FŌS CAPITAL

Annual Report 2024

FOS Capital Limited
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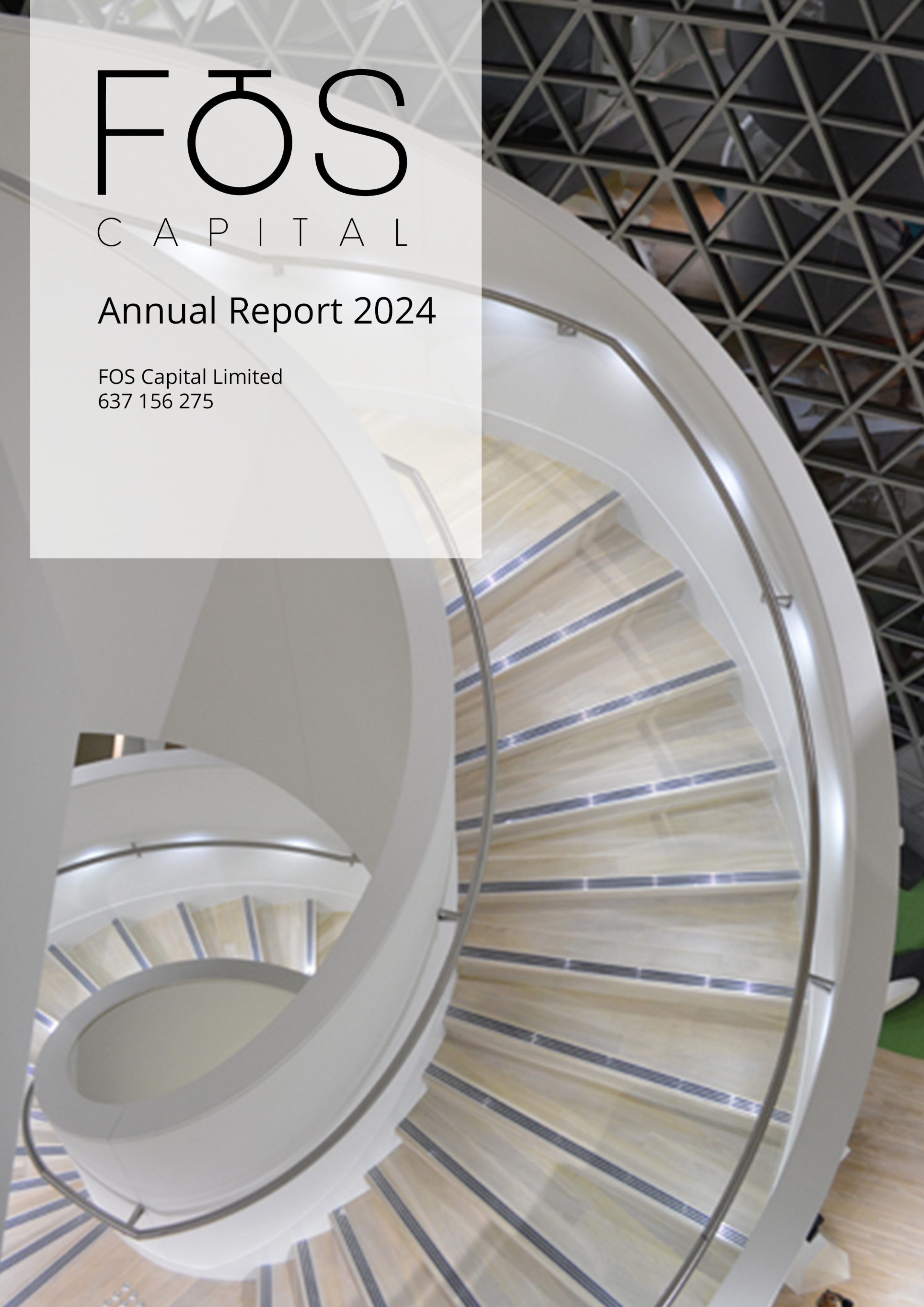

CORPORATE DIRECTORY

COMPANY'S REGISTERED ADDRESS

FOS Capital Ltd
ACN: 637 156 275
Unit 3B/41 Rose Street Richmond VIC 3121
PH. 1300 241 087
www.foscapital.com.au

ASX CODE - FOS

DIRECTORS

Alexander (Sandy) Beard (Non-Executive Chairman)
Con Scrinis (Managing Director, Chief Executive Officer)
Michael Koutsakis (Executive Director)
Michael Monsonego (Non-Executive Director)

COMPANY SECRETARY

Hemant Amin

AUDITOR

William Buck Audit
Level 20, 181 William Street Melbourne VIC 3000
PH: 03 9824 8555

SHARE REGISTRY

Boardroom Pty Ltd
Level 12, 225 George Street Sydney NSW 2000
PH: 1300 737 760
www.boardroomlimited.com.au

Further investor information can be located in the
Investor Relations tab on FOS Capital's website at https://www.foscapital.com.au

CHAIRMAN & MANAGING DIRECTORS REPORT

DEAR SHAREHOLDERS

FOS Capital has completed a transformational year growing the business organically and completing the acquisition of Klik Systems.

The business now has manufacturing operations in Brisbane and Sydney and sales offices or distributors in all major capital cities in Australia and New Zealand. The business also has a growing export market in Europe and the USA.

Sales for the year increased 43% to $24.5 million and the company reported Net Profit after Tax of $632,161 after expensing $603,396 in restructuring costs following the consolidation of the Klik Systems acquisition.

KLIK SYSTEMS

On 1 October 2023 the Company acquired the business & assets of Klik Systems (Klik). Klik was established over 40 years ago and is based in Sydney NSW. Klik manufactures an extensive range of commercial, industrial & architectural LED linear and handrail lighting. The business services the Australian commercial lighting market with sales offices & distributors in all capital cities, and has exports markets to Europe and the USA.

OPERATIONS

Following the acquisition of Klik FOS undertook a restructuring program to consolidate operations and remove costs. This included the closure of the Sunshine Coast manufacturing facility and moving production to Brisbane and Sydney, consolidating product lines and the integration of the ERP systems. The company expensed $603,396 as a one off expense to implement the restructuring program.

The year had many highlights including Sales $24.5m +43%, EBITDA*$2.1m +73%, operating positive cashflow of $1m, Order book $9.6m +191% and export sales 6%.

We continue to develop new products and also managed to reduce operating costs as a percentage of sales from 36% down to 29%.

FOS now has 17 product lines, 96% of all sales are with products lines that FOS has complete control over.

DIVIDENDS

Directors have declared a 1 cent fully franked dividend in respect of the year ended 30 June 2024, payable on 24 September 2024. No dividend will be paid for the year ended on 30 June 2023.

MD'S OUTLOOK

The commercial construction industry continues to be robust with substantial work from government infrastructure spending. FOS has exposure to this work through Hospitals, Schools, rail and transport, Custodial. With a record active quote pipeline of $120 million, a strong balance sheet and a motivated and professional team we are confident we are well on the way to an even stronger result in 2025.

As always we take this opportunity to thank all stakeholders for their ongoing support with a special yell out to our magnificent staff who have performed above and beyond to meet our customers requirements.

