cash equivalents	(919,102)	(955,458)
Impact of exchange rates on cash and cash equivalents	51,157	(21,302)
Cash and cash equivalents at beginning of half year	1,890,246	2,965,249
Cash and cash equivalents at end of the half year	<u>1,022,301</u>	<u>1,988,489</u>

The accompanying notes forms part of these Financial Statements

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**NOTES TO CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS****1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 of FOS Capital Limited.

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

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

**a. Basis of accounting**

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

The condensed consolidated half-year financial report includes the consolidated results of FOS Capital Limited and its controlled entities for the half year ended 31 December 2022.

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2022 and the corresponding half-year.

**(b) New or amended Accounting Standards and Interpretations adopted**

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

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

**NOTES TO CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)**
**2. REVENUE**

	31 Dec 2022	31 Dec 2021
	\$	\$
<b>a) Sales revenue</b>	<b>8,618,313</b>	<b>6,177,135</b>
<b>b) Other Income</b>		
Revenue from government grants – COVID support	-	102,342
Interest received	2,221	570
Rent received	62,500	66,014
Re-assignment or settlement of lease liability obligations	-	82,928
Other revenue	30,849	13,069
	<b>95,570</b>	<b>264,923</b>
<b>Total Revenue</b>	<b>8,713,883</b>	<b>6,442,058</b>

**3. OPERATING SEGMENTS**

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

**Geographic Segment information for the half year ended 31 December 2022**

	Australia	New Zealand	Total
	\$	\$	\$
Sales revenue	6,898,693	1,719,620	8,618,313
Other revenue	93,685	1,885	95,570
<b>Total Revenue</b>	<b>6,992,378</b>	<b>1,721,505</b>	<b>8,713,883</b>
Net profit after tax	367,515	24,630	392,145
Total assets	12,406,207	2,399,795	14,806,002
Total liabilities	(5,315,832)	(329,392)	(5,645,224)

**Geographic Segment information for the half year ended 31 December 2021**

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

**NOTES TO CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)**
**4. ISSUED CAPITAL**

	31 Dec 2022
	\$
Balance as at 1 July 2022	4,054,389
Issue of shares – share placement	1,500,000
Cost of raising capital	(132,347)
<b>Balance as at 31 December 2022</b>	<b>5,422,042</b>
<b>Number of shares issued</b>	<b>Number</b>
Balance as at 1 July 2022	46,306,139
Issue of shares – share placement	7,500,000
<b>Balance as at 31 December 2022</b>	<b>53,806,139</b>

In November 2022 the Company issued 7,500,000 fully paid ordinary shares an issue price of \$0.20 per shares to share to sophisticated investors and directors of the Company to acquire Hawko Lighting and to fund working capital.

**5. EARNINGS PER SHARE**

Reconciliation of earnings used in calculating earnings per share:

	31 Dec 2022	31 Dec 2021
Profit used to calculate earnings per share	\$392,145	\$287,446
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares used in calculating earnings and diluted earnings per share	47,423,948	45,653,070
Earnings per share (in cents)	0.83	0.63

There were no contingently issuable equity instruments that could have impacted the diluted earnings per share calculation as at period end.

**6. DIVIDEND**

	31 Dec 2022	31 Dec 2021
	\$	\$
<b>Recognised Amounts</b>		
Final dividend of 0.5 cents per share for the financial year ended 30 June 2022 paid on 24 October 2022	231,531	-
Dividends paid as per the Consolidated Statement of Cash Flows	(231,531)	-

No interim dividend declared for the half year ended 31 December 2022.

**NOTES TO CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS (CONT'D)**

**7. ACQUISITION OF HAWKO LIGHTING**

On 1 November 2022 FOS Lighting Pty Ltd acquired a business of Hawko Lighting, established over 30 years ago and is based on the Sunshine Coast, Queensland. It manufactures an extensive range of commercial, industrial & architectural LED linear lighting.

The values identified in relation to the acquisition of Hawko are provisional as at 31 December 2022.

The provisional fair values of the assets and liabilities of Hawko Lighting as at 1 November 2022 were as follows;

	\$
Inventory	100,000
Inventory (deferred settlement account)	300,000
Plant and equipment	18,000
Brand Value	881,076
Deferred tax assets	60,189
Deferred tax liabilities	(220,269)
Employee liabilities	(190,756)
Other liabilities	(50,000)
	898,240
Details of the purchase consideration:	
Cash consideration paid	598,240
Deferred consideration	300,000
	898,240

**Contribution since acquisition**

Since the acquisition date Hawko Lighting has contributed revenue of \$297,460 and a profit after tax of \$63,034 which is included within the consolidated profit.

The Consolidated entity will be required to pay additional consideration up to \$300,000 on account of deferred inventory settlements on 1 Nov 2023.

As at 31 December 2022, other than as disclosed above, there were no further deferred or contingent payments relating to the acquisition.

**8. CONTINGENT LIABILITIES**

With the exception of the deposits paid \$106,199 (June 2022: \$45,000) for leasehold tenancies, as report date the directors are unaware of any contingent liabilities or commitments that may materially impact the Consolidated entity.

**9. SUBSEQUENT EVENTS**

There were no matters or circumstances specific to the Consolidated entity that have arisen since 31 December 2022 that have significantly affected or may significantly affect the Consolidated entity's operations and state of affairs.

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**DIRECTORS' DECLARATION**

The directors declare that:

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

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- giving a true and fair view of the financial position of the Consolidated entity as at 31 December 2022 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that FOS Capital Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.



Con Scrinis  
Director

Date: 20 February 2023

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N. S. Benbow**  
Director

Melbourne, 20 February 2023

## FOS Capital Limited Independent auditor's review report

### REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

#### Conclusion

We have reviewed the accompanying half-year financial report of FOS Capital Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FOS Capital Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

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

#### Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136



**N. S. Benbow**  
Director

Melbourne, 20 February 2023