HIGHLIGHTS 2024

Sales FY24
+43%
to $24.5m

Sales 2H24
+73%
to $14.6m

EBITDA FY24*
+116%
to $2.1m

NPBT*
+88%
to $1.1m

Order Book
+191%
to $9.6m

Operating Cashflow
$1m

Dividends
1c
Per share

Quote Pipeline
$120M

Cost of Doing Business
-20%

P&L ($M)	FY24	FY23
Sales	24.5	17.1
PBT*	1.4	0.7
NPAT*	1.1	0.6

*Before business restructures cost net of income tax expense

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DIRECTORS' REPORT

The directors present their report together with the financial report of the Consolidated entity consisting of FOS Capital Limited and the entities it controlled, for the financial year ended on 30 June 2024 and auditor's report thereon. Comparative financial information shown in this financial statement is for the year ended on 30 June 2023.

DIRECTORS

The names of each of the directors of the company in office during or since the end of the financial year are set out below, together with their qualifications, experience and special responsibilities are shown below.

Mr Alexander (Sandy) Beard, Non-Executive Director since 23 November 2020
Sandy is a seasoned Company Director, Investor and Investment professional focussed on driving value from small cap ASX listed companies and private equity and early stage investments. He is Chairman and substantial holder in ASX Listed Hancock and Gore Limited, a diversified investment company. Previously was CEO and MD of CVC Limited from 2001 – 2019 where he oversaw investment returns in excess of 15% per annum over that period. He has extensive experience working with investee businesses, both in providing advice and in direct management roles, especially bringing management expertise to early-stage businesses and in turning around financial performance to deliver substantial shareholder returns for sustained periods.

Sandy's key focus is extracting and overseeing the creation of shareholder value from the companies with which he is involved.

Sandy is currently chair of Hancock & Gore (ASX: HNG), FOS Capital Ltd (ASX:FOS), and a Director of Anagenics Limited (ASX:AN1) Sandy was a director of Pure Foods Tasmania Limited (ASX:PFT) until May 2022 and Centrepoint Alliance Ltd (ASX:CAF) until Sep 2023.

Interests in shares: Sandy indirectly holds 330,000 fully paid ordinary shares

Con Scrinis, Managing Director since 31 October 2019
Con has been involved in the electrical and lighting industry for over 40 years. He founded commercial lighting manufacturer Moonlighting in 1991. Moonlighting employed 150 staff with revenues of +$30M. Moonlighting was sold to Gerard Lighting in 2004.

He then founded and was Managing Director of ASX listed Traffic Technologies which developed the first Australian Standard approved LED traffic light. Traffic Technologies had +$100M in revenues across 3 divisions, Traffic lights, Traffic management and Traffic Signs. Con was a major shareholder and Director of ASX listed Enevis Ltd formerly Stokes Ltd which transformed from an appliance parts manufacturer and distributor to a lighting and audio visual business.

Interests in shares: Con indirectly holds 11,553,750 fully paid ordinary shares

Michael Koutsakis, Executive Director since 31 October 2019
Michael completed his Degree in Electrical and Computing Engineering at Monash University and has been involved in the electrical / lighting industry for over 30 years. Michael has held senior sales & marketing positions Sunlighting/Holophane, Moonlighting, Zumtobel / Bega, and WE-EF lighting. Michael then joined the ASX listed Enevis Limited formerly Stokes Limited as Executive General Manager Lighting in order to further develop and grow the companies lighting division.

Interests in shares: Michael indirectly holds 11,553,750 fully paid ordinary shares

Michael Monsonego, Non-executive Director since 31 October 2019
After graduating the IDF as field medic in 1999 Michael attended Hadassah College in Jerusalem to study computers engineering. He joined Israeli TV broadcast company TELAD as a software engineer working on digital broadcasting systems. After 2 years he was promoted to lead the software team of TELAD. In 2004 Michael took up a new position as software engineer at Optibase in Israel, leading provider of video over IP solutions. In 2009 he joined Forma lighting in the R&D team responsible for developing LED lighting solutions. Michael then moved through the ranks and now holds the position of General manger of Forma Lighting Hong Kong.

Interests in shares: Michael indirectly holds 7,702,500 fully paid ordinary shares

DIRECTORS' REPORT (CONT'D)

COMPANY SECRETARY

Hemant Amin
Hemant is a certified practicing accountant with over 32 years of accounting and business experience. He has worked for both large multinational and public companies as well as smaller family owned operations.

He has been CFO Company Secretary of Stokes Limited (now SKS Technologies Group Ltd) during 2012 to 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated entity includes the manufacture of a full range of commercial luminaires, outdoor fittings and linear extruded lighting and the distribution of a complete range of commercial and architectural lighting solutions.

REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors of FOS Capital Ltd take great pleasure in reporting to you the substantial work and progress that has been achieved during the year ended 30 June 2024.

The financial result for the year ended 30 June 2024 was a profit after tax of $632,161 (2023: $583,941). The after tax profit included $603,396 of restructure costs associated with the acquisition of Klik Systems.

Revenue for the year ended 30 June 2024 increased by 43% to $24.5 million, orders in hand at June 2024 increased by 191% to $9.5 million compared to $3.3 million at June 2023 and active quotes at June 2024 was $120 million compared to $80 million at June 2023.

On 1 October 2023 the Company acquired the business & assets of Klik Systems (Klik). Klik was established over 40 years ago and is based in Sydney NSW. Klik manufactures an extensive range of commercial, industrial & architectural LED linear and handrail lighting. The business services the Australian commercial lighting market with sales offices & distributors in all capital cities, and has exports markets to Europe and the USA

FOS operates in all major cities in Australia and New Zealand and has an extensive product range with a large sales team.

The coming year is looking extremely promising with a healthy project pipeline.

DIVIDENDS

The Company declared a 1 cent fully franked dividend in respect of the year ended 30 June 2024, payable on 24 September 2024.

The Company didn't pay dividend in respect of the year ended 30 June 2023.

OPTIONS

For the year ended 30 June 2024 and up to the date of this report, no options or any other contingent equity instruments have been granted or issued by the company.

MATERIAL BUSINESS RISKS

Directors have identified following key risks as material to the business in the context of this annual report.

RISKS ASSOCIATED WITH EXPANSION INTO NEW MARKETS

As part of the Company's broader strategy, the Company plans to explore opportunities to pursue business acquisitions that complement its existing business or leverage existing business activities. This may include other lighting and complementary business.

A risk exists that additional assets cannot be acquired given the quality of available assets, price expectations of relevant vendors or ability to raise additional capital. Even if viable assets are identified and acquired continued expansions in new geographic or services markets may require significant financial investments. There is a risk that despite efforts from the Company, expansion efforts will fail which will adversely affect the growth and profitability of the Company.

DIRECTORS' REPORT (CONT'D)

INDUSTRY DOWNTURN AND GENERAL ECONOMIC CONDITION

If Australian economic conditions were to adversely deteriorate, there is a risk that the commercial, retail and industrial lighting sector will be affected as consumption is reduced and spending is redirected.

Economic conditions may be affected by level of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary, tax and regulatory policies.

Sustained weak economic conditions may affect the Company's sales and margins and consequently have a material adverse impact on the Company's future financial performance and financial positions.

PRODUCT FAILURE

FOS Group relies on the availability of supply of raw materials to meet the current and expected growth in demand for its products. FOS Group' business model relies on outsourcing key raw materials to third party suppliers, including from China and other countries.

Customers may choose not to continue to use the Company's products and services over time, which may slow or reduce the Company's revenue and in turn, have an adverse impact on the Company's operating and financial performance.

Other risks associated with the Company's product sourcing include the loss or interruption to the business of the Company's suppliers, increased cost of materials and manufacture, delays, reduction in the quality of the Company's product and the imposition of additional taxes and duties. There is also a risk that FOS Group may not be able to retain its key existing third party suppliers. FOS Group's relationships with its existing suppliers are typically not exclusive, and its suppliers also have relationships with third parties (including FOS Group' competitors). FOS Group' current third party suppliers and service providers may cease their supply to FOS Group – for example, as a result of a dispute – which would restrict FOS Group' ability to source supply from that supplier.

Given a portion of the Company's products are sourced from overseas, this carries with it a degree of sovereign risk, as the actions of domestic and foreign government agencies may impact the Company's product sourcing. As such, it may result in an increase of product sourcing costs for the Company which may consequently reduce the Company's margins and profitability.

As the Company also manufactures its own products, there is a risk of some product failure. The risk of potential liability is dependent on the extent of the failure rate and the volume of the product in the market. Potential liability could extend to warranty or rework costs or total product recalls.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The company's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

CYBER RISK

The integrity, availability and confidentiality of data within the Company's information and operational technology systems may be subject to intentional or unintentional disruption. The Company continues to invest in robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur.

The Board consider cyber risks regularly, commensurate with the evolving nature of this risk and the level of internal activity.

PROCEEDING ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company or its controlled entities.

FUTURE DEVELOPMENTS

The year ahead looks extremely promising, there are a number of projects in the pipeline, and the company is well placed to take advantage of opportunities as they arise.

DIRECTORS' REPORT (CONT'D)

EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affair of the Consolidated entity in future financial years.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director) are as follows:

		Directors' Meetings
Directors	Eligible to attend	Attended
Con Scrinis	6	6
Michael Koutsakis	6	6
Michael Monsonego	6	6
Mr Alexander (Sandy) Beard	6	6

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 50.

NON-AUDIT SERVICES

Non-audit services are approved by directors. Non-audit services were provided by the auditors of the Consolidated entity during the year, namely William Buck Audit (Vic) Pty Ltd, network firms of William Buck, and other non-related audit firms. The directors are satisfied that the provision of following non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by FOS Capital Limited and have been reviewed and approved by the directors to ensure they do not impact on the integrity and objectivity of the auditor; and

- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards), as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for FOS Capital Limited or any of its related entities, acting as an advocate for FOS Capital Limited or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of FOS Capital Limited or any of its related entities.

	2024	2023
	$	$
Amounts paid and payable to William Buck Audit (Vic) Pty Ltd		
for non-audit services:		
Taxation and other assurance services	24,500	14,750

DIRECTORS' REPORT (CONT'D)

STAFF

The Board appreciates the support it continues to have from the company's staff, and acknowledges, with thanks, the efforts they are all making to assist the company through this growth period.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of FOS Capital

REMUNERATION PHILOSOPHY

Remuneration levels are set by the company in accordance with industry standards to attract and retain suitable qualified and experienced Directors and senior executives. The company has not engaged a remuneration consultant.

The company distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The total amount paid to all Non Executive Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by the Company in general meeting. Currently, this amount has been fixed at $200,000.

There are formal contracts of employment for the executives and non-executive directors of the Company. All members of key management personnel are remunerated as contracting parties, with no entitlements to any leave benefits or superannuation. There are no minimum notice periods set out in the event of a termination.

The remuneration for executive Directors is currently not linked to the Company's financial performance or share price. None of the remuneration of the Directors listed below was considered at risk.

There are no incentives and no retirement schemes in place for key management personnel of the Consolidated entity.

Details of key management personnel

Con Scrinis	Managing Director
Michael Koutsakis	Executive Director
Michael Monsonego	Non-Executive Director
Mr Alexander (Sandy) Beard	Non-Executive Director
Pauline Koutsakis	Marketing Executive

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

	Short Term Salary and Fees	
	2024	2023
Name of Director	$	$
Con Scrinis	240,000	240,000
Michael Koutsakis	240,000	240,000
Michael Monsonego	25,000	25,000
Mr Alexander (Sandy) Beard	50,000	50,000
Marketing Executive		
Pauline Koutsakis	120,000	105,000
	675,000	**660,000**

Consequences of Company's performance on shareholder wealth

DIRECTORS' REPORT (CONT'D)

REMUNERATION PHILOSOPHY (CONT'D)

The following table summarises company performance for last four financial years of its operations and key performance indicators:

	2024	2023	2022	2021	2020 *
Revenue	$24,527,233	$17,120,295	$13,506,901	$8,156,915	$2,795,466
% increase in revenue	43%	27%	66%	191%	n/a
Profit before tax	$830,860	$742,709	$411,194	$789,280	$133,962
% increase in profit before tax	11%	81%	-48%	489%	n/a
Dividend (in cents) paid or payable to shareholders	1.0	-	0.5	-	-
Share Price	24.0 Cents	18.0 Cents	20.0 Cents	21.0 Cents	n/a **
Change in share price ($)	33%	-10%	-5%	n/a **	n/a **
Total remuneration of KMP	$675,000	$660,000	$621,000	$566,833	$270,000
Total performance based remuneration	-	-	-	-	-

* 2020 was the first year of operation for the Company, revenue, profit and remuneration information shown is for the period 31 October 2019 to 30 June 2020.

** The Company was listed on ASX on 7 June 2021

Directors' equity holdings

As at 30 June 2024 key management personnel had relevant interests in ordinary shares (held either directly or indirectly) in FOS Capital Limited as follows:

Director	Opening balance	Shares issued as part of remuneration	On market purchase or disposal	Closing
Con Scrinis	11,531,250	-	22,500	11,553,750
Michael Koutsakis	11,531,250	-	22,500	11,553,750
Michael Monsonego	7,687,500	-	15,000	7,702,500
Mr Alexander (Sandy) Beard	330,000	-	-	330,000

As at 30 June 2023, the key management personnel had relevant interests in the following number of ordinary shares (held either directly or indirectly) in FOS Capital Limited:

Director	Opening balance	Shares issued as part of remuneration	On market purchase or disposal	Closing
Con Scrinis	11,531,250	-	-	11,531,250
Michael Koutsakis	11,531,250	-	-	11,531,250
Michael Monsonego	7,687,500	-	-	7,687,500
Mr Alexander (Sandy) Beard	330,000	-	-	330,000

Directors did not hold any options as at 30 June 2024.

Key management personnel did not receive any share-based compensation during the year.

DIRECTORS' REPORT (CONT'D)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

KMS Properties Pty Ltd, an entity related to Messrs Con Scrinis, Michael Koutsakis and Michael Monsonego, leased the premises to the Company on an arm's length commercial premises leasing two premises. The first premises leasing term starts on 30 November 2019 with an initial term of 5 years, and the second premises leasing term starts on 8 January 2024 with an initial term of 5 years. During the year ended 30 June 2024, the Consolidated entity paid $95,694 (2023 - $76,627).

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of FOS Capital Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the FOS Capital website at

https://www.foscapital.com.au/corporate-governance

Signed on 22 August 2024 in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

Con Scrinis

Director

22 August 2024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	FY 2024 $	FY 2023 $
Revenue and other income			
Revenue from contracts with customers	5(a)	24,527,233	17,120,295
Cost of sales		(15,379,657)	(10,540,239)
Gross profit		**9,147,576**	**6,580,056**
Other Income	5(b)	210,857	223,716
Expenses			
Admin and corporate expenses		(4,452,153)	(3,684,796)
Marketing, selling and distribution expenses		(1,840,242)	(1,534,403)
Depreciation of right of use assets		(1,011,880)	(648,325)
Depreciation & amortisation		(349,772)	(140,368)
Finance costs		(270,130)	(53,171)
Restructures costs	5(c)	(603,396)	-
Total expenses		**(8,527,573)**	**(6,061,063)**
Profit before income tax		830,860	742,709
Income tax expense	7	(198,699)	(158,768)
Profit after income tax		**632,161**	**583,941**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
- Foreign currency translation (loss) / gain		(6,846)	27,703
Total comprehensive income attributable to: members of the parent entity		625,315	611,644
Earnings per share for profit attributable to the equity holders of the entity:			
Basic and diluted earnings per share (cents per share)	20	1.17	1.14

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 $	30 June 2023 $
Current Assets			
Cash and cash equivalents	23(a)	1,677,005	1,413,914
Trade and other receivables	8	4,942,370	2,997,585
Inventories	9	5,901,731	4,360,641
Prepayments		24,989	171,568
Total Current Assets		**12,546,095**	**8,943,708**
Non-Current Assets			
Plant and equipment	10	1,045,849	629,409
Deposits		-	66,199
Right of use assets	11(a)	2,466,168	960,574
Intangible assets	12	4,945,268	2,334,603
Deferred tax assets	13	778,210	687,919
Total Non-Current Assets		**9,235,495**	**4,678,704**
Total Assets		**21,781,590**	**13,622,412**
Current Liabilities			
Trade and other payables	14	2,926,985	1,640,385
Deferred consideration	15	1,000,000	300,000
Lease liabilities	11(b)	1,101,592	806,359
Borrowings	17	1,152,152	-
Provision for employee entitlements	16	1,367,755	679,216
Provision for current income tax expense		147,549	126,739
Provision for warranty		-	8,640
Total Current Liabilities		**7,695,033**	**3,561,339**
Non-Current Liabilities			
Borrowings	17	1,500,000	-
Lease liabilities	11(b)	1,442,896	284,758
Deferred tax liabilities	18	1,160,059	455,050
Provisions – employee entitlements	16	70,912	33,890
Total Non-Current Liabilities		**4,173,867**	**773,698**
Total Liabilities		**11,868,900**	**4,335,037**
Net Assets		**9,912,690**	**9,287,375**
Equity			
Contributed equity	19	5,422,042	5,422,042
Foreign currency translation reserve		(76,956)	(70,110)
Retained earnings		4,567,604	3,935,443
Total Equity		**9,912,690**	**9,287,375**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Contributed Equity	Foreign currency translation reserve	Retained earnings	Total
	$	$	$	$
As at 1 July 2022	5,422,042	(70,110)	3,935,443	9,287,375
Profit after income tax expense for the year	-	-	632,161	632,161
Foreign currency translation gains / (losses)	-	(6,846)	-	(6,846)
Total comprehensive income for the year	**-**	**(6,846)**	**632,161**	**625,315**
Transactions with owners in their capacity as owners:	-	-	-	-
Dividend paid	5,422,042	(76,956)	4,567,604	9,912,690
Issue of shares – Share placement	1,367,653	-	-	1,367,653
A at 30 June 2023	**5,422,042**	**(70,110)**	**3,935,443**	**9,287,375**

	Contributed Equity	Foreign currency translation reserve	Retained earnings	Total
	$	$	$	$
As at 1 July 2021	4,054,389	(97,813)	3,583,033	7,539,609
Profit after income tax expense for the year	-	-	583,941	583,941
Foreign currency translation gains / (losses)	-	27,703	-	27,703
Total comprehensive income for the year	**-**	**27,703**	**583,941**	**611,644**
Transactions with owners in their capacity as owners:				
Issue of shares – Ecopoint	-	-	(231,531)	(231,531)
acquisition	1,367,653	-	-	1,367,653
As at 30 June 2022	**5,422,042**	**(70,110)**	**3,935,443**	**9,287,375**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	FY 2023 $	FY 2022 $
Cash flows from operating activities			
Receipts from customers		24,932,544	17,534,620
Proceeds from rental income		137,500	122,408
Proceeds from grant income		-	61,753
Payments to suppliers and employees		(23,731,442)	(17,685,823)
Interest received		12,857	2,221
Payment of interest		(270,130)	(53,171)
Payment of income tax		(67,641)	(97,563)
Net cash (used in) / provided by operating activities	23 (b)	**1,013,688**	**(115,555)**
Cash flows from investing activities			
Payment for property, plant and equipment		(63,725)	(232,205)
Payments for acquisition of business	24	(2,270,000)	(598,240)
Net cash used in investing activities		**(2,333,725)**	**(830,445)**
Cash flows from financing activities			
Proceeds from borrowings		2,651,152	-
Proceeds from issue of shares, net of costs		-	1,367,653
Dividend paid		-	(231,531)
Payment of principal portion of lease liabilities		(1,061,178)	(694,157)
Net cash provided by / (used in) financing activities		**1,589,974**	**441,965**
Net increase in cash held		269,937	(504,035)
Increase / (decrease) in foreign currency reserves		(6,846)	27,703
Cash and cash equivalents at the beginning of the financial year		1,413,914	1,890,246
Cash and cash equivalents at the end of the financial year	23(a)	**1,677,005**	**1,413,914**

The above statement should be read in conjunction with the accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of Material accounting policies adopted by the Consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations, and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

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 financial statements are presented in Australian dollars, which is FOS Capital Limited's functional and presentation currency.

Comparative financial information shown in this financial statement is for the year ended 30 June 2023.

The financial report of FOS Capital Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 22 August 2024.

Compliance with IFRS

The consolidated financial statements of FOS Capital Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention with the exception of the fair valuation of assets acquired upon business combinations, as disclosed in note 20 to the financial statements.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

b. Principles of consolidation

The consolidated financial statements are those of the Consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Consolidated entity controls an entity when it 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.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

c. Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 10 years

Leasehold improvements – over 3 to 10 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

d. Intangible assets

Brand name

The Consolidated entity acquired the JSB Lighting, Hawko Lighting and Klik Systems brand names, a result of acquisition of business (refer to note 20). The value of brand name is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

The brand name is tested for impairment if there are indicators of impairment

Goodwill

Goodwill is carried at cost less any impairment losses.

Goodwill is calculated as the excess of the sum of:

The consideration transferred;

Any non-controlling interest; and

The acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Consolidated entity's cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

e. Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs are accounted for as follows:

Raw materials – average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress – average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Provision has been made for any obsolescence of inventory for an inability to utilise the material for any products sold by the Consolidated entity, for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

f. Revenue

The Consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Consolidated entity will comply with all attached conditions.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

g. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

AASB 3 Business Combinations provides an exception to the above where classification of lease assets are required to be accounted for in accordance with AASB 16 Leases. Refer to the accounting policy note on Right-of-Use assets below.

Where the business combination is achieved in stages, the Consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

h. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated entity applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1(s) above.

The Consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Where leases have been acquired as part of a business combination, the lease liability is measured at the present value of remaining lease payments as if the acquired lease were a new lease at acquisition date. The right-of-use asset is measured at the same amount as the lease liability, adjusted to reflect the favourable or unfavourable terms of the lease when compared with market terms.

Sub leasing of property

When the Consolidated entity is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Consolidated entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Consolidated entity's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Consolidated entity regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of AASB 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

i. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down

j. Comparatives

The financial report includes the Consolidated results of FOS Capital Ltd for the year ended on 30 June 2024, where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

k. Rounding of amounts

The parent entity and the Consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

l. New or amended accounting standards and interpretations adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the annual reporting period ended 30 June 2024. The Consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The parent entity and the Consolidated entity have applied the relief available under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

The Group has 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In applying the Consolidated entity's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Consolidated entity. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Assessment of provision for inventory obsolescence
The estimation of the provision for inventory obsolescence considers the carrying values of stock lines held, their physical condition and whether or not those inventories may be sold or manufactured to be sold at a value great than their carrying values, including an assessment of a likelihood of such sales occurring.

Estimation of useful lives of assets
The Consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Business combinations
The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated entity taking into consideration all available information at the reporting date.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Goodwill and other indefinite life intangible assets
The Consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 12 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. RELATED PARTY DISCLOSURE

The following is a summary of transactions with directors and other related parties entered into throughout the financial period, with the exception of remuneration to key management personnel disclosed in note 6:

KMS Properties Pty Ltd, an entity related to Messrs Con Scrinis, Michael Koutsakis and Michael Monsonego, leased the premises to the Company on an arm's length commercial premises leasing two premises. The first premises leasing term starts on 30 November 2019 with an initial term of 5 years, and the second premises leasing term starts on 8 January 2024 with an initial term of 5 years. During the year ended 30 June 2024, the Consolidated entity paid $95,694 (2023 - $76,627).

The lease of premises are made on terms equivalent to those that prevail in an arm's length transaction. Lease payments are made on normal commercial terms and conditions and at prevailing market rates.

4. OPERATING SEGMENTS

The Consolidated entity is the manufacturer of a full range of commercial luminaires, outdoor fittings and linear extruded lighting and the distribution of a complete range of commercial and architectural lighting solutions in Australia and New Zealand.

An operating segment is a component of the Consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated entity's other components. The Consolidated entity is organised into two operating segments based on geographical locations, being Australia and New Zealand. All operating segments' operating results are regularly reviewed by the Consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Consolidated entity determines and presents operating segments, based on the information that internally is provided to the CEO, who is the Consolidated entity's chief operating decision maker (CODM). The CODM reviews NPT (net profit after tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis. There is no aggregation of operating segments.

Intersegment transactions
Intersegment transactions were made at market rates and intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2024, there were no individual customers with revenues greater than 10% of trading revenues in the Consolidated entity.

There were no individual customers with revenues greater than 10% of trading revenues in the Consolidated entity

The accounting policy in respect of segment operating disclosures is in accordance with the adoption of AASB 8 Operating Segments and is presented as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

OPERATING SEGMENTS (CONT'D)

	Australia	New Zealand	Corporate	Total
Financial Year ended 30 June 2024				
Revenue				
Sales revenue	21,130,595	3,396,638	-	24,527,233
Other revenue	198,000	12,857	-	210,857
Total segment revenue	21,328,595	3,409,495	-	24,738,090
Segment net profit after tax	565,101	315,982	(248,922)	632,161
Segment assets	13,637,915	2,324,400	5,819,275	21,781,590
Segment liabilities	(11,655,770)	(121,449)	(91,681)	(11,868,900)
Financial Year ended 30 June 2023				
Revenue	13,341,133	3,779,162	-	17,120,295
Sales revenue	217,284	6,432	-	223,716
Other revenue	13,558,417	3,785,594	-	17,344,011
Total segment revenue				
Segment net profit after tax	708,313	119,891	(244,263)	583,941
Segment assets	8,005,041	1,857,639	3,759,732	13,622,412
Segment liabilities	(3,990,852)	(241,167)	(103,018)	(4,335,037)

Geographical information

	Sales to external customers		Geographical total assets	
Revenue	FY 2024	FY 2023	FY 2024	FY 2023
	$	$	$	$
Australia	21,130,595	13,341,133	19,457,190	11,764,773
New Zealand	3,396,638	3,779,162	2,324,400	1,857,639
	24,527,233	17,120,295	21,781,590	13,622,412
Geographical non-current assets				
Australia			8,654,765	4,097,199
New Zealand			580,730	581,505
			9,235,495	4,678,704

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

5. REVENUE AND EXPENSES

	2024	2023
	$	$
(a) Revenue from contracts with customers	**24,527,233**	**17,120,295**
(b) Other income		
Income from government grants	-	70,792
Interest received	12,857	6,828
Rent received	137,500	122,408
Gain on lease termination (note 11)	2,925	-
Other income	57,575	23,688
	210,857	**223,716**
Total revenue and other income	**24,738,090**	**17,344,011**
(c) Restructures Costs		
Redundancy payment	80,395	-
Relocation and restructure of business processes	170,988	-
Inventory write-of post restructuring of business processes	322,231	-
Other expenses	29,782	-
	603,396	**-**

6. DIRECTOR'S AND EXECUTIVE'S COMPENSATION

a. Details of directors and other executives

Con Scrinis	Managing Director
Michael Koutsakis	Executive Director
Michael Monsonego	Non-Executive Director
Mr Alexander (Sandy) Beard	Non-Executive Director
Pauline Koutsakis	Marketing Executive

b. Remuneration by Category: Directors and Executives

	2024	2023
Summary as per remuneration report	$	$
Short-term employee benefits	675,000	660,000
Long-term employee benefits	-	-
Post-employment Employee benefits	-	-
Total	**675,000**	**660,000**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

7. INCOME TAX

a. Prima facie tax benefit/expense on profit before income tax is reconciled to the income tax expense as follows:

	2024	2023
	$	$
Profit before income tax	830,860	742,709
Prima facie income tax payable / (benefit) on profit/loss before		
Income tax at 25% (2023: 25%)	207,715	185,677
Tax effect of amount which are not assessable or not deductible in calculating taxable income		
Other (not assessable)/not deductible expenses	(19,731)	(10,449)
Impact of change in tax rate		
Reduction in carrying value of deferred tax assets	-	8,041
Reduction in carrying value of deferred tax liabilities	-	(8,527)
Under / (over) provision of tax in prior years	10,715	(15,974)
Income tax expense	**198,699**	**158,768**

b. Income tax expenses

	2024	2023
Current tax expense	190,310	175,228
Origination and reversal of temporary differences	104,368	(486)
Utilisation of tax losses and adjustment recognised for prior periods	(95,979)	(15,974)
Aggregate income tax expense	**198,699**	**158,768**

Determination of tax residency
Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency
The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

c. Franking Credit
The amount of franking credits available for the subsequent financial year are:

	2024	2023
	$	$
Franking credits available for subsequent reporting periods based on a tax rate of 25% (2023: 25%)	545,419	533,979
Franking credits increase for the payment of income tax during the financial year	17,348	88,617
Franking credits reduction for the payment of fully franked dividends	-	(77,177)
	562,767	545,419

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8. TRADE AND OTHER RECEIVABLES

	2024	2023
	$	$
Trade debtors	4,946,946	3,002,179
Allowance for expected credit loss	(4,576)	(4,594)
	4,942,370	**2,997,585**

Trade receivables ageing analysis at 30 June is

Current Debtors	1,976,133	868,951
Due in 30 Days	2,491,935	1,322,357
Due in 60 Days	451,050	364,382
Due in 90 Days plus *	27,828	446,489
	4,946,946	**3,002,179**

* There are no debtors past agreed due date and not impaired. The Consolidated entity maintains credit risk insurance and the Consolidated entity has not experienced any credit losses during the financial year ended 30 June 2024.

9. INVENTORIES

Stock on hand – at cost		
- Raw material	5,003,813	3,716,172
- WIP and finished goods	1,043,676	863,532
Less – provision for obsolescence	(145,758)	(219,063)
	5,901,731	**4,360,641**

10. PLANT & EQUIPMENT

Plant and equipment - at cost	1,810,387	1,278,665
Accumulated depreciation	(919,105)	(825,257)
	891,282	453,408
IT Equipment – at cost	277,124	287,260
Accumulated depreciation	(164,676)	(134,377)
	112,448	152,883
Leasehold Improvement - at cost	77,533	77,533
Accumulated depreciation	(64,025)	(56,888)
	13,508	20,645
Motor Vehicles - at cost	137,300	107,520
Accumulated depreciation	(108,689)	(105,047)
	28,611	2,473
	1,045,849	629,409

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

PLANT AND EQUIPMENT (CONT'D)

Reconciliation of carrying amounts at the beginning and end of the year

Details	Plant and Equipment	IT Equipment	Leasehold Improvements	Motor Vehicles	Total
	$	$	$	$	
Balance at 1 July 2023	453,408	152,883	20,645	2,473	629,409
Acquisition of Klik (note 22)	483,040	-	-	29,780	512,820
Purchase of new assets	62,717	1,008	-	-	63,725
Assets retired or written off	(12,227)	-	-	-	(12,227)
Depreciation charge	(95,656)	(41,443)	(7,137)	(3,642)	(147,878)
Balance at 30 June 2024	**891,282**	**112,448**	**13,508**	**28,611**	**1,045,849**
Balance at 1 July 2022	328,541	76,073	30,219	3,053	437,886
Acquisition of Ecopoint	14,000	4,000	-	-	18,000
Purchase of new assets	151,302	80,904	-	-	232,206
Depreciation charge	(40,435)	(8,094)	(9,574)	(580)	(58,683)
Balance at 30 June 2023	**453,408**	**152,883**	**20,645**	**2,473**	**629,409**

11. LEASES

(a) Right of use assets

	2024	2023
	$	$
Balance of right of use assets at 1 July	960,574	1,285,975
Addition of right of use assets	2,686,071	359,675
Termination of property lease contract	(168,597)	(36,751)
Less: Accumulated depreciation	(1,011,880)	(648,325)
Balance of right of use assets at 30 June	**2,466,168**	**960,574**

(b) Corresponding lease liabilities

	2024	2023
Lease liabilities – current	1,101,592	806,359
Lease liabilities – non current	1,442,896	284,758
	2,544,488	**1,091,117**

The Consolidated entity leases land and buildings for its offices and warehouses under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

12. INTANGIBLE ASSETS

Brand name – JSB Lighting	868,490	920,861
Brand name – Hawko Lighting	807,710	851,762
Brand name – Klik System (note 22)	2,707,088	-
Goodwill on acquisition of Ecopoint	561,980	561,980
	4,945,268	**2,334,603**

Reconciliation of carrying amounts of Brand Name at the beginning and end of the year

Brand Name – JSB Lighting		
Carrying value as at 1 July	920,861	973,232
Amortisation charge for the year	(52,371)	(52,371)
Carrying value as at 30 June	**868,490**	**920,861**
Brand Name – Hawko Lighting		
Carrying value as at 1 July	851,762	-
Acquisition of Hawko Lighting Brand	-	881,076
Amortisation charge for the year	(44,052)	(29,314)
Carrying value as at 30 June	**807,710**	**851,762**
Brand Name – Klik System		
Carrying value as at 1 July	-	-
Acquisition of Klik System Brand (note 22)	2,812,559	-
Amortisation charge for the year	(105,471)	-
Carrying value as at 30 June	**2,707,088**	**-**

Impairment testing

Goodwill acquired through business combinations have been allocated to the New Zealand cash-generating unit.

The recoverable amount of the Consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year budget period approved by management and forecasted for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the New Zealand cash generating unit:

- 14% pre-tax discount rate (2023: 12%);
- 5% per annum projected revenue growth rate (2023: 5%); and
- 5% per annum increase in operating costs and overheads (2023: 5%).
- No change in gross margin over the years

The discount rate of 14% pre-tax reflects management's estimate of the time value of money and the Consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

Compared to prior years, management have maintained their estimation of the movement in operating costs and overheads.

There were no other key assumptions for the New Zealand cash generating unit.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by 12% (2023: decrease 13%) before goodwill would need to be impaired, with all other assumptions remaining constant;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

INTANGIBLE ASSETS (CONT'D)

- Gross margins would need to decrease by more than 7% (2023: decrease 6%) before goodwill would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 15% (2023: increase 14%) before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

13. DEFERRED TAX ASSETS

	2024	2023
	$	$
Deferred tax assets comprises temporary differences attributable to:		
Employee benefits	359,752	178,332
Accrued expenses	16,218	9,149
Provision for expected credit losses	1,281	1,286
Provision for inventory obsolescence	37,812	37,865
Provision for warranties	-	2,160
Tax Losses carried forward	363,147	459,127
	778,210	**687,919**
Movement in Deferred Tax Assets		
Balance as at 1 July	687,919	715,293
Charged/(credited) to profit or loss	(108,379)	(87,563)
Addition through acquisition of business	198,670	60,189
Balance as at 30 June	**778,210**	**687,919**

14. TRADE AND OTHER PAYABLES

Trade payables and accruals	2,886,985	1,600,385
Rental bond received for sub-lease	40,000	40,000
	2,926,385	**1,640,385**

15. DEFERRED CONSIDERATIONS

Payable to vendors of Klik Systems (note 24)	1,000,000	-
Payable to vendors of Hawko Lighting *	-	300,000
	1,000,000	**300,000**

* In January 2024, the Consolidated Entity paid $270,000 to settle outstanding deferred consideration payable to the vendors of Hawko Lighting.

16. PROVISION-EMPLOYEE BENEFITS

Annual leave provision	615,286	349,196
Long service leave provision	823,381	363,910
	1,438,667	**713,106**
Annual leave provision	615,286	349,196
Long service leave provision - current	752,469	330,020
Employee entitlements – current	**1,367,755**	**679,216**
Long service leave provision – non-current	70,912	33,890

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

17. BORROWINGS

The carrying amounts of the Group's borrowings are as follows:

	2024 $	2023 $
Current liability		
Invoice finance facility	1,151,152	-
Non-current liability		
Business loan	1,500,000	-

Borrowings are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period which are classified as non-current liabilities.

Both current and non-current secured borrowings were secured by a fixed and floating charge over all assets of FOS Capital Ltd, and FOS Lighting Pty Ltd.

Invoice finance facility is revolving credit facility of $3,000,000 to fund working capital requirements with no fixed termination date and effective borrowing cost is 6.74% p.a. on funds drawn.

Business loan facility of $2,000,000 is for a term of 3 years effective from September 2023 and effective borrowing cost is 6.52% p.a. on funds drawn. Business loan facility will be due for repayment in september 2026.

18. DEFERRED TAX LIABILITIES

Deferred tax liability comprises temporary differences attributable to:		
Intangible assets – Brand names	1,095,822	443,155
Depreciation charge timing difference	62,314	-
Prepaid expenses	1,924	11,895
	1,160,060	455,050

Movement in Deferred Tax Assets

Balance as at 1 July	455,050	243,308
Acquisition of intangible assets – Klik System	703,140	220,269
Charged/(credited) to profit or loss	1,870	(8,527)
Balance as at 30 June	1,160,060	455,050

19. ISSUED CAPITAL

Balance as at 1 July	5,422,042	4,054,389
Share issued – share placement	-	1,500,000
Cost of capital raising	-	(132,347)
Balance as at 30 June	5,422,042	5,422,042

Number of shares issued	2024 Number	2023 Number
Balance as at 1 July	53,806,139	46,306,139
Share issued – share placement	-	7,500,000
Balance as at 30 June	53,806,139	53,806,139

Capital Management

When managing capital, management's objective is to ensure the Consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

20. EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	2024	2023
	$	$
Earnings used in calculating diluted earnings per share	632,161	583,941

	Number of Shares	
	2024	2023
Weighted average number of ordinary shares used in calculating basic earnings per share	53,806,139	51,143,125
There are no contingently issuable equity instruments that have a dilutive impact upon ordinary earnings per share		
Basic and diluted earnings per share - (cents per share)	**1.17**	**1.14**

21. CONTROLLED ENTITIES

Name of the Company	Country of Incorporation	% Owned 30 June 2024	% Owned 30 June 2023
Parent Entity			
FOS Capital Ltd	Australia		
Controlled Entity			
FOSCAP Investments Pty Ltd	Australia	100%	100%
FOS Lighting Pty Ltd	Australia	100%	100%
Baker & McAuliffe Holdings Pty Ltd	Australia	100%	100%
JSB Lighting (NZ) Limited	New Zealand	100%	100%
FOS Lighting Limited *	New Zealand	100%	100%

* FOS Lighting Limited, formerly known as Ecopoint Limited.

22. PARENT ENTITY DISCLOSURE

Statement of Financial Position	2024 $	2023 $
Current assets	5,803,748	5,098,806
Non current assets	1,030,476	1,035,678
Total assets	**6,834,224**	**6,134,484**
Liabilities	91,681	103,018
Net Assets	**6,742,543**	**6,031,466**
Shareholder's equity		
i) Issued capital	5,422,042	5,422,042
ii) Retained earnings	1,320,501	609,424
Total shareholder's equity	**6,742,543**	**6,031,466**

The parent entity and its subsidiaries have not entered into any deed of cross guarantee, under which each company guarantees the debts of the others.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

23. STATEMENT OF CASH FLOW

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2024	2023
	$	$
Cash at bank	1,677,005	1,413,914

(b) Reconciliation of net cash used in operating activities to net loss after income tax.

Net profit/(loss) after income tax	632,161	583,941
Depreciation & amortisation	349,772	140,368
Asset value written-off	12,227	-
Amortisation of leased assets in use	1,011,880	648,325
Gain on lease termination	(2,925)	-
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(1,944,786)	(1,177,754)
Current inventories	(567,318)	(407,609)
Other current assets	146,579	35,890
Other non-current assets	66,199	(21,199)
Deferred tax assets	108,379	87,563
Increase/(decrease) in liabilities:		
Current trade payables	1,256,600	93,202
Provisions	(77,760)	(71,924)
Deferred tax liabilities	1,870	(8,527)
Tax liabilities	20,810	(17,831)
Net cash provided by / (used in) operating activities	**1,013,688**	**(115,555)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

24. ACQUISITION OF BUSINESS

Acquisition of Klik Systems – 1 October 2023

On 1 October 2023 the Company acquired the business & assets of Klik Systems (Klik). Klik was established over 40 years ago and is based in Sydney NSW. Klik manufactures an extensive range of commercial, industrial & architectural LED linear and handrail lighting. The business services the Australian commercial lighting market with sales offices & distributors in all capital cities, and has exports markets to Europe and the USA.

Details of the fair value of assets and liabilities acquired and consideration paid is as follows:

	2024 $
Inventory	973,772
Plant and equipment	512,820
Klik brand value	2,812,559
Deferred tax assets	198,670
Deferred tax liabilities	(703,140)
Employee entitlements	(794,681)
Net assets acquired	**3,000,000**
Details of the purchase consideration:	
Cash consideration paid	2,000,000
Deferred consideration *	1,000,000
Total Consideration paid	**3,000,000**

* Deferred Consideration is payable on 1 October 2024 and there are no hurdles or conditions attached to the payment of the deferred consideration.

Contribution since acquisition
Since the acquisition date Klik Systems has contributed revenue of $9,897,888 and a profit before tax of $404,178 which is included within the consolidated profit for the financial year ended 30 June 2024.

The consideration transferred as part of the business combination is recorded at fair value at acquisition date.

The directors have valued the Klik brand asset acquired by examining the discounted cash flows the brand asset is expected to generate over a budget and forecast period. Accordingly, this is a Level 3 hierarchy valuation. The model for its valuation included a revenue growth rate of 5%, a cost growth rate of 4% and a discount rate of 14%.

The values identified in relation to the acquisition of Klik Systems are final as at 30 June 2024.

Transaction costs
No material transaction costs were incurred in relation to the acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

25. RUMUNERATION OF AUDITORS

Auditors of the Parent Entity and Consolidated entity

Amounts received or due and receivable by auditors for:

	2024	2023
	$	$
Audit or review of the financial report of the entity	59,226	60,785
Other services (taxation and other assurance services)	24,500	14,750
	83,726	**75,535**

26. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated entity. The Consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk and cashflow forecasting for liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

		Assets		Liabilities
	2024	2023	2024	2023
	$	$	$	$
New Zealand dollars	781,104	1,159,357	121,449	241,167

The Consolidated entity had net financial assets denominated in foreign currencies of $659,656 (assets of $781,104 less liabilities of $121,449) as at 30 June 2024 (2023: $918,190 (assets of $1,159,357 less liabilities of $241,167). Based on this exposure, had the Australian dollar weakened by 5% or strengthened by 5% (2023: weakened by 5% or strengthened by 5%) against these foreign currencies with all other variables held constant, the Consolidated entity's profit before tax for the year would have been $31,393 lower or $31,393 higher (2023: $46,943 lower or $46,943 higher) and equity would have been $104,838 lower or $104,838 higher (2023: $76,955 lower/$76,955 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was $76,956 (2023: foreign exchange loss of $70,110).

Price risk

The Consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Consolidated entities borrowings are on variable interest rate, interest rate risk is not hedeged or managed

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated entity. The Consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated entity does not hold any collateral.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The Consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated entity does not have any particular concentration of credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and have approved working capital facility of $3,000,000 and business loan facility of $1,500,000 from Westpac to be able to pay debts as and when they become due and payable.

The Consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at 30 June 2024, the Consolidated entity's financial liabilities which is represented by trade and other payables were repayable within 60 day terms with the exception of lease liabilities, the current portion of which were repayable between 60 and 365 days, and the non-current over 1 year.

Deferred consideration relating to acquisition of business assets of Klik Systems is payable by 1 October 2024 but not before 1 October 2024.

The Company has unused working capital facility with Westpac of $1,848,848 and unused Business loan facility of $500,000, this credit facility was secured by fixed and floating charge over the assets of the Company.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

27. CONTINGENT ASSETS AND LIABILITIES

At balance date of this report the Consolidated entity has contingent liabilities of $670,248 for bank guarantee issued for lease rentals (2022 - $66,199 deposits paid for lease rentals)

Apart from the above, the directors are not aware of any contingent assets or any contingent liabilities as at 30 June 2024 (2023: nil).

28. EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since 30 June 2024 that have significantly affected or may significantly affect

- The Consolidated entity's operation in future financial years or
- The results of those operation in future financial years or
- The Consolidated entity's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

DETAILS OF CONSOLIDATED ENTITIES

Name of the Company	Entity Type	Country of Incorporation	% share capital held	Tax Residency	Foreign Jurisdiction
FOS Capital Ltd	Body Corporate	Australia		Australia	N/A
FOSCAP Investments Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
FOS Lighting Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
Baker & McAuliffe Holdings Pty Ltd	Body Corporate	Australia	100%	Australia	N/A
JSB Lighting (NZ) Limited	Body Corporate	New Zealand	100%	New Zealand	New Zealand
FOS Lighting Limited *	Body Corporate	New Zealand	100%	New Zealand	New Zealand

Basis of preparation
This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency
Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency
The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts
None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

DIRECTOR'S DECLARATION

FOR THE FINANCIAL YEAR ENDED 30 June 2024

In the directors' opinion:

- Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.
- Consolidated entity disclosure statement (CEDS) shown on page 36 is true and correct.
- The attached financial statements and notes comply with Australian Accounting Standards and Interpretations;
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- The attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the company 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 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Con Scrinis

Director

Melbourne

22 August 2024

William Buck
ACCOUNTANTS & ADVISORS

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of FOS Capital Ltd

As lead auditor for the audit of FOS Capital Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of FOS Capital Ltd and the entities it controlled during the year.

William Buck

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

N. S. Benbow
Director
Melbourne, 22 August 2024

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William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's report to the members of FOS Capital Ltd

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of FOS Capital Ltd (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2024,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information,

— the consolidated entity disclosure statement, and

— the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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William Buck
ACCOUNTANTS & ADVISORS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Acquisition of Klik Systems	Area of focus (refer also to notes 1, 2, 12 & 23)	How our audit addressed the key audit matter
	On 1 October 2023 the Group acquired Kilk Systems Australia (Klik) for the following amounts of consideration; $2m in cash and $1m in deferred consideration (also to be settled in cash). The deferred consideration did not have any attaching performance hurdles. In accounting for the transaction, the Directors made the following critical accounting estimates and judgments: — Determining that the acquisition met the accounting definition of a business in accordance with the requirements of AASB 3 Business Combinations; — Calculating fair value of the identifiable assets acquired and liabilities assumed; and — Determining that Klik had a track record of profitability that would continue into the future, which would permit the recognition of deferred tax assets and liabilities acquired on the acquisition. We consider this to be a key audit matter as the fair value measurement of identifiable assets acquired and liabilities assumed involves significant judgements and estimates.	Our audit procedures included: — Reviewing the purchase agreement to gain an understanding of the key terms and conditions to assess the adequacy of accounting treatment, including the appropriateness of the classification of Kilk as a business under business combination accounting rules; — Evaluating the purchase date accounting for the acquisition; — Assessing the fair value of the consideration paid for the acquisition; — Assessing the appropriateness of the deferred tax impact arising from the acquisition, including consulting with our tax team about the ability of the Group to apply deferred tax assets and liabilities against future taxable profits; and — Recomputing the inclusion of Kilk into the Group's consolidation model. We also assessed the appropriateness of disclosures relating to these items in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

William Buck
ACCOUNTANTS & ADVISORS

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

— the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

— the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

— the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

William Buck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of FOS Capital Ltd, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

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

N. S. Benbow
Director
Melbourne, 22 August 2024

SHAREHOLDER ANALYSIS AND OTHER STOCK EXCHANGE REQUIREMENTS STATEMENT OF SECURITY HOLDERS AS AT 20 AUGUST 2024

(a) Distribution of shareholders by sizes of holdings

1 - 1,000	21
1,001 - 5,000	27
5,001 - 10,000	57
10,001 - 100,000	126
100,001 and over	33
Total	**264**
Holding less than a marketable parcel	20

Voting rights – Each ordinary share carries one vote.

Twenty Largest Shareholders

Shareholder	Number of shares held	Percentage
SKM Investment Group Pty Ltd	30,810,000	57.26
Hancock & Gore Ltd	4,500,000	8.36
H&G High Conviction Limited	3,893,356	7.24
Mrs Luye Li	1,456,025	2.71
H & G Investment Management Ltd <H&G Vail Lane Fund A/C>	1,000,000	1.86
Magnetic Capital Pty Ltd	717,096	1.33
Mr Matthew Regos & Mrs Silvia Lisa Regos <Regos Family A/C>	587,999	1.09
Bnp Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	500,000	0.93
Hepsdeen Pty Ltd <Voltz Family A/C>	465,000	0.86
Forma Lighting (Hong Kong) Limited	398,594	0.74
Citicorp Nominees Pty Limited	377,755	0.7
Silicon Controls Limited	333,179	0.62
Mr Alexander Damien Harry Beard & Mrs Pascale Marie Beard <Ad & Mp Beard Super Fund A/C>	330,000	0.61
Longbourne Pty Ltd	300,120	0.56
Vanhop Pty Ltd <Vanhop Super Fund A/C>	260,000	0.48
Bond Street Custodians Limited <Sferrl - V11503 A/C>	260,000	0.48
H&G Investment Management Ltd <H&G Vail Lane Fund A/C>	250,000	0.46
City Road Investments Pty Ltd	250,000	0.46
Aerobotics Pty Ltd	240,000	0.45
Peter Mackay Investments Pty Ltd <Peter Mackay S/F A/C>	200,999	0.37
Total for top 20	47,130,123	87.59
Total other investors	6,676,016	12.41
Total shares on issue	**53,806,139**	**100.00**

Substantial shareholders as per substantial shareholder advices held at 20 August 2024

Name		
SKM Investment Group Pty Ltd	30,810,000	57.26%
Hancock & Gore Limited	8,949,306	16.36%